EMARKET SDIR CERTIFIED

FERRAGAMO

Salvatore Ferragamo Group
Half-year Report as at 30 June 2023

Salvatore Ferragamo S.p.A.

Florence

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

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Contents

General information

Registered office

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

Legal information

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

Salvatore Ferragamo Group

Interim Directors' report on operations as at 30 June 2023

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)	
	Frédéric Biousse (12)(13)	
	Patrizia Michela Giangualano (12)(13)	
	Annalisa Loustau Elia (12)(13)	
	Umberto Tombari (12)(13)	
	Peter Woo Kwong Ching (12)	
	Laura Donnini (12)(13)	
	Anna Zanardi Cappon (14)	
Control and Risks Committee (2)	Patrizia Michela Giangualano	Chair
(responsible for Transactions	Umberto Tombari	
with Related Parties and for Sustainability)	Laura Donnini	
	Anna Zanardi Cappon (14)	
Nomination and Remuneration	Umberto Tombari	Chair
Committee (3)	Annalisa Loustau Elia	
	Frédéric Biousse	
	Anna Zanardi Cappon (14)	
Board of Statutory Auditors (4)	Andrea Balelli	Chair
	Paola Caramella	Acting Statutory Auditor
	Giovanni Crostarosa Guicciardi	Acting Statutory Auditor
	Roberto Coccia	Substitute Statutory Auditor
	Antonietta Donato	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 Frédéric Biousse and Annalisa Loustau Elia, co-opted by Board resolution passed pursuant to art. 2386, paragraph 1, of the Italian Civil Code on 29 September 2021 and appointed by resolution of the Shareholders' Meeting on 14 December 2021, the director Marco Gobbetti, 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, and the director Laura Donnini, appointed by resolution of the Shareholders' Meeting on 26 April 2023.

(2) Following the resignation of Director Anna Zanardi Cappon, the Board of Directors resolved on the new composition of the Control and Risk Committee on 26 April 2023, confirming as members Directors Patrizia Michela Giangualano, Chair, and Umberto Tombari, and appointing as member the newly elected Director Laura Donnini. The Control and Risk Committee also acts as the Related Party Transactions Committee and is responsible for Sustainability.

(3) Following the resignation of Director Anna Zanardi Cappon, the Board of Directors resolved on the new composition of the Nomination and Remuneration Committee on 26 April 2023, confirming as members Directors Annalisa Loustau Elia and Umberto Tombari, appointing the latter as Chair, and appointing director Frédéric Biousse as a member.

(4) Appointed by the Shareholders' Meeting on 26 April 2023 and serving until the date of approval of the separate financial statements as at 31 December 2025.

(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. He resigned on 30 June 2023 and will terminate his employment with Salvatore Ferragamo S.p.A. on 30 September 2023.

(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.

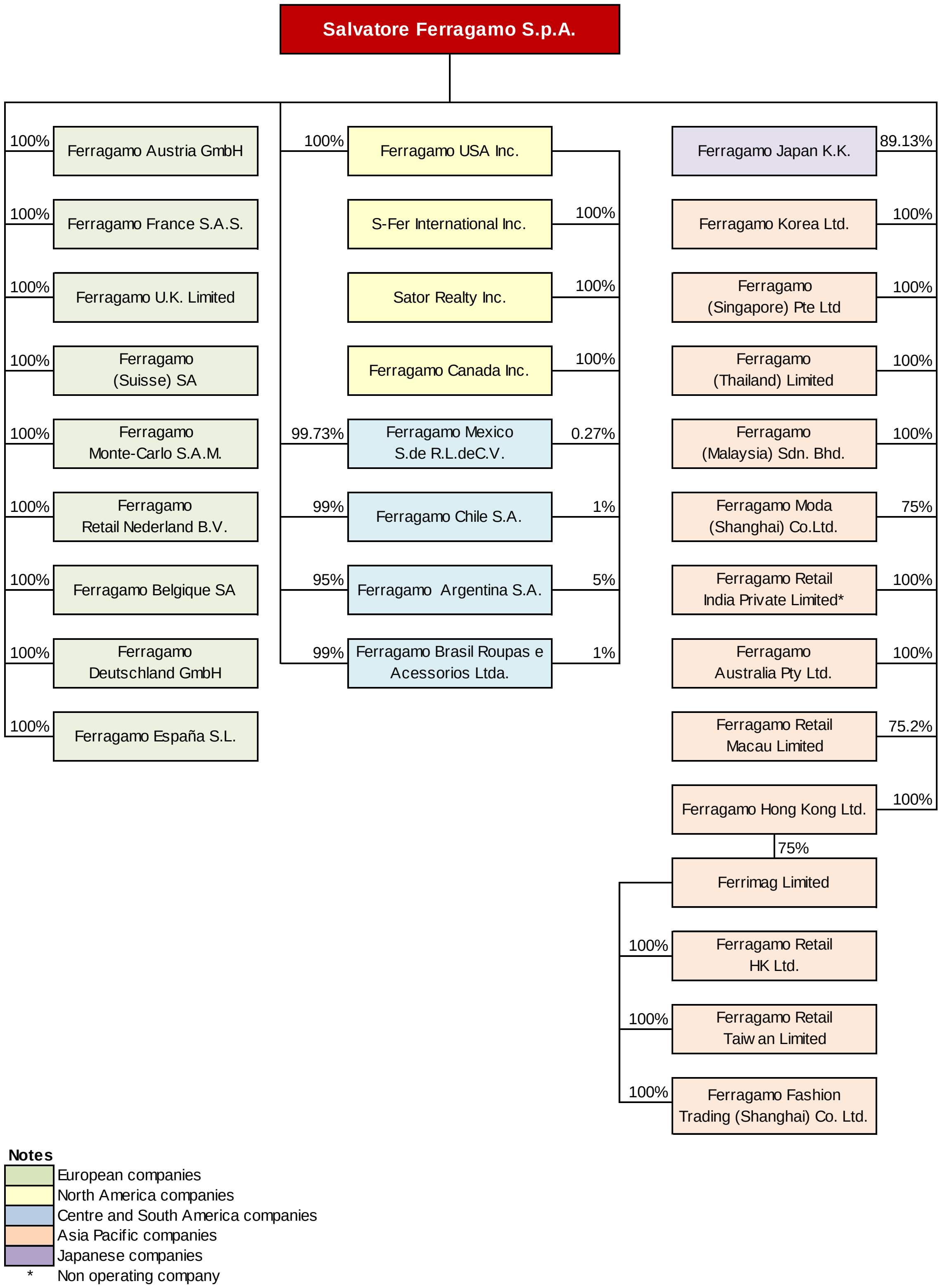
(11) Executive director pursuant to the Corporate Governance Code as a manager of the Company.

(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.

(14) Director Anna Zanardi Cappon resigned on 27 February 2023, effective as from the date of the Shareholders' Meeting on 26 April 2023, as per market disclosure on 28 February 2023. Director Anna Zanardi Cappon was the Chair of the Nomination and Remuneration Committee and a member of the Control and Risk Committee.

Group structure



Composition of the Salvatore Ferragamo Group

As at 30 June 2023, 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.

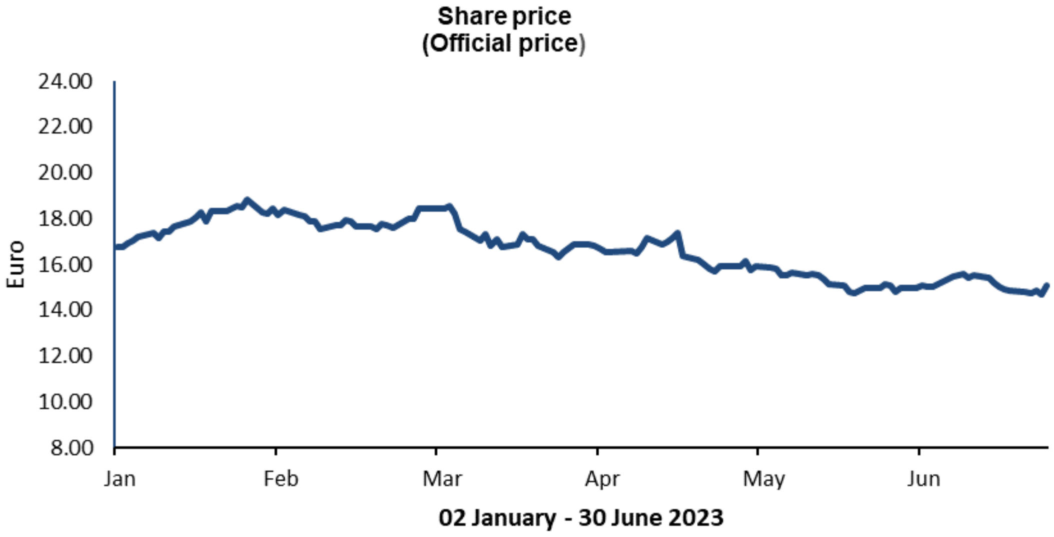
Salvatore Ferragamo S.p.A.	Parent company, owner of the "Ferragamo" and "Salvatore Ferragamo" brands, as well as of numerous other figurative and shape trademarks; it undertakes production activities and distributes products through retail channels in Italy as well as wholesale channels in Italy and 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 2023 in Euro	15.08
Stock Market capitalization as at 30 June 2023 in Euro	2,545,353,200
Number of shares making up the share capital as at 30 June 2023	168,790,000
Number of outstanding shares (free float)* as at 30 June 2023	63,812,556

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

Here below is the trend in Salvatore Ferragamo's share price during the first half of 2023.



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 this report are provided below:

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

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

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

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*).

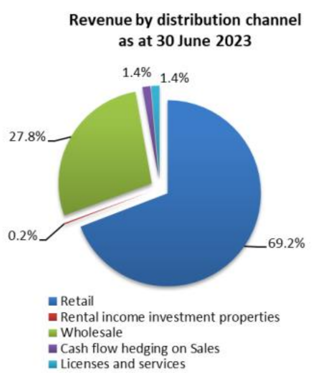
Adjusted net invested capital: it is *Net invested capital* excluding *Right-of-use assets* and *Right-of-use assets* classified as *Investment property*.

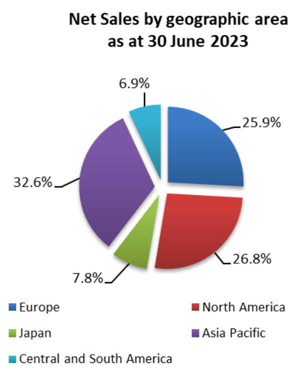
Net financial debt/(surplus): it is calculated as *Current and non current interest-bearing loans & borrowings* plus *Current and non current lease liabilities* and *Other current and non current financial liabilities* including the negative fair value of derivatives (non-hedging component), net of *Cash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

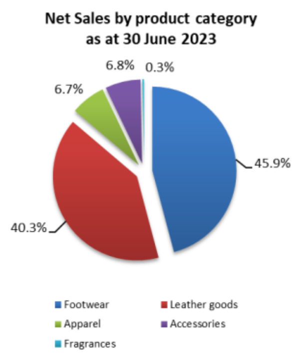
1. The Group's main income and financial results for the first half of 2023

(In millions of Euro)	Half-year period ended 30 June 2023	2022	% change 2023 vs 2022
Revenues	600.1	630.3	(4.8%)
Gross profit	433.5	452.8	(4.3%)
Gross profit %	72.2%	71.8%	
EBITDA	133.6	179.5	(25.6%)
EBITDA %	22.3%	28.5%	
Operating profit/(loss)	47.0	95.4	(50.8%)
Operating profit/(loss) %	7.8%	15.1%	
Net profit/(loss) for the period	21.4	61.9	(65.4%)
Net profit/(loss) – Group	*22.5*	*61.6*	*(63.5%)*
Net profit/(loss) – minority interests	*(1.1)*	*0.3*	

(In millions of Euro)	30 June 2023	31 December 2022	30 June 2022
Investments in tangible/intangible assets	17.3	55.9	17.5
Net working capital	225.7	191.4	249.7
Shareholders' equity	755.7	775.4	754.9
Adjusted net financial debt/(surplus)	(277.5)	(371.2)	(309.4)
Adjusted cash flow from (used in) operating activities	(35.5)	152.5	50.6







	30 June 2023	31 December 2022	30 June 2022
Staff as at the reporting date	3,742	3,830	3,777
Number of DOS	375	389	400

Geographical distribution of DOS (30 June 2023)

375 *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 2023" 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 2023 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 2023

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 is present in more than 90 countries around the world, directly through subsidiaries in 25 countries, and sells its products primarily through a network of Salvatore Ferragamo flag-ship stores, both directly operated (DOS) and through third parties, as well as through a significant and well-established presence in department stores and multi-brand specialty stores, and through the e-commerce channel.

The Group is also active in the licensing of the Salvatore Ferragamo trademark 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 single-brand directly operated stores (DOS), which as at 30 June 2023 numbered 375 (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 multi-brand 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 located 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, ensuring a foothold in markets for which a direct retail presence is currently not possible or not deemed necessary, such as the Middle East, 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 consistency with the positioning of the "Salvatore Ferragamo" brand, their location, and the visibility which they can guarantee to the brand.

The Group is also present in the digital channel (Internet) with a website (*www.ferragamo.com*) in seven languages (Italian, French, Spanish, English, Chinese, Korean and Japanese) and e-commerce functions (directly managed by the Group) for various European countries (Eurozone and United Kingdom), United States, South Korea, Japan, Mexico, People's Republic of China and Australia;

In 2022, a commercial agreement was reached with Farfetch (one of the leading global platforms in the luxury market) to further boost the brand's e-commerce and omnichannel innovation, thus reaching a new and younger audience. This implementation is continuing during 2023 with the presence on the Farfetch marketplace and the development of the new e-commerce site.

Changes to the Group structure

During the first half of 2023, 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 half of 2023 was marked by high economic and geopolitical uncertainty worldwide. Central banks tightened monetary policies to contain rising inflation resulting from the reopening of post-pandemic markets and the outbreak of the Russian-Ukrainian conflict. Interest rates have risen significantly in both the European Union area and the United States.

The US Dollar opened 2023 on the downside, based on expectations that the Fed would end the cycle of interest rate hikes: in January 2023, the EUR/USD exchange rate went from 1.06 to 1.10. However, the release of better-than-expected data on the US economy led to a rise in the US Dollar, and thus the EUR/USD exchange rate improved to 1.0545. The US Dollar then weakened again, reaching 1.1074, as market tensions arose from the failure of primary US banks. In the second quarter, with signs that the banking crisis would not lead to a pause in Fed rate hikes, the EUR/USD exchange rate came in at 1.0683, only to rise again in June, closing at an exchange rate of 1.0866.

As a result of the strengthening of the Euro, the EUR/CNY exchange rate rose from 7.4 to 7.9. The Yuan also weakened against the Dollar, going from 6.9 to 7.3.

Similarly, the South Korean Won – linked to the economic cycle and to the trade balance – weakened against the Dollar, starting from 1,271 in January and reaching 1,322 at the end of June. On the other hand, against the Euro it went from 1,358 in January to 1,436 at the end of June, fluctuating between a minimum value of 1,330 and a maximum value of 1,481.

The EUR/JPY exchange rate was up from 140 in January to 157 at the end of June, while against the Dollar it rose from 131 to 145.

Finally, the Mexican peso strengthened significantly: the EUR/MXN exchange rate fell from 20.8 to 18.6 at the end of June, while the USD/MXN exchange rate fell from 19.5 to 17.1.

The exchange risk management policy and the hedging arrangements put in place by the Ferragamo Group mitigated the impact of the above fluctuations on the expected industrial margin.

4. *The Group's operating performance*

The Salvatore Ferragamo Group's results for the first half of 2023 show a positive operating income of 47.0 million Euro, albeit down 50.8% from the first half of 2022 (when it was 95.4 million Euro). In fact, the operating result is penalized by the increase in costs for the implementation of the strategic plan to relaunch the brand (in particular, we note the increase in communication and marketing costs), and by the slight decline in revenues (-4.8% at current exchange rates and -7.2% at constant exchange rates compared to the first half of 2022), which are mainly affected by the measures taken to optimize and rationalize the Group's distribution network (both in the retail and wholesale channels). Revenues also suffer from the effects of the style change, as products related to the new creative idea are still a very small part of the total offer. Gross margin was 72.2% of revenues in the first half of 2023, a slight improvement from 71.8% in the same prior-year period. The net profit for the period was 21.4 million Euro, compared to a net profit of 61.9 million Euro in the same period of the previous year, a decrease of 65.4%.

The Group's adjusted net financial position (surplus), amounting to 277.5 million Euro, remains solid and positive, down from 371.2 million Euro recorded as at 31 December 2022, after the payment of dividends in the amount of 46.3 million Euro; it is also down from 30 June 2022 (when it was 309.4 million Euro).

The following table shows the main income statement data.

(In thousands of Euro)	**Half-year period ended 30 June**				
	2023	**% of Revenues**	**2022**	**% of Revenues**	**% change**
Revenues	**600,120**	**100.0%**	**630,279**	**100.0%**	**(4.8%)**
Gross profit	**433,549**	**72.2%**	**452,805**	**71.8%**	**(4.3%)**
Style, product development and logistics costs	(29,182)	(4.9%)	(25,679)	(4.1%)	13.6%
Sales & distribution costs	(224,454)	(37.4%)	(215,485)	(34.2%)	4.2%
Marketing & communication costs	(61,723)	(10.3%)	(31,069)	(4.9%)	98.7%
General and administrative costs	(70,093)	(11.7%)	(83,835)	(13.3%)	(16.4%)
Other operating costs	(11,664)	(1.9%)	(11,448)	(1.8%)	1.9%
Other income	10,540	1.8%	10,100	1.6%	4.4%
Total operating costs (net of other income)	**(386,576)**	**(64.4%)**	**(357,416)**	**(56.7%)**	**8.2%**
Operating profit/(loss)	**46,973**	**7.8%**	**95,389**	**15.1%**	**(50.8%)**
Net financial income and charges	(12,856)	(2.1%)	(7,183)	(1.1%)	79.0%
Profit/(loss) before taxes	**34,117**	5.7%	**88,206**	14.0%	**(61.3%)**
Income taxes	(12,686)	(2.1%)	(26,272)	(4.2%)	(51.7%)
Net profit/(loss) for the period	**21,431**	**3.6%**	**61,934**	**9.8%**	**(65.4%)**
Net profit/(loss) – Group	22,485	3.7%	61,590	9.8%	(63.5%)
Net profit/(loss) – minority interests	(1,054)	(0.2%)	344	0.1%	na
Amortization, depreciation and write-downs	86,601	14.4%	84,116	13.3%	3.0%
EBITDA	**133,574**	**22.3%**	**179,505**	**28.5%**	**(25.6%)**

In the first half of 2023, **Revenues** reached 600,120 thousand Euro, compared to 630,279 thousand Euro in the first half of 2022, down 4.8%. 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 2023 compared to the prior-year period: the US Dollar appreciated by 1.2% (1), the Chinese Renminbi depreciated by 5.7% (2), the Japanese Yen depreciated by 8.5% (3), and the South-Korean Won depreciated by 3.9% (4) against the Euro, the currency in which the amounts in the consolidated financial statements are expressed.

Revenues were down 7.2% at constant exchange rates (applying the average exchange rate for the first half of 2023 to the revenues for the first half of 2022 – net of the hedging impact). With reference to the second quarter of 2023 only, revenues amounted to 322,168 thousand Euro, down 5.5% compared to the prior-year period (-7.8% at constant exchange rates). The revenue hedging policy against the risk of exchange rate fluctuations resulted in a positive 8,458 thousand Euro adjustment to revenues in the first half of 2023, compared to a negative 11,304 thousand Euro adjustment in the first half of 2022.

1 With reference to the average Euro/Usd exchange rate in the first half of 2023 1.0807; first half of 2022 1.0934
2 With reference to the average Euro/Cny exchange rate in the first half of 2023 7.4894; first half of 2022 7.0823
3 With reference to the average Euro/Yen exchange rate in the first half of 2023 145.76; first half of 2022 134.31
4 With reference to the average Euro/Krw exchange rate in the first half of 2023 1,400.44; first half of 2022 1,347.84

In the first half of 2023, **gross profit** totaled 433,549 thousand Euro, down 4.3% from Euro 452,805 thousand Euro in the prior-year period. Gross profit amounted to 72.2% of revenues, slightly up compared to 71.8% in the first half of 2022.

Total **operating costs** (net of other income) amounted to 386,576 thousand Euro in the first half of 2023, up 8.2% from the first half of 2022 (357,416 thousand Euro), and totaled 64.4% as a percentage of revenues. The increase in total operating costs is mainly due to the actions taken by management to implement the brand relaunch strategy; in this regard, it is worth noting the higher costs of strengthening communication and marketing activities, which increase as a percentage of revenues from 4.9% in the first half of 2022 to 10.3% in the first half of 2023. It should also be noted that operating costs included impairment losses on Property, plant and equipment in the amount of 1,666 thousand Euro, as a result of the impairment test carried out on the CGU of Ferragamo Singapore Pte Ltd. to measure the recoverable amount of these assets.

Because of the increase in net operating costs and the decrease in revenues, **EBITDA** dropped from 179,505 thousand Euro in the first half of 2022 to 133,574 thousand Euro, down 25.6%, amounting to 22.3% as a percentage of revenues compared to 28.5% in the first half of 2022.

The Group reported an **operating profit** of 46,973 thousand Euro, compared to an operating profit of 95,389 thousand Euro in the first half of 2022, a decrease of 50.8%.

Net financial income and charges shifted from 7,183 thousand Euro in charges in the first half of 2022 to 12,856 thousand Euro in charges in the first half of 2023, i.e., an increase in net financial charges of 5,673 thousand Euro compared to the first half of 2022, mainly due to currency trends and the increase in interest expense on lease liabilities.

(In thousands of Euro)	**Half-year period ended 30 June**		
	2023	**2022**	**Change 2023 vs 2022**
Net interest	2,441	316	2,125
Other net income/(charges)	(467)	(500)	33
Net interest and expenses on lease liabilities	(9,788)	(6,479)	(3,309)
Net gains/(losses) on exchange rate differences	(5,544)	7,811	(13,355)
Net financial income/(charges) for fair value adjustment of derivatives	502	(8,331)	8,833
Total	**(12,856)**	**(7,183)**	**(5,673)**

Net interest and expenses on lease liabilities were up from 6,479 thousand Euro in the first half of 2022 to 9,788 thousand Euro in the first half of 2023.

Net gains and losses on exchange rate differences mainly reflect the impact of commercial transactions in foreign currency. Changes in net gains and losses on exchange rate differences 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 520 thousand Euro in the first half of 2022 to a negative 5,042 thousand Euro in the first half of 2023.

Taxes were calculated using the best estimate of the expected annual tax rate as at the reporting date, resulting in a tax rate of 37.2%, higher than the effective tax rate for the year ended 31 December 2022, equal to 35.4%.

The change in income taxes was as follows:

(In thousands of Euro)	**Half-year period ended 30 June**		
	2023	**2022**	**Change 2023 vs 2022**
Profit/(loss) before taxes	**34,117**	**88,206**	**(54,089)**
Current taxes	(17,724)	(26,681)	8,957
Deferred taxes	5,038	409	4,629
Tax rate	**37.2%**	**29.8%**	

The Group reported a 21,431 thousand Euro consolidated **net profit** for the first half of 2023, compared to a 61,934 thousand Euro net profit for the first half of 2022. The Group share amounted to a consolidated profit of 22,485 thousand Euro, compared to a 61,590 thousand Euro profit in the prior-year period.

Revenues

For a more detailed performance analysis, the representation of Net sales by distribution channel, geographic 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 breakdown of revenues by **distribution channel** was as follows:

(In thousands of Euro)	Half-year period ended 30 June					
	2023	% of Revenues	2022	% of Revenues	% change	% change at constant exchange rates
Retail	415,117	69.2%	441,080	70.0%	(5.9%)	(4.5%)
Wholesale	166,788	27.8%	192,303	30.5%	(13.3%)	(14.3%)
Net sales	**581,905**	**97.0%**	**633,383**	**100.5%**	**(8.1%)**	**(7.6%)**
Cash flow hedging effect on revenues	8,458	1.4%	(11,304)	(1.8%)	na	na
Licenses and services	8,435	1.4%	6,884	1.1%	22.5%	22.5%
Rental income investment properties	1,322	0.2%	1,316	0.2%	0.5%	(0.7%)
Total	**600,120**	**100.0%**	**630,279**	**100.0%**	**(4.8%)**	**(7.2%)**

In the first half of 2023, retail sales decreased by 5.9% at current exchange rates and 4.5% at constant exchange rates, mainly penalized by the slowdown in the North American and Asian markets, and – in the implementation of the strategic plan – by the effects of the optimization of the Group's distribution network, which shows a net reduction of 14 units in the number of DOS (directly operated stores) compared to 31 December 2022, from 389 to 375. The retail channel accounted for 70.0% of total revenues in the first half of 2022 and 69.2% in the first half of 2023.

The wholesale channel recorded a decrease in sales of 13.3% at current exchange rates and 14.3% at constant exchange rates, mainly in the North America market, due to the planned rationalization of the distribution network, and in the Asian market, due to the delayed recovery of travel retail; Europe recorded a positive performance.

The item "Cash flow hedging effect on revenues" represents the effect of the revenue hedging policy against the risk of exchange rate fluctuations and resulted in a positive adjustment on revenues in the first half of 2023 amounting to 8,458 thousand Euro, compared to a negative adjustment of 11,304 thousand Euro in the first half of 2022.

In the first half of 2023, revenues from licenses and services increased by 22.5% at both current and constant exchange rates; this item mainly consists of royalties for the licensing of the Salvatore Ferragamo trademark to the Marchon group in the eyewear industry, the Timex group in the watch industry, and 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 0.5% at current exchange rates and decreased by 0.7% at constant exchange rates.

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

(In thousands of Euro)	Half-year period ended 30 June					
	2023	% of Net sales	2022	% of Net sales	% change	% change at constant exchange rates
Europe	150,679	25.9%	135,934	21.5%	10.8%	10.9%
North America	155,619	26.8%	188,124	29.7%	(17.3%)	(18.6%)
Japan	45,405	7.8%	51,271	8.1%	(11.4%)	(3.8%)
Asia Pacific	189,857	32.6%	217,867	34.4%	(12.9%)	(10.4%)
Central and South America	40,345	6.9%	40,187	6.3%	0.4%	(7.3%)
Net sales	**581,905**	**100.0%**	**633,383**	**100.0%**	**(8.1%)**	**(7.6%)**

In Europe, net sales increased by 10.8% at current exchange rates and by 10.9% at constant exchange rates compared to the prior-year period, mainly driven by growth in the wholesale channel.

In North America, net sales were down 17.3% at current exchange rates (-18.6% at constant exchange rates), deteriorating in both the wholesale and retail channels.

In Japan, revenues fell by 11.4% at current exchange rates and 3.8% at constant exchange rates.

The Asia-Pacific region made once again the largest contribution to the Group's revenues, accounting for 32.6%, of the total, but was adversely affected by the weak performance in Korea and by the delayed recovery of the travel retail channel, registering a decrease of 12.9% at current exchange rates (-10.4% at constant exchange rates) compared to the first half of 2022; on the other hand, the Chinese area recorded good growth in the retail channel due in part to the reopening of the market after the zero-Covid policy implemented in 2022 by the Chinese government.

The Central and South American market shows revenues basically in line with the first half of 2022, with an increase during the first half of 2023 of 0.4% at current exchange rates (-7.3% at constant exchange rates). The revenues generated in the first half of 2023 and 2022 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 239 thousand Euro in the first half of 2023 and 90 thousand Euro in the first half of 2022.

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					
	2023	**% of Net sales**	**2022**	**% of Net sales**	**% change**	**% change at constant exchange rates**
Footwear	266,856	45.9%	279,691	44.2%	(4.6%)	(4.3%)
Leather goods	234,778	40.3%	271,851	42.9%	(13.6%)	(12.9%)
Apparel	38,851	6.7%	40,084	6.3%	(3.1%)	(2.0%)
Accessories	39,612	6.8%	39,854	6.3%	(0.6%)	0.3%
Fragrances	1,808	0.3%	1,903	0.3%	(5.0%)	(4.7%)
Net sales	**581,905**	**100.0%**	**633,383**	**100.0%**	**(8.1%)**	**(7.6%)**

All main product categories saw a decrease in turnover compared to the first half of 2022, with footwear and leather goods accounting for 45.9% and 40.3% of turnover in the first half of 2023, respectively, (down 4.6% and 13.6%, respectively, at current exchange rates).

Cost of goods sold and gross profit

(In thousands of Euro)	Half-year period ended 30 June				
	2023	**% of Revenues**	**2022**	**% of Revenues**	**% change**
Consumables	(92,534)	(15.4%)	(86,239)	(13.7%)	7.3%
Services	(70,802)	(11.8%)	(87,914)	(13.9%)	(19.5%)
Personnel	(3,234)	(0.5%)	(3,314)	(0.5%)	(2.4%)
Depreciation	(1)	(0.0%)	(7)	(0.0%)	(85.7%)
Cost of goods sold	**(166,571)**	**(27.8%)**	**(177,474)**	**(28.2%)**	**(6.1%)**
Gross profit	**433,549**	**72.2%**	**452,805**	**71.8%**	**(4.3%)**

In the first half of 2023, the **cost of goods sold** amounted to 166,571 thousand Euro, down 6.1% compared to the first half of 2022, as a result of the decline in turnover. Gross profit amounted to 72.2% of revenues in the first half of 2023, up slightly from 71.8% in the first half of 2022, continuing the improvement trend already recorded in the previous financial year.

Statement of financial position and Investments

Below is the statement of financial position as at 30 June 2023 reclassified by sources and uses, compared to the position as at 31 December 2022 and 30 June 2022.

(In thousands of Euro)	30 June 2023	31 December 2022	30 June 2022	% change 06.23 vs 12.22	% change 06.23 vs 06.22
Property, plant and equipment, investment property, intangible assets with a finite useful life and goodwill	246,338	260,893	253,102	(5.6%)	(2.7%)
Right-of-use assets	630,989	479,724	497,219	31.5%	26.9%
Net working capital	225,696	191,400	249,684	17.9%	(9.6%)
Other non current assets/(liabilities), net	83,075	78,489	81,746	5.8%	1.6%
Other current assets/(liabilities), net	17,704	(31,023)	(37,283)	na	na
Net invested capital	**1,203,802**	**979,483**	**1,044,468**	**22.9%**	**15.3%**
Group shareholders' equity	734,968	751,810	731,809	(2.2%)	0.4%
Minority interests	20,696	23,599	23,088	(12.3%)	(10.4%)
Shareholders' equity (A)	**755,664**	**775,409**	**754,897**	**(2.5%)**	**0.1%**
Net financial debt/(surplus) (B)	**448,138**	**204,074**	**289,571**	**119.6%**	**54.8%**
Total sources of financing (A+B)	**1,203,802**	**979,483**	**1,044,468**	**22.9%**	**15.3%**
Net financial debt/(surplus) (B)	**448,138**	**204,074**	**289,571**	**119.6%**	**54.8%**
Lease liabilities (C)	725,672	575,323	598,992	26.1%	21.1%
Adjusted net financial debt/(surplus) (B-C)	**(277,534)**	**(371,249)**	**(309,421)**	**(25.2%)**	**(10.3%)**
Adjusted net financial debt/(surplus)/ Shareholders' equity	(36.7%)	(47.9%)	(41.0%)		

(In thousands of Euro)	30 June 2023	31 December 2022	30 June 2022	% change 06.23 vs 12.22	% change 06.23 vs 06.22
Net invested capital (a)	**1,203,802**	**979,483**	**1,044,468**	**22.9%**	**15.3%**
Right-of-use assets recognized under Investment property (b)	19,922	22,395	25,152	(11.0%)	(20.8%)
Right-of-use assets (c)	630,989	479,724	497,219	31.5%	26.9%
Adjusted net invested capital (a-b-c)	**552,891**	**477,364**	**522,097**	**15.8%**	**5.9%**

Investments in fixed assets

During the first half of 2023, the Group made investments in tangible and intangible assets for a total amount of 17,326 thousand Euro, of which 12,308 thousand Euro in tangible assets and 5,018 thousand Euro in intangible assets, compared to a total of 17,547 thousand Euro in the prior-year period.
The most important investments in tangible assets were made in the opening and refurbishment of stores (9.9 million Euro, approximately 80% of total investments in tangible assets). The main investments in intangible assets refer to the development of software to support business processes (totaling 4.1 million Euro, or approximately 82% of total investments in intangible assets), including the developments related to the e-commerce platform, the "New Pos Solution" project aimed at implementing the new cash and back office system, "Oracle Xstore", for the Group's retail channel and the Enterprise Business Intelligence project (aimed at rationalizing corporate reporting and analytics systems by creating a single shared Data Warehouse), as well as the purchase of software licenses. Investments in intangible assets also include the initial direct costs incurred in the first half of 2023 mainly by Ferragamo France S.A.S. (0.3 million Euro) for the extension of the lease period for a store in Paris.
Investments in tangible assets under construction, amounting to 8.5 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, works aimed at the construction of a building to be used for general interest production activities at the area owned by Salvatore Ferragamo S.p.A. in the municipality of Sesto Fiorentino - Osmannoro, and other improvement works at the Parent company's facility.
Investments in intangible assets under construction, amounting to 3.4 million Euro, are mainly represented by the investment in software development to support business processes, including: the further development of

the e-commerce platform (which includes, among others, developments related to the global strategic partnership with the e-commerce platform of Farfetch, one of the leading global platforms in the luxury market). Investments in intangible assets under construction also include advances for architectural consulting for the creation of the new concept store, which will be gradually implemented in the main store locations as part of the brand relaunch project.

During the first half of 2023, the Group did not make any investments in financial assets, except as noted below under Net financial debt.

Amortization and depreciation (excluding depreciation of the Right-of-use assets) totaled 24,739 thousand Euro as at 30 June 2023, down from 25,182 thousand Euro in the first half of 2022 (-1.8%).

Right-of-use assets

The item, totaling 630,989 thousand Euro as at 30 June 2023, refers to the "Right-of-use assets" recognized against "Lease liabilities" following the application of the accounting standard IFRS16. The item increased by 151,265 thousand Euro compared to 31 December 2022, mainly due to the extension of leases related to points of sale.

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 2023 compared to 31 December 2022 and 30 June 2022.

(In thousands of Euro)	30 June 2023	31 December 2022	30 June 2022	% change 06.23 vs 12.22	% change 06.23 vs 06.22
Inventories and Right of return assets	294,979	281,026	302,713	5.0%	(2.6%)
Trade receivables	101,152	94,490	120,066	7.1%	(15.8%)
Trade payables and Refund liabilities	(170,435)	(184,116)	(173,095)	(7.4%)	(1.5%)
Total	**225,696**	**191,400**	**249,684**	**17.9%**	**(9.6%)**

Net working capital was up 17.9% compared to 31 December 2022 as a result of both the increase in "Inventories and Right of return assets" (+5.0%) and "Trade receivables" (+7.1%), and the decrease in "Trade payables and Refund liabilities" (-7.4%). Compared to 30 June 2022, it was down 9.6%, mainly due to the decrease in "Trade receivables" and "Inventories", mitigated by the decrease in "Trade payables and Refund liabilities".

Specifically, inventories of finished products were up 6,125 thousand Euro compared to 31 December 2022 (+2.4%) and down 2,382 thousand Euro (-0.9%) compared to 30 June 2022, while raw materials for production were up 34.6% or 7,891 thousand Euro compared to 31 December 2022 and down 11.4% compared to 30 June 2022, and depend on production volumes for the period.

Trade receivables recorded an increase of 6,662 thousand Euro compared to 31 December 2022 (+7,1%) and a decrease of 18,914 thousand Euro (-15.8%*)* compared to 30 June 2022 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 83,075 thousand Euro, were up compared to 31 December 2022, with an increase of 4,586 thousand Euro, mainly attributable to the increase in deferred tax assets, calculated in particular based on the reversal of unrealized intragroup profits on inventories, mainly offset by the decrease in provisions for risks and charges.

Other current assets/(liabilities) increased from net liabilities of 31,023 thousand Euro as at 31 December 2022, to net assets of 17,704 thousand Euro as at 30 June 2023, mainly attributable to the decrease in Other current liabilities in the amount of 22,919 thousand Euro (as a result of the decrease in payables to employees in respect of bonus payments for the previous year, of Short-term hedging derivatives and of corporate income tax (IRES) payables to the Parent company Ferragamo Finanziaria S.p.A., in the context of the Italian tax consolidation regime), and to the increase in Tax receivables net of the decrease in Tax payables for 23,210 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 22,485 thousand Euro in the profit for the period;
- decrease of 46,348 thousand Euro as a result of the dividends paid by the Parent company Salvatore Ferragamo S.p.A.;
- increase of 3,367 thousand Euro attributable to the translation into Euro of the financial statements of subsidiaries denominated in other currencies, and increase of 113 thousand Euro resulting from other translation effects;
- increase of 2,467 thousand Euro in the Stock Grant reserve, relating to the two outstanding share-based payment plans;
- increase of 995 thousand Euro resulting from the measurement of hedging derivatives net of the relevant tax effect;
- increase of 79 thousand Euro related to the actuarial valuation of outstanding defined benefit plans at some of the Group's companies.

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 2023	
	Shareholders' equity	Net profit/(loss) for the period
Parent company Salvatore Ferragamo S.p.A. data	**729,357**	**97,386**
Elimination of investments and subsidiaries' contribution to Consolidated Shareholder's Equity	185,003	(58,629)
Elimination of unrealized profits, deriving from transactions between Group companies, relating to inventories, net of the deferred tax effect	(182,223)	(22,528)
Other consolidation adjustments	23,527	5,202
Total shareholders' equity and net profit/(loss)	**755,664**	**21,431**
Minority interests – shareholders' equity and net profit/(loss)	20,696	(1,054)
Group – shareholders' equity and net profit/(loss)	**734,968**	**22,485**

Net financial debt

Net financial debt as at 30 June 2023, 31 December 2022 and 30 June 2022 was as follows:

(In thousands of Euro)	30 June 2023	31 December 2022	30 June 2022	% change 06.23 vs 12.22	% change 06.23 vs 06.22
Cash and cash equivalents (A)	280,081	391,354	409,707	(28.4%)	(31.6%)
Other current financial assets (B)	30,897	10,255	-	>100%	na
Interest-bearing loans & borrowings (C)	32,862	29,264	99,374	12.3%	(66.9%)
Other financial liabilities (D)	582	1,096	912	(46.9%)	(36.2%)
Lease liabilities (E)	725,672	575,323	598,992	26.1%	21.1%
Net financial debt/(surplus) (C + D + E – A – B)	**448,138**	**204,074**	**289,571**	**119.6%**	**54.8%**

Net financial debt as at 30 June 2023, including lease liabilities, was up from 204,074 thousand Euro as at 31 December 2022 to 448,138 thousand Euro as at 30 June 2023, mainly due to an increase in lease liabilities for extensions of existing leases, mainly related to retail stores. After Salvatore Ferragamo S.p.A., with a view to moderately diversifying its cash management, had made an insurance investment in a readily adjustable Type I policy of 9,999 thousand Euro in 2022, in the first half of 2023 the company Salvatore Ferragamo SpA continued its diversification process by increasing this insurance investment by an additional 5 million Euro and making an investment in short-term Italian government bonds (*Buoni Ordinari del Tesoro*) of 15 million Euro.

Net financial debt, excluding lease liabilities, as at 30 June 2023 and 2022 and as at31 December 2022 was restated as follows:

(In thousands of Euro)	30 June 2023	31 December 2022	30 June 2022	% change 06.23 vs 12.22	% change 06.23 vs 06.22
Net financial debt/(surplus) (a)	**448,138**	**204,074**	**289,571**	**119.6%**	**54.8%**
Non current lease liabilities	609,690	468,737	486,691	30.1%	25.3%
Current lease liabilities	115,982	106,586	112,301	8.8%	3.3%
Lease liabilities (b)	**725,672**	**575,323**	**598,992**	**26.1%**	**21.1%**
Adjusted net financial debt/(surplus) (a-b)	**(277,534)**	**(371,249)**	**(309,421)**	**(25.2%)**	**-10.3%**

The Group ended the first half of 2023 with a positive adjusted net financial position (surplus) of 277,534 thousand Euro, down 93,715 thousand Euro from 31 December 2022. The change was largely due to a negative 35,540 thousand Euro in adjusted cash flow from operating activities, cash used to invest in tangible and intangible assets that occurred in the first half of 2023 (17,326 thousand Euro), and the payment of dividends (46,318 thousand Euro) resolved by the Parent Company.

Income and financial indicators

The tables below set out the trend in the main income and financial indicators for the six-month periods ended 30 June 2023 and 30 June 2022.

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**	
	2023	**2022**
ROE (*Group net profit/(loss) for the period / Average Group shareholders' equity*)	3.0%	8.2%
ROI (*Operating profit/(loss) / Net average invested capital*)	4.3%	9.3%
ROIC (*Net profit/(loss) / Average adjusted net invested capital*)	4.2%	12.9%
ROS (*Operating profit/(loss) / Revenues*)	7.8%	15.1%

Financial ratios	**Half-year period ended 30 June**	
	2023	**2022**
Coverage of shareholders' equity ratio (*Shareholders' equity / Non current assets*)	74.8%	85.5%
Liquidity ratio (*Current assets excluding Inventories/Current liabilities*)	129.8%	138.0%

Turnover ratios expressed in days	**Half-year period ended 30 June**	
	2023	**2022**
Turnover of Trade receivables (*Average value of Trade receivables in the period / Revenues x days*)	29	33
Turnover of Trade payables (*Average value of Trade payables in the period / Purchases of goods and services x days*)	88	97
Inventory turnover (*Average value of Inventories in the period / Cost of goods sold x days*)	305	289
Turnover of Average invested capital (*Average value of Net invested capital / Revenues x days*)	327	293

The above ratios are calculated on a six-month basis. Average value means the simple arithmetic average of the closing balances of the period and of the previous period.

5. Significant events occurred during the first half of 2023

Ordinary and Extraordinary Shareholders' Meeting

The Ordinary Shareholders' Meeting of Salvatore Ferragamo S.p.A. was held on 26 April 2023 and:

- approved the Separate Financial Statements as at 31 December 2022 and the distribution of a dividend of 0.28 Euro per outstanding ordinary share on the ex-dividend date (net of treasury shares);
- approved the "Performance and Restricted Shares 2023-2025 Plan" in favor of employees and/or directors and/or collaborators of the Company and/or of other companies belonging to the Group, for the details of which please refer to note 41 "Share-based Payments" in the Explanatory Notes to the Condensed Consolidated Half-Year Financial Statements as at 30 June 2023, and the documentation made available on the Company's website *group.ferragamo.com/en/* section *Governance/Shareholders' Meeting/2023* and section *Governance/Corporate Governance/Remuneration/Stock Incentive Plans*;
- amended the "Restricted Shares" plan approved by the Shareholders' meeting of 14 December 2021 in favor of the Managing Director and General Manager, for the details of which please refer to note 41 "Share-based Payments" in the Explanatory Notes to the Condensed Consolidated Half-Year Financial Statements as at 30 June 2023, and the documentation made available on the Company's website *group.ferragamo.com/en/* section *Governance/Shareholders' Meeting/2023* and section *Governance/Corporate Governance/Remuneration/Stock Incentive Plans*;
- approved the policy concerning the remuneration of the members of the governing body, managers with strategic responsibilities, and members of the control body for the year 2023, 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 2022;
- elected the members of the Board of Statutory Auditors for the 2023-2025 period based on a slate-voting system. The members, who shall remain in office until the Meeting convened to approve the financial statements at 31 December 2025, 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.; Antonietta Donato and Roberto Coccia, Substitute Statutory Auditors elected from the majority and minority slates, respectively. Finally, the Meeting set the gross annual fee for the Chair of the Board of Statutory Auditors at 64,000 Euro and the gross annual fee for each Acting Statutory Auditor at 48,000 Euro;
- appointed Laura Donnini as member of the Board of Directors, following the resignation of Anna Zanardi Cappon, announced to the market on 28 February 2023 and effective as of 26 April 2023, i.e., the date of the Shareholders' Meeting. The term of office of the director Laura Donnini will expire together with the entire Board of Directors on the date of the Meeting convened to approve the separate financial statements as at 31 December 2023;
- approved the reasoned proposal of the Board of Statutory Auditors for the adjustment of the total annual fee for 2022 to be paid to the Independent Auditors KPMG S.p.A. for carrying out of the statutory audit of financial statements, and for the adjustment of total annual fees for each year of the 2022-2028 period.

On the same date, the Extraordinary Shareholders' Meeting was held, which approved the proposed amendment to the Bylaws with reference to Article 5, subject to the revocation of the resolutions under items 1 and 2 passed by the Extraordinary Shareholders' Meeting held on 21 April 2016. Specifically, the following amendments were approved:

- elimination of the explicit reference of the unit par value of shares;
- elimination of the power to increase the partially subscribed share capital up to a maximum nominal amount of 60,000 Euro and a maximum of 600,000 shares as a result of the failure to achieve the targets under the "2016-2020 Stock Grant Plan".

Board of Directors

At the meeting held on 2 March 2023, the Board of Directors approved (i) the draft Separate Financial Statements as at 31 December 2022, the Consolidated Financial Statements as at 31 December 2022, and the Directors' report on operations for 2022, containing the consolidated Non-Financial Statement for 2022 that includes non-financial information pursuant to Italian Legislative Decree no. 254 of 30 December 2016; (ii) the Corporate Governance Report, referring to the year 2022 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 2023 and the fees paid in 2022, 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; (iv) the "Performance and Restricted Shares 2023-2025" incentive plan and the Information Document related to the First Cycle of the plan as well as the amendments to the "Restricted Shares" incentive plan intended for the Managing Director and General Manager and the related Information Document; (v) the proposed change in the independent auditors' fees starting from 2022, for approval by the next Shareholders' Meeting; and resolved (vi) to convene the Ordinary and Extraordinary Shareholders' Meeting for 26 April 2023, approving the explanatory reports on the items on the agenda.
At the same meeting, the Board of Directors also resolved to propose that the Shareholders' Meeting allocate the profit for the year 2022, totaling 89,239,108 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 0.28 Euro per share to each of the ordinary shares outstanding.
At its meeting on 26 April 2023, the Board of Directors, which met after the Shareholders' Meeting, after checking the independence requirements of the newly appointed Director Laura Donnini, in accordance with the applicable provisions of Italian Legislative Decree 58/98, the Corporate Governance Code and the Rules of the Board of Directors, resolved on the new composition of the Board Committees as follows:

- Control and Risks Committee, responsible also for Transactions with Related Parties and Corporate Sustainability: Patrizia Michela Giangualano (Chair), Umberto Tombari and Laura Donnini;
- Nomination and Remuneration Committee: Umberto Tombari (Chair), Annalisa Loustau Elia and Frédéric Biousse.

At the same meeting, the Board also checked the independence requirements of the non-executive directors and the Board of Statutory Auditors.

Performance and Restricted Shares 2023-2025 Plan and amendments to the Restricted Share plan intended for the Managing Director

The Ordinary Shareholders' Meeting of 26 April 2023 approved a new share incentive plan for the top management of the Ferragamo Group, called "Performance and Restricted Shares 2023-2025 Plan".
The Shareholders' Meeting held on 26 April 2023 also approved the amendments to the Restricted Share plan intended for the Managing Director and General Manager and, at the Board of Directors meeting held on the same date, he was granted the right to receive, free of charge, 147,732 shares of Salvatore Ferragamo S.p.A. under and in pursuance of the provisions of the Restricted Shares Plan for 2023.
For more information on both plans, see Note 41 "Share-based Payments" of these Condensed Consolidated Financial Statements and the relevant documentation about the Meeting, which is available on the Company's website *https://group.ferragamo.com/en/*, section *Governance/Shareholders' Meeting/2023* and section *Governance/Corporate Governance/Remuneration/.*

Resignation of Chief Financial Officer and manager charged with preparing Company's Financial Reports

As per the press release issued on 30 June 2023, Alessandro Corsi, the Company's CFO and Manager charged with preparing Company's Financial Reports, resigned and will terminate his employment with the Company on 30 September 2023.

Renewal of shareholders' agreement between Ferragamo Finanziaria S.p.A. and Majestic Honour Limited

On 30 June 2023, Ferragamo Finanziaria S.p.A., which holds a controlling interest in the share capital of Salvatore Ferragamo S.p.A. equal to 54.276% of the share capital, and Majestic Honour Limited, a company incorporated under Hong Kong law, which holds a 5.986% interest in the share capital of Salvatore Ferragamo S.p.A, indirectly controlled by Mr Peter K. C. Woo, entered into a new shareholders' agreement, whereby they intended to renew the shareholders' agreement they signed on 29 June 2017, which was renewed on 29 June 2020 and expired on 29 June 2023. The agreement will run until 29 June 2026 and may be extended for an additional three years upon expiration. For further details, please refer to the documents available at the Company's website *https://group.ferragamo.com/en/*, section *Governance/Shareholding/shareholders-agreement.*

Development of the Covid-19 pandemic

On 5 May 2023, the World Health Organization officially declared the pandemic over and, during the first half of 2023, all remaining restrictions and barriers on people and commercial activities were lifted, recording a general upswing in tourist flows. The positive effects of the easing of restrictive measures were already evident in the

Ferragamo Group's performance in 2022; however, in the first half of 2023, the recovery of travel retail, particularly in Asia, is still delayed.
The overall long-term impact of the Covid-19 pandemic on the world economy are still uncertain and difficult to define as the deterioration in economic growth forecasts has multiple causes, some of which are indirectly related to the Covid-19 pandemic.

Direct exposure of the Salvatore Ferragamo Group to the Russian-Ukrainian conflict

The conflict in Ukraine, which began in February 2022, has had limited direct impact on the majority of luxury brands, although it has important global implications.
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 Group has always complied with the requirements of the sanctions package adopted by the European Union against Russia.
The future evolution of the conflict and its effects in neighboring territories are not foreseeable at this time.

Tax and customs disputes and audits

Updates on ongoing audits

- 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 regards 2012, it should be noted that both the Florence Provincial Tax Commission (in a ruling filed on 24 January 2019) and the Tuscany Court of Second Instance (in a ruling filed on 11 November 2022) agreed with the Company. The Company took advantage of the institution of the "definition of pending litigation" introduced by the 2023 Budget Law (Italian Law no. 197/2022, Article 1, paragraphs 186-202), which allows the settlement of pending litigation with an amount that varies depending on the progress of the last dispute on the merits. In the case under review (defeat of the Office in the second instance), the dispute was settled by an appeal lodged on 5 June 2023 and payment, on 1 June 2023, of 15% of the disputed tax (in the present case amounting to 19 thousand Euro). For the years 2013 and 2014, the dispute has been settled, as disclosed in the 2022 Annual Report.
- With regard to the agreement reached between Ferragamo Deutschland GmbH and the German tax authorities, following several tax audits and covering the years 2011 to 2021, please note that, as detailed in the 2022 Annual Report to which reference is made, in 2022 Ferragamo Deutschland GmbH set aside a total of 3,022 thousand Euro (of which corporate income taxes of 1,132 thousand Euro, regional company tax of 785 thousand Euro and interest of 1,105 thousand Euro), reserving the right to appeal to the courts to reduce the interest rate applied. The company is gradually paying the amounts due and preparing appeals to reduce the interest.
- With regard to the dispute of Ferragamo France S.A.S. concerning the transfer pricing policy applied by Salvatore Ferragamo S.p.A. for the tax years 2008-2010, which has already been mentioned in the 2022 Annual Report and to which reference is made, the following should be noted: in September 2022, the Company, convinced of the correctness of its actions, appealed to the Council of State against the unfavorable decision of the Court of Appeals. On 8 June 2023, a public hearing on the admissibility of the Company's appeal was held before the Council of State, which rejected the appeal by decision dated 30 June 2023. Therefore, with this deed, the dispute is considered to be finally settled. As the Company had paid the required amounts (totaling 3,120 thousand Euro) in full upon the issuance of the Court of Appeals' decision, no further amounts are due for this dispute.
- With regard to the audit into Ferragamo France S.A.S, concerning the income tax and VAT for the tax years from 2015 to 2017, concluded with an assessment for higher taxable income of 688 thousand Euro, it should be noted that on 18 December 2020, Salvatore Ferragamo S.p.A. applied to the Inland Revenue Office for a unilateral downward adjustment pursuant to Article 31-quarter, paragraph 1, letter c) of Presidential Decree no. 600 of 29 September 1973, as well as to Decision of 30 May 2018, paragraph 2.3. If the request is granted, Salvatore Ferragamo S.p.A. will be entitled to recover 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.

- With regard to the request for documents relating to four different canceled export transactions, notified to Salvatore Ferragamo S.p.A. on 23 March 2017, by the Regional Unit of the Tuscany Inland Revenue Office, which was already reported in the 2022 Annual Report, please note the following. Given the unfavorable outcome of a similar litigation related to 2006, the Company took advantage of the institution of the "definition of pending litigation" introduced by the 2023 Budget Law (Italian Law no. 197/2022, Article 1, paragraphs 186-202), which allows the settlement of pending litigation with an amount that varies depending on the progress of the last dispute on the merits. In the case under review (defeat of the Office in the first instance), the dispute was settled by an appeal lodged on 31 March 2023 and payment, on the same date, of 40% of the disputed tax, amounting to 27 thousand Euro.

Please refer to the Annual Report as at 31 December 2022, 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)

With respect to the R&D Tax Credit and to the Patent Box, for more details reference should be made to the Annual Report as at 31 December 2022, paragraph "Significant events occurred during the year", as there were no new developments during the first half of 2023.

Advance Pricing Agreements (update)

- With regard to Salvatore Ferragamo S.p.A., it should be noted that on 20 December 2022 the Company and the Inland Revenue Office -– Large Taxpayer Central Assessment Department and International, Control Sector, Office for Advance Agreements, signed the renewal of the Advance Pricing Agreement (or "APA" for short), which is effective for the five-year period from 2022 to 2026 and is substantially in line with the agreement in force for the previous five-year period from 2017 to 2021.
- With regard to the relationship between Salvatore Ferragamo S.p.A. and its subsidiary Ferragamo USA Inc., it should be noted that in recent years the two companies have filed a request for a bilateral advance pricing agreement with the two relevant tax authorities, which reached an agreement on the transfer pricing method and the relevant values as early as June 2022. On 16 April 2023, the US tax authorities and Ferragamo USA signed the advance agreement for the years 2019-2023, while Salvatore Ferragamo S.p.A. and the Italian tax authorities will sign the corresponding agreement in the second half of 2023. The two companies plan to apply for an extension for an additional five-year period.

Sustainable Growth Fund Incentives – Innovation Agreement

On 13 December 2019, Salvatore Ferragamo S.p.A. submitted a proposal for an Innovation Agreement pursuant to the 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, with investments exceeding 5 million Euro. The Ministry of Economic Development (today MIMIT, Ministry of Business and Made in Italy) and the Region(s) in which the investment is made are parties to 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 16 December 2022, a term subsequently extended to 16 December 2023 due to the slowdown of investments on the project owing to the impact of the Covid-19 pandemic.
On 1 June 2022, the relative Concession Decree was issued, which assigns Salvatore Ferragamo S.p.A. a non-repayable grant. The subsidies will be provided by the MIMIT 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, Salvatore Ferragamo S.p.A. recognized a grant of 2.3 million Euro in 2022 and an additional 650 thousand Euro in the first half of 2023 under "Other income". In January 2023, the Company received 2.1 million Euro as an advance on the grant.

6. Information on corporate governance and ownership structure

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

On 2 March 2023, the Company's Board of Directors approved the report on corporate governance and ownership structure (Corporate Governance Report) for the year ended 31 December 2022, prepared also pursuant to art. 123-bis of the Consolidated Law on Finance (TUF).
The Corporate Governance Report includes a description of the corporate governance system adopted by the Company in 2022, 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 "Corporate Governance Report", published on the Company's website *group.ferragamo.com/en/*, in the section *Governance/Corporate Governance/Corporate Governance Reports*. 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 last approved by the Extraordinary Shareholders' Meeting on 26 April 2023. 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 abides by the Corporate Governance Code, in force as of 1 January 2021. Previously, the Company abode by 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 in office 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, 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;

(ii) Marco Gobbetti, 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 confirmed as 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 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; and

(iii) Laura Donnini, appointed as a director by the Shareholders' Meeting held on 26 April 2023, following the resignation from the position as Director of Salvatore Ferragamo S.p.A. tendered by the independent non-executive director Anna Zanardi Cappon with effect from the date of the Shareholders' Meeting to approve the financial statements for the year 2022, as per the Company's press release of 28 February 2023.

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), Laura Donnini (Independent), Giacomo Ferragamo, Peter K. C. Woo, Patrizia Michela Giangualano (Independent), Annalisa Loustau Elia (Independent), Umberto Tombari (Independent) and Frédéric Biousse (Independent).

This Board of Directors will serve until the date of the Shareholders' Meeting called to approve the separate financial statements as at 31 December 2023.

Following the resignation of Director Anna Zanardi Cappon, the Board of Directors of the Company, which met after the Shareholders' Meeting on 26 April 2023, decided on the new composition of the Board Committees as follows:

- Control and Risks Committee, responsible also for Transactions with Related Parties and Corporate Sustainability: Patrizia Michela Giangualano (Chair), Umberto Tombari and Laura Donnini;
- Nomination and Remuneration Committee: Umberto Tombari (Chair), Annalisa Loustau Elia and Frédéric Biousse.

After the Shareholders' Meeting of 22 April 2021 appointed the new Board of Directors, the Company did not appoint a Lead Independent Director.

As of 1 January 2022, the role of director responsible for setting up and maintaining 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 parties 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 Managing Director (in the sense given in the Corporate Governance Code, as the person mainly responsible for managing the company), 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 26 April 2023 based on a slate-voting system for the 2020-2025 period, and shall remain in office until the Meeting convened to approve the financial statements as at 31 December 2025. 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.; Antonietta Donato 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. In this regard, it should be noted that Alessandro Corsi resigned on 30 June 2023 and will terminate his employment with the Company on 30 September 2023.

To date, the Board of Directors has identified the following as managers with strategic responsibilities: the Chief Transformation & Sustainability Officer Giacomo (James) Ferragamo, and the Chief Financial Officer 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/en/*, section *Governance/Shareholders' Meetings/2021/December-14*, and section *Governance/Corporate Governance/Remuneration/Stock Incentive Plans*.

The stock incentive plan called "Performance and Restricted Shares 2023-2025" – approved by the Shareholders' Meeting on 26 April 2023 under Article 114-bis of the Consolidated Law on Finance, concerning the free assignment of ordinary shares of Salvatore Ferragamo S.p.A. in favor of certain employees and/or directors and/or collaborators of the Company and/or of other companies belonging to the Salvatore Ferragamo Group, who will be individually identified, for each of the three cycles in which the Plan is divided – includes a change of control clause of the Company (meaning exclusively a transaction in which a third party other than the current reference shareholder acquires legal control of the Company). Pursuant to this clause, upon the occurrence of this circumstance, the beneficiaries will be entitled to the allocation of the shares, with the lifting of the lock-up restriction (including through the payment of the relevant monetary consideration), prior to the terms set forth in the relevant Information Document and Regulations and regardless of the fulfillment of the conditions therein provided; in particular, they will be re-proportioned *ratione temporis* on the basis of the portion of the vesting period that has already elapsed and in relation to their "target" value. For more information, see the Report to the Shareholders' Meeting of 26 April 2023 on the third item on the agenda and the information document "Performance and Restricted Shares 2023-2025 Plan" available on the Company's website *http://group.ferragamo.com/en/*, section *Governance/Shareholders' Meetings/2023*, and section *Governance/Corporate Governance/Remuneration/Stock Incentive Plans*.

Main features of the risk management and internal control systems

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 being developed and contribute to its sustainable success.
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 2022, in continuity with the process of strengthening the Company's ERM model undertaken in 2021, the Group completed a project that led to a quantification of the potential impacts of risks on the achievement of the targets of the Strategic Plan presented to the market on 10 May 2022, introducing at the same time, 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, initially started with reference to the main risk areas with a direct/indirect impact on the achievement of the Strategic Plan objectives, were subsequently extended to the entire Risk Universe, i.e., to all risks considered applicable to the organization. This process of revising the integrated risk management model (ERM Model) was concluded with the updating of the "ERM Framework" Policy, which constitutes the methodological reference and guidelines for the governance of the Salvatore Ferragamo Group's Enterprise Risk Management (ERM) system. The "ERM Framework" Policy was approved by the Board of Directors at its meeting on 26 January 2023.
Also with a view to strengthening the risk management model, in May 2023, the Company defined an evolutionary roadmap of the Model with a focus on Cyber Risk Management. This initiative, which is still in progress, aims to assess the appropriateness of expanding the scope of the assessment to identify and assess additional risk scenarios, such as those related to cyber security, to be included in the risk universe.
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 following are 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 Italian Leg. Decree 231/2001;
- the Anticorruption Policy;
- the Group's whistleblowing system, which was updated by the resolution of the Board of Directors on 6 July 2023 to bring it into line with the provisions of Italian Leg. Decree no. 24 of 10 March 2023, implementing Directive (EU) 2019/1937 concerning the protection of individuals who, on well-founded grounds, report misconduct that violates European and national provisions and is detrimental to the public interest or the integrity of the entity to which they belong, of which they have become aware in the course of their work. In this regard, it should be noted that, on the same date, the Board of Directors appointed the Company's Ethics Committee as an autonomous internal office dedicated to receiving and processing reports sent through the whistleblowing channel.

The Company's internal control and risk management system is structured as follows:

***Director responsible for setting up and maintaining the internal control and risk management system (the "Responsible Director")**:* He/She has 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.

***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 internal control and risk management 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;
   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, removal 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. The Internal Audit Manager is a permanent invitee of the Control and Risks Committee.

***Risk Management Manager**:* He/She coordinates the risk management process and provides systematic support to all management involved in the risk assessment process. The Risk Management Manager reports to the Chief Financial Officer, who is a permanent invitee of the Control and Risks Committee. The Risk Management Manager 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.

Head of Regulatory Compliance: He/She is in charge of the Regulatory Compliance Function, located within the General Counsel Department, and is responsible for monitoring the risk of non-compliance with the regulations applicable to the Group, assessing the requirements contained therein and verifying that internal procedures and processes are adequate to prevent potential violations. In these activities, he/she works in conjunction with the other functions that make up the Company's internal control system, namely the Risk Management and Internal Audit Managers, reporting to the Control and Risks Committee and directly reporting to the Board of Directors. The Head of Regulatory Compliance receives regular information flows from the Specialized Control units, which are responsible for assessing the risk of non-compliance in the matters entrusted to them, and from the Functional Control units in relation to the implementation of remediation plans.

***Manager charged with preparing Company's Financial Reports (in accordance with art. 154-bis of the Consolidated Law on Finance) ("Manager in Charge")**:* He/She is 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 Italian Leg. Decree no. 231/2001: It is responsible for checking the effectiveness, adequacy and compliance of the Organization, Management and Control Model pursuant to Italian Leg. Decree no. 231/2001 and ensuring it is constantly updated. In line with the recommendations of the Corporate Governance Code, the members of the Supervisory Body are the same as those of the Board of Statutory Auditors, with the aim of facilitating and streamlining control and information flows.

***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 of Directors in assessing the findings of the independent auditors in the additional report for the control body. To always 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 Corporate Governance Report published on the Company's website *https://group.ferragamo.com/en/*, in the section *Governance/Corporate Governance/Corporate Governance Reports*.

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. On 8 March 2022, the Board of Directors of Salvatore Ferragamo S.p.A. approved the new Engagement Policy, considering, *inter alia*, the recommendations of the Corporate Governance Code and the engagement policies adopted by institutional investors; the new engagement policy is available on the Company's website (*https://group.ferragamo.com/en/governance/corporate-governance/engagement-policy*). For details of the meetings held with investors and the topics discussed, see the document "Corporate Governance Report", which is published on the Company's website, in the section *Governance/Corporate Governance/Corporate Governance Reports*.

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/en/*.

Stakes in Salvatore Ferragamo S.p.A.

As at 30 June 2023 , Ferragamo Finanziaria S.p.A. held a majority stake in the share capital of Salvatore Ferragamo S.p.A., i.e. 54.276%, as disclosed by 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 2023 Ferragamo Finanziaria S.p.A. owned 172,998,020 voting rights, accounting for 62.17% of the Company's share capital, attached to the above mentioned 86,499,010 shares, and 10,225,600 voting rights, accounting for 3.68% of the Company's share capital, attached to the 5,112,800 shares. Therefore, as at 30 June 2023 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 installments, ordinary shares in Salvatore Ferragamo S.p.A., 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 for the time being, in accordance with specific terms and conditions. The Board of Directors may buy back shares, in one or multiple installments, for a period of 18 months from the date of the Meeting's resolution.

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 installments, all or part of the ordinary shares bought, in accordance with specific terms and conditions. There is no time limit for selling treasury ordinary shares.
At the meeting held on 12 April 2022, the Board of Directors approved the launch of the treasury ordinary share repurchase program as authorized by the Ordinary Shareholders' Meeting on the same date.
Therefore, as at 30 June 2023 and the date of approval of the Half-year report as at 30 June 2023, Salvatore Ferragamo S.p.A. held 3,261,034 treasury shares, equal to 1.93% of the share capital, as a result of the purchases made in 2018, 2019, 2021 and 2022 (14,000, 136,000, 624,163, and 2,601,637 respectively), and the free assignment of 114,766 shares to the Managing Director and General Manager Marco Gobbetti that took place in February 2023, under and in pursuance of the provisions of the Restricted Shares Plan (for details of which see note 40 "Share-based payments" in the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022 and note 41 "Share-based payments" in the Explanatory Notes to the Condensed Consolidated Half-Year Financial Statements as at 30 June 2023). The outlay, including bank fees and incidental taxes, amounted to approximately 56,223 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, broken down by category, as at 30 June 2023, 31 December 2022 and 30 June 2022.

Staff	**30 June 2023**	**31 December 2022**	**30 June 2022**
Top managers, middle managers and store managers	697	729	717
White collars	2,739	2,800	2,772
Blue collars	306	301	288
Total	**3,742**	**3,830**	**3,777**

8. 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 2023, they amounted to 15,044 thousand Euro (incurred entirely by the Parent company) compared to 11,844 thousand Euro in the first half of 2022 (incurred entirely by the Parent company).

9. 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 to 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

Procedure for Transactions with Related Party is available on the website *https://group.ferragamo.com/en/*, in the section *Governance/Corporate Governance/Procedure*.

Transactions with related parties – as listed in the financial statements and set out in detail in the specific note 43 "Transactions with related parties" in 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.

10. Main risks and uncertainties

For a description of the main risk factors to which the Parent company and the subsidiaries (the Group) are exposed, which can be identified by type as strategic, operating, financial and compliance risks, as well as of their main impacts in terms of sustainability, please refer to the Annual Report as at 31 December 2022. For a description of the overall Risk Management System through which they are managed and overseen, please refer to the "Main features of the risk management and internal control systems" section of this Half-year Report as at 30 June 2023 and to the specific description provided in the Corporate Governance Report.

11. Significant events occurred after 30 June 2023

No significant events occurred after 30 June 2023.

12. Macroeconomic situation and outlook

The short-term economic outlook remains uncertain.
The conflict in Ukraine, which began in February 2022, has had limited direct impact on the majority of luxury brands, although it has important global implications, due to the possible economic effects on global markets. Likewise, the overall impacts of the Covid-19 pandemic, officially declared over in 2023, on the world economy are still uncertain and difficult to define, as the deterioration in economic growth forecasts has multiple causes, some of which are indirectly related to pandemic.
In its July 2023 forecasts, the International Monetary Fund still expects GDP to grow moderately in 2023, by 3.0% at the global level, 1.8% for the US, 0.9% for the Eurozone and 5.2% for China, respectively. 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 further increases in interest rates, after the significant ones already implemented by the main central banks, primarily the ECB and the Fed. This context leads to a reduction in consumers' spending propensity and power, in addition to the developments and consequences of the already mentioned Russian-Ukrainian conflict.

The strategy of the Ferragamo Group focuses on increasing revenues in the medium to long term, to be achieved through a growing engagement of new and young consumers. The achievement of this objective will be pursued through a series of actions aimed at responding to the continuous evolution of the luxury market context.
The main strategic highlights can be summarized as follows:

- the product always at the center,
- new energy for the brand,
- focus on the digital domain,
- enrichment of the customer experience,

to be actualized relying on the following key operational supports:

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

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

Florence, 3 August 2023

On behalf of the Board of Directors
The Chair
Leonardo Ferragamo

Salvatore Ferragamo Group

Condensed Consolidated Half-Year Financial Statements as at 30 June 2023

Financial Statements

Consolidated Statement of Financial Position – Assets

(In thousands of Euro)	**Notes**	**30 June 2023**	*of which with related parties*	**31 December 2022**	*of which with related parties*	**30 June 2022**	*of which with related parties*
Non current assets							
Property, plant and equipment	5	180,252		191,564		185,467	
Investment property	6	25,138		27,747		30,699	
Goodwill	7	6,679		6,679		6,679	
Right-of-use assets	8	630,989	*119,762*	479,724	*92,040*	497,219	*92,177*
Intangible assets with a finite useful life	9	34,269		34,903		30,257	
Other non current assets	10	5,379		5,860		5,096	
Other non current financial assets	11	14,045	*2,971*	15,570	*3,093*	16,348	*3,166*
Deferred tax assets	38	113,654		109,090		110,693	
Total non current assets		**1,010,405**	***122,733***	**871,137**	***95,133***	**882,458**	***95,343***
Current assets							
Inventories	12	289,339		275,323		295,667	
Right of return assets	13	5,640		5,703		7,046	
Trade receivables	14	101,152	*1,054*	94,490	*50*	120,066	*62*
Tax receivables	15	41,923		30,581		24,617	
Other current assets	16	44,045	*14*	41,447	-	39,868	-
Other current financial assets	17	30,897		10,255		-	
Cash and cash equivalents	18	280,081		391,354		409,707	
Total current assets		**793,077**	***1,068***	**849,153**	***50***	**896,971**	***62***
Total assets		**1,803,482**	***123,801***	**1,720,290**	***95,183***	**1,779,429**	***95,405***

Consolidated Statement of Financial Position – Liabilities and Shareholders' Equity

(In thousands of Euro)	Notes	30 June 2023	*of which with related parties*	31 December 2022	*of which with related parties*	30 June 2022	*of which with related parties*
Shareholders' equity							
Group shareholders' equity							
Share capital	19	16,879		16,879		16,879	
Reserves	19	695,604		665,322		653,340	
Net profit/(loss) – Group		22,485		69,609		61,590	
Total Group shareholders' equity		**734,968**		**751,810**		**731,809**	
Minority interests							
Share capital and reserves – minority interests		21,750		27,856		22,744	
Net profit/(loss) – minority interests		(1,054)		(4,257)		344	
Total minority interests		**20,696**		**23,599**		**23,088**	
Total shareholders' equity		**755,664**		**775,409**		**754,897**	
Non current liabilities							
Non current interest-bearing loans & borrowings	20	-		-		51,724	
Provisions for risks and charges	21	19,283		21,251		20,514	
Employee benefit liabilities	22	7,061		7,581		8,611	
Other non current liabilities	23	17,260	*1,947*	17,128	*1,462*	17,740	-
Non current lease liabilities	24	609,690	*111,414*	468,737	*85,042*	486,691	*83,244*
Deferred tax liabilities	38	6,399		6,071		3,526	
Total non current liabilities		**659,693**	**113,361**	**520,768**	**86,504**	**588,806**	**83,244**
Current liabilities							
Trade payables	25	161,115	*320*	174,016	*317*	161,766	*373*
Refund liabilities	26	9,320		10,100		11,329	
Interest-bearing loans & borrowings	20	32,862		29,264		47,650	
Tax payables	27	13,348		25,216		21,050	
Other current liabilities	28	54,916	*15,593*	77,835	*27,418*	80,718	*17,125*
Current lease liabilities	24	115,982	*17,950*	106,586	*14,931*	112,301	*15,797*
Other current financial liabilities	29	582		1,096		912	
Total current liabilities		**388,125**	***33,863***	**424,113**	***42,666***	**435,726**	***33,295***
Total liabilities		**1,047,818**	***147,224***	**944,881**	***129,170***	**1,024,532**	***116,539***
Total liabilities and shareholders' equity		**1,803,482**	***147,224***	**1,720,290**	***129,170***	**1,779,429**	***116,539***

Consolidated Income Statement

(In thousands of Euro)		**Half-year period ended 30 June**			
	Notes	**2023**	*of which with related parties*	**2022**	*of which with related parties*
Revenues from contracts with customers	32	598,798	*130*	628,963	*79*
Rental income investment properties	33	1,322		1,316	
Revenues		**600,120**		**630,279**	
Cost of goods sold	34-35	(166,571)	-	(177,474)	-
Gross profit		**433,549**		**452,805**	
Style, product development and logistics costs	34-35	(29,182)	*(324)*	(25,679)	*(424)*
Sales & distribution costs	34-35	(224,454)	*(9,649)*	(215,485)	*(8,133)*
Marketing & communication costs	34-35	(61,723)	*(311)*	(31,069)	*(22)*
General and administrative costs	34-35	(70,093)	*(8,158)*	(83,835)	*(17,231)*
Other operating costs	34-35	(11,664)	*(45)*	(11,448)	*(40)*
Other income	36	10,540	-	10,100	*15*
Operating profit/(loss)		**46,973**		**95,389**	
Financial charges	37	(34,759)	*(2,319)*	(34,295)	*(1,464)*
Financial income	37	21,903	-	27,112	-
Profit/(loss) before taxes		**34,117**		**88,206**	
Income taxes	38	(12,686)		(26,272)	
Net profit/(loss) for the period		**21,431**		**61,934**	
Net profit/(loss) – Group		22,485		61,590	
Net profit/(loss) – minority interests		(1,054)		344	

(In Euro)		**Half-year period ended 30 June**	
	Notes	**2023**	**2022**
Basic earnings/(loss) per share – ordinary shares	39	0.136	0.369
Diluted earnings/(loss) per share – ordinary shares	39	0.136	0.369

Consolidated Statement of Comprehensive Income

(In thousands of Euro)	Notes	Half-year period ended 30 June	
		2023	2022
Net profit/(loss) for the period (A)		**21,431**	**61,934**
Other gains/(losses) that will be subsequently reclassified to net profit/(loss) for the period			
- Currency translation differences of foreign operations	19	1,638	3,995
- Net gain/(loss) from cash flow hedge	30	1,309	(5,700)
- Tax consequences on components that will be subsequently reclassified to net profit/(loss) for the period		(314)	1,368
Total other gains/(losses) that will be subsequently reclassified to net profit/(loss) for the period, net of taxes (B1)		**2,633**	**(337)**
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	22	60	358
- Tax consequences on components that will not be subsequently reclassified to net profit/(loss) for the period		12	(168)
Total other gains/(losses) that will not be subsequently reclassified to net profit/(loss) for the period, net of taxes (B2)		**72**	**190**
Total other gains/(losses) net of taxes (B1+B2 = B) from continuing operations		**2,705**	**(147)**
Total comprehensive income for the period, net of taxes (A+B)		**24,136**	**61,787**
Group		27,039	60,265
Minority interests		(2,903)	1,522

Consolidated Statement of Cash Flows

(In thousands of Euro)	Notes	Half-year period ended 30 June 2023	of which with related parties	2022	of which with related parties
Net profit/(loss) for the period		**21,431**		**61,934**	
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	5-6-8-9	86,601	9,937	84,116	8,605
Income taxes	38	12,686		26,272	
Provision for employee benefit plans	22	259		195	
Allocation to/(use of) the provision for obsolete inventory	12	(1,190)		(13,008)	
Losses and provision for bad debt	14	691		547	
Losses/(gains) on disposal of tangible/intangible assets		164		442	
Interest expense and interest expense on lease liabilities	37	10,738	2,319	7,600	1,463
Interest income	37	(3,199)	-	(824)	-
Other non-monetary items		1,555	2,951	123	(210)
Changes in operating assets and liabilities:					
Trade receivables	14	(16,958)	(1,004)	(370)	(18)
Inventories	12	(14,148)		(8,276)	
Trade payables	25	(11,486)	3	(23,536)	113
Other receivables and tax payables	15-27	(8,239)		(3,767)	
Employee benefits payments	22	(684)		(413)	
Other assets and liabilities		(8,341)	(11,232)	(5,555)	4,916
Other – net		(394)		(1,180)	
Income taxes paid		(40,329)		(11,606)	12,730
Interest expense and interest expense on lease liabilities paid	18-24	(10,230)	(1,934)	(7,791)	(1,607)
Interest income received		3,199	-	824	-
Net cash from (used in) operating activities		**22,126**	**1,040**	**105,727**	**25,992**
Cash flow from investing activities:					
Purchase of tangible assets	5-6	(12,308)	(2)	(13,938)	
Purchase of intangible assets	9	(5,018)		(3,609)	
Proceeds from the sale of tangible and intangible assets		6		-	
Net change in other current financial assets		(20,394)		-	
Net cash from (used in) investing activities		**(37,714)**	**(2)**	**(17,547)**	**-**
Cash flow from financing activities:					
Net change in financial payables	18	4,490		(39,734)	
Repayment of lease liabilities	18-24	(57,666)	(8,569)	(55,172)	(7,956)
Dividends paid to shareholders of the Parent company	40	(46,318)	(33,540)	(56,391)	(40,688)
Treasury share repurchase	19	-		(38,574)	
Net cash from (used in) financing activities		**(99,494)**	**(42,109)**	**(189,871)**	**(48,644)**
Net Increase/(decrease) in net cash and cash equivalents		**(115,082)**		**(101,691)**	
Opening net cash and cash equivalents		**391,354**		**511,796**	
Increase/(decrease) in cash and cash equivalents		(115,082)		(101,691)	
Effect of exchange rate translation differences		3,809		(398)	
Closing net cash and cash equivalents	18	**280,081**		**409,707**	

Statement of Changes in Consolidated Shareholders' Equity

(In thousands of Euro) Note 19	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 01.01.2023	**16,879**	**(58,202)**	**2,995**	**4,188**	**570,585**	**7,216**	**(6,865)**	**138,387**	**8,442**	**(1,424)**	**69,609**	**751,810**	**23,599**	**775,409**
Allocation of results	-	-	-	-	89,239	-	-	(19,630)	-	-	(69,609)	-	-	-
Net profit/(loss) for the period	-	-	-	-	-	-	-	-	-	-	22,485	22,485	(1,054)	21,431
Other comprehensive income/(loss)	-	-	-	-	-	995	3,367	113	-	79	-	4,554	(1,849)	2,705
Total comprehensive income (loss)	**-**	**-**	**-**	**-**	**-**	**995**	**3,367**	**113**	**-**	**79**	**22,485**	**27,039**	**(2,903)**	**24,136**
Distribution of dividends	-	-	-	-	(46,348)	-	-	-	-	-	-	(46,348)	-	(46,348)
Stock Grant Reserve	-	-	-	-	-	-	-	-	2,467	-	-	2,467	-	2,467
Treasury shares assignment	-	1,979	-	-	-	-	-	-	(1,979)	-	-	-	-	-
As at 30.06.2023	**16,879**	**(56,223)**	**2,995**	**4,188**	**613,476**	**8,211**	**(3,498)**	**118,870**	**8,930**	**(1,345)**	**22,485**	**734,968**	**20,696**	**755,664**

(In thousands of Euro) Note 19	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**

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 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 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 2023 were approved by the Board of Directors of Salvatore Ferragamo S.p.A. with resolution dated 3 August 2023.

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

2. Basis of presentation

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

These condensed consolidated half-year financial statements have been prepared pursuant to art. 154-ter of Italian Leg. Decree no. 58 of 24 February 1998 (Consolidated Law on Finance) as amended and supplemented.
These condensed consolidated half-year financial statements as at 30 June 2023 have been prepared in accordance with the international accounting standard regarding interim reporting (IAS 34 – Interim Financial Reporting) and do not include all the information required in the consolidated financial statements; therefore, they must be read together with the consolidated financial statements of the Salvatore Ferragamo Group for the year ended 31 December 2022, which are available on the corporate website *http://group.ferragamo.com/en/* 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 2022 and 30 June 2022 and the consolidated income statement as at 30 June 2022.
All amounts are expressed in Euro and are rounded to the nearest thousand Euro, unless otherwise indicated.

2.2 Accounting standards

The Group's accounting standards adopted in the preparation of the condensed consolidated half-year financial statements as at 30 June 2023 are the same as those used in preparing the consolidated financial statements as at 31 December 2022, 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 2023, 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 financial statements has entailed the use of estimates and assumptions, both in determining some assets and liabilities, and in assessing contingent assets and

liabilities, made on the basis of 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 financial statements as at 30 June 2023, reference should be made to the consolidated financial statements as at 31 December 2022, as they are consistent.
Based on the provisions of the impairment test procedure approved by the Board of Directors, the Group undertook an analysis aimed at identifying any indicators of impairment and/or impairment losses on assets or whether any reasons for impairment that arose in previous years no longer exist.
During the first half of 2023, the Group showed positive margins and profitability (albeit lower than in the same prior-year period), despite the decline in revenues.
In 2022, the macroeconomic scenario showed signs of recovery compared to the previous two-year period (2020-2021), when it had been negatively impacted by the effects of the Covid-19 pandemic. In the first half of 2023, the scenario still shows signs of uncertainty, mainly as a result of the strong inflationary pressures in the world's major economies and the rise in interest rates with the consequent reduction in consumers' spending willingness and power, phenomena that had already occurred in 2022. As a result, the economic growth estimates released by the International Monetary Fund, although still positive, are lower compared to previous year growth rates.
With regard to the assets that had been tested for impairment as at 31 December 2020 and for which an impairment loss had been recognized, it was decided not to reinstate the value in the first half of 2023, given the still uncertain macroeconomic scenario, as described above, particularly in Europe, Japan and North America.
With reference to the other CGUs, the analysis carried out did not identify any indicators of potential impairment losses as at 30 June (so-called trigger events), with the exception of two CGUs (Singapore and the Chinese area including Hong Kong), for which details are provided in note 5 “Property, Plant and Equipment”.

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. In addition to the accounting standards applied as from 1 January 2023 as described below, the adoption of IFRS 17 Insurance contracts and its modifications, does not apply to the Salvatore Ferragamo Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The amendments narrow the scope of the initial recognition exemption for deferred tax, so as to exclude transactions that give rise to equal amounts of taxable and deductible temporary differences, as in the case of leases and decommissioning obligations. The amendments are effective for annual periods beginning on or after 1 January 2023. The deferred tax assets and liabilities related to leases and decommissioning obligations shall therefore be recognized at the beginning of the earliest comparative period presented, recognizing the relevant cumulative effect as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest comparative period presented. Previously, the Group recognized deferred taxes related to leases using the "integrally linked" approach, achieving the same result as the application of this amendment, except that deferred tax assets or liabilities were recognized on a net basis. As a result of the amendments, the Group recognizes deferred tax assets on Lease Liabilities and deferred tax liabilities on Right-of-Use Assets separately, but there is no impact on the statement of financial position, as these balances can be offset. The application of the amendments had no impact on retained earnings as at 1 January 2022. The main impact of the amendments is the different presentation in the explanatory notes of deferred tax assets and liabilities, details of which are given in note 38 "Income Taxes" in this document.

Definition of Accounting Estimates – Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8, in which it introduces a definition of “accounting estimates”. The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies and correction of errors. In addition, they clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted, provided that this fact is disclosed. These amendments did not have any significant impact on the Group.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 and IFRS Practice Statement 2 Making Materiality Judgments, in which it provides guidance and examples to help entities apply materiality judgments to the disclosure of accounting policies. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirements for entities to disclose their "significant" accounting policies with a requirement to disclose their "material" accounting policies; in addition, they added guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures. The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2023, and earlier application is permitted. As the amendments to IFRS Practice Statement 2 Making Materiality Judgements set out non-mandatory guidance on the application of the definition of material to accounting policy disclosures, an effective date for these amendments is not required. The Group is currently assessing the impact of the amendments to determine the effect they will have on the Group's accounting policy disclosures in the Consolidated Annual Report as at 31 December 2023.

2.3 Consolidation area

The Consolidated Financial Statements as at 30 June 2023 contain the equity and financial position as well as the operating performance of the Parent company Salvatore Ferragamo S.p.A. and its 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 2023 and are consolidated on a line-by-line basis.

Company name	Location	Currency	Share capital	30 June 2023 Controlling interest (%)		Notes
				Direct	Indirect	
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	3,187,970,000	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	89.13%		
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	47,600,000	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 2023, 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 2022. The impact of the application of this standard in the first half of 2023 is not to be considered material at the Group level.

2.4 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 (to 1 Euro) were as follows:

	Average exchange rates		**Exchange rates at the end of the reporting period**		
	30 June 2023	**30 June 2022**	**30 June 2023**	**31 December 2022**	**30 June 2022**
US Dollar	1.0807	1.0934	1.0866	1.0666	1.0387
Swiss Franc	0.9856	1.0319	0.9788	0.9847	0.9960
Japanese Yen	145.76	134.31	157.16	140.66	141.54
Pound Sterling	0.8764	0.8424	0.8583	0.8869	0.8582
Australian Dollar	1.5989	1.5204	1.6398	1.5693	1.5099
South Korean Won	1400.44	1347.84	1435.87	1344.09	1351.61
Hong Kong Dollar	8.4709	8.5559	8.5157	8.3163	8.1493
Mexican Peso	19.65	22.17	18.56	20.86	20.96
New Taiwanese Dollar	33.02	31.36	34.00	32.80	31.01
Singapore Dollar	1.4440	1.4921	1.4732	1.4300	1.4483
Thai Baht	36.96	36.85	38.48	36.84	36.75
Malaysian Ringgit	4.8188	4.6694	5.0717	4.6984	4.5781
Indian Rupee	88.84	83.32	89.21	88.17	82.11
Macau Pataca	8.7223	8.8084	8.8149	8.5766	8.4271
Chinese Renminbi	7.4894	7.0823	7.8983	7.3582	6.9624
Chilean Peso	870.44	902.17	874.06	915.77	969.92
Argentine Peso	229.69	122.63	280.39	189.19	130.57
Brazilian Real	5.4827	5.5565	5.2788	5.6386	5.4229
Canadian Dollar	1.4566	1.3901	1.4415	1.4440	1.3425

3. Seasonality

The market in which the Group operates is characterized by seasonal events that are typical of 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.

4. Business combinations and purchases of minority interests

During first half of 2023 there were no business combinations.

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

5. Property, plant and equipment

The following table shows the change in property, plant and equipment for the half-year period ended 30 June 2023.

(In thousands of Euro)	Value as at 01.01.2023	Translation diff.	Additions	Disposals	Depreciation	Impair-ment	Value as at 30.06.2023
Land	29,613	(562)	-	-	-	-	29,051
Buildings	55,150	(115)	816	-	(1,300)	-	54,551
Plant and equipment	14,056	(5)	1,585	(2)	(2,373)	-	13,261
Industrial and commercial equipment	21,973	(491)	3,306	(119)	(4,129)	-	20,540
Other assets	8,540	(76)	1,244	(10)	(2,139)	-	7,559
Leasehold improvements	53,933	(1,430)	5,153	(40)	(9,153)	(1,666)	46,797
Fixed assets in progress and payments on account	8,299	(10)	4,634	(4,430)	-	-	8,493
Total	**191,564**	**(2,689)**	**16,738**	**(4,601)**	**(19,094)**	**(1,666)**	**180,252**

The increase, net of the decrease in "Fixed assets in progress and payments on account":
- in "Buildings" and "Plant and equipment" largely refers to improvement works completed during the first half of 2023 at the Osmannoro-Sesto Fiorentino facility, owned by Salvatore Ferragamo S.p.A. related to the fitting out of a new Ready-To-Wear atelier department;
- in "Industrial and commercial equipment" mainly refers to the opening and renovation of stores;
- in "Other assets" mainly refers to IT equipment (487 thousand Euro) and furniture and furnishings (693 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, works aimed at the construction of a building to be used for general interest production activities at the area owned by Salvatore Ferragamo S.p.A. in the municipality of Sesto Fiorentino - Osmannoro, and other improvement works at the Parent company's facility.

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 decreases 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 2023, the Group considered whether there were any indicators of impairment, which could be identified using internal or external sources of information. As in the past, the analysis was carried out by considering the individual geographic areas in which the Group operates as CGUs (Cash Generating Units). Said areas usually coincide with the Group's individual legal entities, except where multiple legal entities of the Group operate in the same country or in neighboring territories and markets with a shared and homogeneous customer base. As a result of these analyses, the CGUs corresponding to Ferragamo Singapore Pte Ltd and that for the Chinese area including Hong Kong, showed signs of weakness, with a recovery in performance, after the end of the Covid-19 pandemic and the easing in restrictions on people's movement and commercial activities, lagged behind expectations; therefore, they were subjected to impairment testing, approved by Board of Directors held on 3 August 2023. The Group has not identified indicators of impairment for the other CGUs.
The value used to determine the recoverable amount of the CGU is the value in use. This was calculated based on expected cash flows, which were discounted at an appropriate rate (Discounted Cash-Flow – DCF analysis).
The DCF analysis was prepared using forecast data prepared by management, which represent the best estimate that the Group can make on the expected economic conditions during the period, as per the impairment test procedure approved by the Board of Directors. The values assigned to the main assumptions reflect

management's assessment of how the sectors will perform in the future and are based on both internal and external sources.
The main assumptions to determine the recoverable amount are given below.

CGUs tested for impairment	WACC (discount rate)	Growth rate "g"
Ferragamo Singapore Pte Ltd	9.94%	2.00%
Chinese area + HK	9.69%	2.24%

The discount rate (Weighted Average Cost of Capital, WACC), considering the Group's positive adjusted net financial position, is based on government bond yields in the reference markets and in the same currency as the cash flows, adjusted to account for the risk premium expected by investors for the specific investment in equity instruments as well as the correlation of such instruments to the relevant market.
The growth rate "g" was assumed to be equal to the inflation rate expected to prevail over the medium-long term in the reference market.
The Terminal Value was determined using the perpetuity model with a long-term growth rate "g" that represents the present value, in the final projected year, of all the expected future cash flows.
The impairment test resulted in an impairment loss of 1,666 thousand Euro for Property, plant and equipment in the CGU related to Ferragamo Singapore Pte Ltd.
The sensitivity analysis of the above assumptions (WACC and g) used to measure the recoverable amount, conducted on the Singapore Pte Ltd CGU, found that negative changes in key assumptions could lead to an additional impairment loss. On the other hand, the same analysis carried out on the CGU related to the Chinese area (including Hong Kong) showed an impairment loss only in scenarios characterized by WACC and g, both particularly unfavorable.

6. 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 19,922 thousand Euro as at 30 June 2023.

The following table shows the change in investment property for the half-year period ended 30 June 2023:

(In thousands of Euro)	Value as at 01.01.2023	Translation difference	Additions	Depreciation	Value as at 30.06.2023
Land	5,247	(96)	-	-	5,151
Buildings	105	(2)	-	(38)	65
Right-of-use assets: - Buildings	22,395	(401)	-	(2,072)	19,922
Total	**27,747**	**(499)**	**-**	**(2,110)**	**25,138**

As at 30 June 2023, the Group considered whether there were any indicators of impairment, which could be identified using internal or external sources of information. The analyses carried out did not show any indicators of impairment as regards this item. For more details, see note 5 "Property, plant and equipment".

7. 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 2023.

As at 30 June 2023, 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 do any impairment on this item. For more details, see note 5 "Property, plant and equipment".

8. Right-of-use assets

The following table shows the change in right-of-use assets for the half-year period ended 30 June 2023.

(In thousands of Euro)	**Value as at 01.01.2023**	**Translation difference**	**Additions**	**Disposals**	**Depreciation**	**Value as at 30.06.2023**
Buildings	477,501	(6,631)	215,345	(967)	(57,318)	627,930
Vehicles	2,213	6	1,690	(58)	(803)	3,048
Equipment and other assets	10	1	3	-	(3)	11
Total	**479,724**	**(6,624)**	**217,038**	**(1,025)**	**(58,124)**	**630,989**

The line item "Buildings" includes Right-of-use assets largely relating to leases of stores (accounting for approximately 92% 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 lease agreements signed during the period or to extensions of existing agreements, mainly for stores, while the main decreases concern agreements terminated early or for which a reduction in future lease payments has been contracted.

The increase in Right-of-use assets – Buildings, recognized against the "Provision for future operating risks and charges" (note 21 "Provisions for risks and charges"), includes the costs for the restoration of premises leased from third parties under leases that fall within the scope of IFRS 16, which amounted to 44 thousand Euro in the first half of 2023 (216 thousand Euro in the first half of 2022).

For more details on cash outflows related to leases, see notes 24 "Lease liabilities" and 35 "Breakdown by nature of income statement cost items".
As at 30 June 2023, 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. For more details, see note 5 "Property, plant and equipment".

9. 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 2023:

(In thousands of Euro)	**Value as at 01.01.2023**	**Translation diff.**	**Additions**	**Disposals**	**Amortization**	**Value as at 30.06.2023**
Industrial patents and use of intellectual property rights	1,085	(24)	256	-	(310)	1,007
Concessions, licenses and trademarks	1,512	-	264	-	(177)	1,599
Development costs	21,704	-	5,746	-	(4,582)	22,868
Others	5,684	(21)	269	-	(538)	5,394
Intangible assets with a finite useful life in progress	4,918	-	4,323	(5,840)	-	3,401
Total	**34,903**	**(45)**	**10,858**	**(5,840)**	**(5,607)**	**34,269**

In the first half of 2023, intangible assets with a finite useful life, net of the decrease in Intangible assets with a finite useful life in progress, rose mainly due to new investment in software application development costs (recognized under "Development costs"), net of the amortization for the period.
The item "Development costs" mainly includes the capitalization of software development costs for the development of business software applications (SAP accounting system, ERP, reporting systems, costs for the development of the e-commerce platform and of a new SAP-based logistics/distribution system). As at 30 June 2023, 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 3,788 thousand Euro as at 30 June 2023); 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 579 thousand Euro as at 30 June 2023).

As at 30 June 2023, 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 impairment or revaluations on these items. For more details, see note 5 “Property, plant and equipment”.

10. Other non current assets

“Other non current assets” as at 30 June 2023 amount to 5,379 thousand Euro, (5,860 thousand Euro as at 31 December 2022) and primarily include, in the amount of 2,379 thousand Euro (2,757 thousand Euro as at 31 December 2022), the long-term portion of contributions to customers for store fittings and/or personalized single-brand spaces and, in the amount of 708 thousand Euro (811 thousand Euro as at 31 December 2022), the effects related to the allocation on a straight-line basis of the active operating lease contracts deriving from real estate investments in the USA, as provided for by the reference standards.

The item also includes the non-current portion of amounts “Due from tax authorities”, totaling 2,292 thousand Euro (unchanged from 31 December 2022), primarily relating to the tax credit for Research and Development, design and aesthetic conception, and technological innovation, as well as the non-current portion of the Tax Credit for donations in support of cultural activities (known as “Art Bonus”), which the Parent company was eligible for.

11. Other non current financial assets

“Other non current financial assets”, totaling 14,045 thousand Euro (15,570 thousand Euro as at 31 December 2022), refer to guarantee deposits, mainly for existing lease contracts, and are accounted for at amortized cost.

12. Inventories

Inventories include the following categories:

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Gross value of raw materials, accessories and consumables	34,719	25,566	9,153
Provision for obsolete inventory	(4,043)	(2,781)	(1,262)
Raw materials, accessories and consumables	**30,676**	**22,785**	**7,891**
Gross value of finished products and goods for resale	320,420	317,965	2,455
Provision for obsolete inventory	(61,757)	(65,427)	3,670
Finished products and goods for resale	**258,663**	**252,538**	**6,125**
Total	**289,339**	**275,323**	**14,016**

The change in raw materials compared to 31 December 2022 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 production plans. Inventories of finished products were up 6,125 thousand Euro compared to 31 December 2022 (+2,4%).

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		
	2023	2022	Change 2023 vs 2022
Raw materials	1,262	(1,211)	2,473
Finished products	(2,452)	(11,797)	9,345
Total	**(1,190)**	**(13,008)**	**11,818**

13. 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 5,640 thousand Euro (5,703 thousand Euro as at 31 December 2022), 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.

14. Trade receivables

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

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Trade receivables	104,976	98,069	6,907
Provision for bad debt	(3,824)	(3,579)	(245)
Total	**101,152**	**94,490**	**6,662**

Trade receivables, largely related to wholesale sales, were up from 31 December 2022. 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 period the Group reported 50 thousand Euro in credit losses after writing off non-performing trade receivables.

The changes in the provision for bad debt in the first half of 2023 were as follows:

(In thousands of Euro)	Value as at 01.01.2023	Translation difference	Provisions	Uses	Value as at 30.06.2023
Provision for bad debt	**3,579**	(20)	640	(375)	**3,824**

15. Tax receivables

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

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Due from tax authorities (value added tax and other taxes)	28,525	22,289	6,236
Due from tax authorities for direct taxes	13,200	8,292	4,908
Withholding taxes	198	-	198
Total	**41,923**	**30,581**	**11,342**

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 up 11,342 thousand Euro year-on-year.

16. Other current assets

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

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Other receivables	20,545	24,875	(4,330)
Accrued income	935	281	654
Prepaid expenses	11,104	9,040	2,064
Short-term hedging derivatives	11,461	7,251	4,210
Total	**44,045**	**41,447**	**2,598**

As at 30 June 2023, “Other receivables” mainly include:

- receivables due from credit card management companies for retail sales amounting to 10,880 thousand Euro (15,576 thousand Euro as at 31 December 2022);
- the Salvatore Ferragamo S.p.A. receivable, amounting to 827 thousand Euro, due from the Tuscany Region and the Ministry of Economic Development (2.3 million Euro as at 31 December 2022), 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 2023” section;
- advances to suppliers amounting to 7,354 thousand Euro (2,315 thousand Euro as at 31 December 2022).

Prepaid expenses mainly include the current portion of contributions to customers for store fittings and/or personalized single-brand spaces in the amount of 2,966 thousand Euro, insurance premiums in the amount of

2,300 thousand Euro, and rents outside the scope of the new IFRS 16 standard in the amount of 94 thousand Euro.

"Short-term hedging derivatives", amounting to 11,461 thousand Euro (7,251 thousand Euro as at 31 December 2022), 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.

17. Other current financial assets

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

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Derivatives	441	256	185
Other current financial assets	30,456	9,999	20,457
Total	**30,897**	**10,255**	**20,642**

This item, amounting to 30,897 thousand Euro as at 30 June 2023 (10,255 thousand Euro as at 31 December 2022), refers for 441 thousand Euro to the fair value measurement of derivatives for the non-hedging component. "Other current financial assets" mainly include 15,004 thousand Euro (9,999 thousand Euro as at 31 December 2022) relating to an insurance investment in a readily adjustable Type I policy and 14,845 thousand Euro relating to an investment in short-term Italian government bonds (*Buoni Ordinari del Tesoro*), both made by the company Salvatore Ferragamo S.p.A. with a view to moderately diversifying its cash management.

18. Cash and cash equivalents

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

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Time deposits	97,739	91,042	6,697
Bank and post office sight deposits	181,264	298,571	(117,307)
Cash and values on hand	1,078	1,741	(663)
Total	**280,081**	**391,354**	**(111,273)**

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.

After Salvatore Ferragamo S.p.A. entered into a cash pooling agreement with a number of subsidiaries in 2022, in order to manage cash and liquidity more efficiently at Group level, in the first half of 2023, as in previous years, the Group used a significant part of its cash surpluses in time-deposit investments.

As at 30 June 2023, the Group had unused credit lines amounting to 791,796 thousand Euro; as at 31 December 2022, unused credit lines totaled 782,852 thousand Euro. For more details, see note 20 "Interest-bearing loans & borrowings".

For the purposes of the consolidated statement of cash flows, the item "Cash and cash equivalents" as at 30 June 2023 and 30 June 2022 is broken down as follows:

(In thousands of Euro)	30 June 2023	30 June 2022	Change 2023 vs 2022
Cash and bank sight deposits	182,342	374,878	(192,536)
Time deposits	97,739	34,829	62,910
Total	**280,081**	**409,707**	**(129,626)**

Below is the reconciliation of the liabilities from financing activities as reported on the statement of cash flows for the half-year period ended 30 June 2023.

(In thousands of Euro)	Value as at	Cash flow					Value as at
	01.01.2023	for principal repaid/ received	for interest paid/ received	Translation difference	New leases	Other non-cash changes	30.06.2023
Non current interest-bearing loans & borrowings	-	-	-	-	-	-	-
Current interest-bearing loans & borrowings (excluding bank overdrafts)	29,264	4,490	(758)	(892)	-	758	32,862
Non current lease liabilities	468,737	-	-	(5,967)	217,000	(70,080)	609,690
Current lease liabilities	106,586	(57,666)	(9,472)	(2,302)	-	78,836	115,982
Total liabilities from financing activities	**604,587**	**(53,176)**	**(10,230)**	**(9,161)**	**217,000**	**9,514**	**758,534**

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, 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.

19. Share capital and reserves

The authorized, subscribed, and paid up share capital of the Parent company as at 30 June 2023 totaled 16,879,000 Euro and consisted of 168,790,000 ordinary shares. During the first half of 2023, there were no changes in the number of shares issued.

The treasury share reserve, amounting to 56,223 thousand Euro, consisted of 3,261,034 shares in Salvatore Ferragamo S.p.A., at an average unit price of 17.24 Euro; this reserve was formed with the purchases made in 2018, 2019, 2021 and 2022 (14,000, 136,000, 624,163, and 2,601,637, respectively), and the free assignment of 114,766 shares to the Managing Director and General Manager that took place in the first half of 2023, under and in pursuance of the provisions of the Restricted Shares Plan (for details of which see note 40 "Share-based payments" in the Explanatory Notes to the Consolidated Financial Statements as at 31 December 2022, and note 41 "Share-based payments" of this document).

The extraordinary reserve of 613,476 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 89,239 thousand Euro, relating to Salvatore Ferragamo S.p.A.'s profit for the year 2022. The decrease of 46,348 thousand Euro refers to the distribution of dividends, approved by Salvatore Ferragamo S.p.A. in the first half of 2023.

The cash flow hedge reserve was positive for 8,211 thousand Euro and is the result of the measurement of the financial instruments defined as cash flow hedges as at 30 June 2023, against exchange rate risk hedging transactions, and is shown net of the tax effect.

The translation reserve, negative for 3,498 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 118,870 thousand Euro, include profits/losses capitalized during the years, taking due account of consolidation adjustments, in particular unrealized profit on inventories. The change in this reserve during the first half of 2023 was the result of several factors. It decreased by 19,630 thousand Euro due to the capitalization of the result for the 2022 financial year, net of the result of the Parent company allocated to the extraordinary reserve, and increased by 113 thousand Euro for minor translation effects.

As at 30 June 2023, the items "Other reserves" and "Effect IAS 19 equity" (net total of 7,585 thousand Euro) include also the amounts recognized for the valuation differences required by IFRS compared to the local standards of the Group's companies. The "Other reserves" item includes mainly the Stock Grant reserve for the two incentive plans in place as at 30 June 2023, increased by 2,467 thousand Euro in the first half of 2023 (for details, please refer to note 41 "Share-based payments"). The 79 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.

20. Interest-bearing loans & borrowings

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

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Short-term financial payables to banks	32,862	29,264	3,598
Total	**32,862**	**29,264**	**3,598**

As at 30 June 2023, at Group level there were no term loans drawn down, although an amount deemed adequate of credit lines remains available for use if required. The Group's loans and credit lines are at floating rates. The cost of debt is generally benchmarked to the market rate for the period (usually Euribor/Libor/Sofr 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. 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 2023, committed credit lines had a maximum residual duration of forty-seven months and a weighted average residual duration of twenty-seven months. The credit lines and the related financial business are spread among leading national and international banks. As at 30 June 2023, there were no outstanding drawdowns on committed lines, while drawdowns on uncommitted lines were less than one year.

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 2023		31 December 2022	
	Agreed	Used	Agreed	Used
Committed credit lines	380,000	-	365,000	-
Revolving credit lines	*380,000*	-	*365,000*	-
Term loans	-	-	-	-
Uncommitted credit lines	444,591	32,795	447,058	29,206
Total	**824,591**	**32,795**	**812,058**	**29,206**

The following table provides the breakdown of, and changes in, the net financial position as at 30 June 2023, 31 December 2022 and 30 June 2022, 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 2023	31 December 2022	30 June 2022	Change 06.23 vs 12.22	Change 06.23 vs 06.22
A. Cash	182,342	300,312	374,878	(117,970)	(192,536)
B. Cash equivalents	97,739	91,042	34,829	6,697	62,910
C. Other current financial assets	30,897	10,255	-	20,642	30,897
D. Cash and cash equivalents (A+B+C)	**310,978**	**401,609**	**409,707**	**(90,631)**	**(98,729)**
E. Current financial payables (including debt instruments)	33,444	30,360	26,449	3,084	6,995
F. Current portion of non current financial payables*	115,982	106,586	134,414	9,396	(18,432)
G. Current financial debt (E+F)	**149,426**	**136,946**	**160,863**	**12,480**	**(11,437)**
H. Current financial debt, net (G-D)	**(161,552)**	**(264,663)**	**(248,844)**	**103,111**	**87,292**
I. Non current financial payables (excluding debt instruments)*	609,690	468,737	538,415	140,953	71,275
J. Debt instruments	-	-	-	-	-
K. Trade and other current payables	-	-	-	-	-
L. Non current financial debt (I+J+K)	**609,690**	**468,737**	**538,415**	**140,953**	**71,275**
M. Net financial debt (H+L)	**448,138**	**204,074**	**289,571**	**244,064**	**158,567**

* As at 30 June 2023, the item "Current portion of non current financial payables" included 17,950 thousand Euro in Current lease liabilities to related parties (14,931 thousand Euro as at 31 December 2022 and 15,797 thousand Euro as at 30 June 2022). As at 30 June 2023, the item "Non current financial payables" included 111,414 thousand Euro in Non current lease liabilities to related parties (85,042 thousand Euro as at 31 December 2022 and 83,244 thousand Euro as at 30 June 2022). For more details, please refer to note 43 "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 IFRS 16), to be tested annually, that was comfortably complied with as at 31 December 2022.

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 2023, the financial and non-financial covenants were complied with by all the companies involved.

21. Provisions for risks and charges

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

(In thousands of Euro)	Value as at 01.01.2023	Translation difference	Additions	Uses	Value as at 30.06.2023
Legal disputes	4,557	(43)	660	(1,311)	3,863
Other	16,694	(1,193)	53	(134)	15,420
Total	**21,251**	**(1,236)**	**713**	**(1,445)**	**19,283**

Legal disputes 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 during the period of a number of legal and labor proceedings and/or disputes related to the Parent company and some subsidiaries. The amounts set aside are primarily associated with labor and legal disputes that arose during the first half of 2023

The provision for other risks mainly includes allocations against likely future 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 (15,345 thousand Euro as at 30 June 2023 and 16,619 thousand Euro as at 31 December 2022). The provision for the period included 53 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 2023 – Tax and customs disputes and audits".

22. Employee benefit liabilities

The following table shows the breakdown of employee benefits as at 30 June 2023 and 31 December 2022:

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Employee defined benefit liabilities	6,977	7,513	(536)
Other employee benefit liabilities	84	68	16
Total	**7,061**	**7,581**	**(520)**

Employee defined benefit liabilities of Salvatore Ferragamo S.p.A. amounted to 4,930 thousand Euro, down by 380 thousand Euro compared to 31 December 2022.

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 2,047 thousand Euro, down by 156 thousand Euro compared to 31 December 2022. The value is net of the fair value of plan assets, mainly consisting of insurance policies.

23. Other non current liabilities

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

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Payables for deferred liabilities	14,720	15,298	(578)
Other payables	2,540	1,830	710
Total	**17,260**	**17,128**	**132**

"Payables for deferred liabilities" (amounting to 14,720 thousand Euro as at 30 June 2023) 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 2023, the item "Other payables" mainly refers: for 1,947 thousand Euro to the recognition of the payable to the Managing Director and General Manager for the medium-long term incentive plan with share-based payments, called "Special Award 2022-2026", for the part that provides for cash settlement (for more details, see Note 41 "Share-based payments"); and for 249 thousand Euro to security deposits received for lease contracts (254 thousand Euro as at 31 December 2022).

24. Lease liabilities

Below are the changes in lease liabilities occurred in the first half of 2023, broken down between current and non current.

(In thousands of Euro)	Lease liabilities		
	non current	current	Total
Value as at 01.01.2023	468,737	106,586	**575,323**
Translation difference	(5,967)	(2,302)	**(8,269)**
Additions	217,000	-	**217,000**
Disposals	(1,217)	-	**(1,217)**
Repayment of lease liabilities	-	(57,666)	**(57,666)**
Interest expense on lease liabilities paid	-	(9,472)	**(9,472)**
Other changes	(68,863)	78,836	**9,973**
Value at the end of the period	**609,690**	**115,982**	**725,672**

The average weighted IBR applicable to leases outstanding as at 30 June 2023 was 3.23% (2.56% in the first half of 2022). As for the other cash outflows related to leases, see note 35 "Breakdown by nature of income statement cost items".

25. Trade payables

The breakdown of trade payables was as follows:

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Trade payables	159,720	172,592	(12,872)
Advances from customers	1,395	1,424	(29)
Total	**161,115**	**174,016**	**(12,901)**

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.

26. Refund liabilities

Concerning the right of return as per "Revenues from contracts with customers", the line item "Refund liabilities" totaled 9,320 thousand Euro as at 30 June 2023 (10,100 thousand Euro as at 31 December 2022) and refers to the liability to customers for the amount of the products expected to be returned.

27. Tax payables

Tax payables, amounting to 13,348 thousand Euro as at 30 June 2023 (25,216 thousand Euro as at 31 December 2022) concern debts for income taxes due for the period, value added tax and other taxes due by Group companies. Compared to 31 December 2022, the amount decreased by 11,868 thousand Euro, mainly due to the payment of income taxes in the period.

28. Other current liabilities

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

(In thousands of Euro)	30 June 2023	31 December 2022	Change 2023 vs 2022
Other payables	43,145	62,674	(19,529)
Payables to social security institutions	5,002	5,406	(404)
Accrued expenses	619	987	(368)
Deferred income	3,925	2,582	1,343
Hedging derivatives	2,225	6,186	(3,961)
Total	**54,916**	**77,835**	**(22,919)**

The item "Other payables" mainly includes the Group's payables to employees for amounts accrued but not yet paid at the reporting date of 30 June 2023 (24,095 thousand Euro, down from 33,649 thousand Euro as at 31 December 2022). The item includes the corporate income tax (IRES) payable to the Parent company Ferragamo Finanziaria S.p.A., in the amount of 11,497 thousand Euro (19,106 thousand Euro as at 31 December 2022), attributable to Salvatore Ferragamo S.p.A., accrued as part of the Italian tax consolidation regime.
The item "Payables to social security institutions" refers to payables to social security institutions, paid in the month after the end of the reporting period, relating to amounts due to employees.
The item "Hedging derivatives" shows the fair value measurement at the end of the period of outstanding derivatives (hedging component) entered into by the Parent company to manage exchange rate risk. For further details, please refer to note 30 "Financial instruments and fair value measurement".

29. 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 2023	31 December 2022	Change 2023 vs 2022
Short-term derivatives	582	1,096	(514)
Total	**582**	**1,096**	**(514)**

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, please refer to note 30 "Financial instruments and fair value measurement".

30. Financial instruments and fair value measurement

The classification of financial instruments under IFRS 9 involves various line items. The following table sets out the book value of outstanding financial instruments, broken down by category, compared to the corresponding fair values, as at 30 June 2023 and 31 December 2022.

Classification of financial instruments and presentation of their fair value

FINANCIAL ASSETS	30 June 2023			31 December 2022		
	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	441	-	441	256	-	256
Assets measured at amortized cost						
Receivables due from credit cards	10,880	-	10,880	15,576	-	15,576
Trade receivables	101,152	-	101,152	94,490	-	94,490
Guarantee deposits	-	14,045	14,045	-	15,570	15,570
Other current financial assets	30,456	-	30,456	9,999	-	9,999
Cash and cash equivalents	280,081	-	280,081	391,354	-	391,354
Financial assets at fair value through other comprehensive income						
Derivatives – hedging component	11,461	-	11,461	7,251	-	7,251
Total	**434,471**	**14,045**	**448,516**	**518,926**	**15,570**	**534,496**

FINANCIAL LIABILITIES	30 June 2023			31 December 2022		
	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	161,115	-	161,115	174,016	-	174,016
Payables to banks	32,862	-	32,862	29,264	-	29,264
Payables due to shareholders for dividends	30	-	30	2	-	2
Guarantee deposits	123	249	372	171	254	425
Lease liabilities	115,982	609,690	n/a*	106,586	468,737	n/a*
Financial liabilities at fair value through profit or loss						
Derivatives – non-hedging component	582	-	582	1,096	-	1,096
Financial liabilities at fair value through other comprehensive income						
Derivatives – hedging component	2,225	-	2,225	6,186	-	6,186
Total	**312,919**	**609,939**	**197,186**	**317,321**	**468,991**	**210,989**

*Pursuant to IFRS 16, 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 in Level 2 of the hierarchy of significance of data used in determining fair value 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 values of interest rates 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 measurement methods used compared to 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 periods ended 30 June 2023 and 31 December 2022:

Exchange rate risk **(In thousands of Euro)**	**30 June 2023**	**31 December 2022**
Opening balance	**9,495**	**(8,426)**
+ increases for recognition of new positive effectiveness	11,799	14,430
- decreases for recognition of new negative effectiveness	(2,032)	(22,173)
- decreases due to the transfer of effectiveness from the cash flow hedge reserve and recognition of income in profit or loss	(10,203)	(3,554)
+ increases due to the transfer of effectiveness from the cash flow hedge reserve and recognition of cost in profit or loss	1,745	29,218
Closing balance	**10,804**	**9,495**

Overall, the reserve, which consists of the value changes in hedges for expected transactions in foreign currency, increased by 1,309 thousand Euro in the first half of 2023, whereas it had increased by 17,921 thousand Euro in 2022. The changes in value reflect the performance of the Euro against the main hedged currencies, specifically the exchange rate between the Euro and the US Dollar, which experienced significant fluctuation during the first half of 2023. The amount transferred from the Reserve to "Revenues from sales" when the underlying flows occurred was positive, totaling 8,458 thousand Euro in the first half of 2023. In the first half of 2023, 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 2023	237,682	10,804	9,312	(1,463)
31 December 2022	287,034	9,495	6,595	(2,685)

31. Management of financial risks

For the Management of financial risks, reference should be made to the Annual Report as at 31 December 2022.

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 2023 and for the first half of 2022.

32. Revenues from contracts with customers

In the six-month periods ended 30 June 2023 and 30 June 2022, revenues from contracts with customers totaled 598,798 thousand Euro and 628,963 thousand Euro, respectively. The tables below provide the breakdown by channel and geographic area of the main categories of revenues from contracts with customers for the first half of 2023 and the first half of 2022.

(In thousands of Euro)	**Period ended 30 June 2023**			
	Retail	**Wholesale**	**Licenses and services**	**Total Revenues from contracts with customers**
Europe	66,382	84,282	7,839	158,503
North America	120,681	38,408	181	159,270
Japan	46,702	170	-	46,872
Asia Pacific	157,573	36,404	318	194,295
Central and South America	30,707	9,054	97	39,858
Total	**422,045**	**168,318**	**8,435**	**598,798**

(In thousands of Euro)	**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**

The Group recognizes revenues 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, revenues are recognized when the service is rendered to customers.
The item "Licenses and services" includes royalties deriving from the license agreements with the Marchon group for the production and distribution of Salvatore Ferragamo-branded glasses, with the Timex group for the production and distribution of Salvatore Ferragamo-branded watches, and with the Inter Parfums Inc. group for the production and distribution of Salvatore Ferragamo-branded fragrances. Revenues from royalties are accounted for based on the stage of completion of the licensee's sales.

33. 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 2023 they amounted to 1,322 thousand Euro, slightly up (+0.5%) compared to the first half of 2022 (1,316 thousand Euro).

34. Cost of goods sold and operating costs

Cost of goods sold and operating costs in the six-month periods ended 30 June 2023 and 30 June 2022 totaled 563,687 thousand Euro and 544,990 thousand Euro, respectively, and were classified by function as follows:

(In thousands of Euro)	Half-year period ended 30 June		
	2023	2022	Change 2023 vs. 2022
Cost of goods sold	166,571	177,474	(10,903)
Style, product development and logistics costs	29,182	25,679	3,503
Sales & distribution costs	224,454	215,485	8,969
Marketing & communication costs	61,723	31,069	30,654
General and administrative costs	70,093	83,835	(13,742)
Other operating costs	11,664	11,448	216
Total	**563,687**	**544,990**	**18,697**

The increase in costs of 3.4%, compared to the first half of 2022, is primarily due to higher costs incurred to implement the brand relaunch strategy; in this regard, it is worth noting the strengthening of communication and marketing activities (+98.7%), which increased as a percentage of revenues from 4.9% to 10.3% in the first half of 2023.

35. 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		
	2023	2022	Change 2023 vs. 2022
Raw materials, finished products and consumables used	107,932	93,041	14,891
Costs for services	236,619	227,782	8,837
Personnel costs	120,871	128,603	(7,732)
Amortization and depreciation of tangible and intangible assets	24,739	25,182	(443)
Depreciation of right-of-use assets	60,196	58,934	1,262
Write-downs of tangible/intangible assets	1,666	-	1,666
Other charges	11,664	11,448	216
Total	**563,687**	**544,990**	**18,697**

Compared to the first half of 2022, Costs for services increased as a result of higher costs incurred to implement the brand relaunch strategy. Personnel costs include the remuneration related to the employment relationship of the Managing Director and General Manager, in addition to the estimate of the variable bonus and remuneration for the period of the two share-based payment plans (for details, please refer to note 41 “Share-based payments” in the explanatory notes to this condensed consolidated half-year report) for a total of 5,457 thousand Euro (14,521 thousand Euro in the first half of 2022, including the flat-rate entry fee). "Write-downs of tangible/intangible assets" included impairment losses on Property, plant and equipment in the amount of 1,666 thousand Euro, as a result of the impairment test carried out on the CGU (Cash Generating Unit) of Ferragamo Singapore Pte Ltd to measure the recoverable amount of these assets; for further details, see note 5 "Property, plant and equipment".

The following table shows the impacts of leases on profit or loss, broken down by nature, in the first half of 2023 and in the first half of 2022:

(In thousands of Euro)	**Half-year period ended 30 June**				
	2023	**% of Total**	**2022**	**% of Total**	**Change 2023 vs. 2022**
Depreciation of right-of-use assets	60,196	59.4%	58,934	60.0%	1,262
Interest and expenses on lease liabilities	9,991	9.9%	7,093	7.2%	2,898
Income from lease liabilities	(203)	(0.2%)	(614)	(0.6%)	411
Costs relating to short-term leases	2,320	2.3%	3,046	3.1%	(726)
Costs relating to low-value leases	380	0.4%	324	0.3%	56
Costs relating to leases with variable payments not included in the measurement of lease liabilities	28,486	28.2%	31,995	32.6%	(3,509)
Lease payment reductions	-	-	(2,501)	(2.6%)	2,501
Total	**101,170**	**100.0%**	**98,277**	**100.0%**	**2,893**

Some of the Group's lease contracts provide for variable lease payments linked to the revenues generated by stores (DOS), in leased premises that are not included in the measurement of lease liabilities, and are recognized on an accrual basis. As at 30 June 2023, overall variable lease payments accounted for 28.2% 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.

36. Other income

Other income is broken down as follows:

(In thousands of Euro)	**Half-year period ended 30 June**		
	2023	**2022**	**Change 2023 vs. 2022**
Expense recovery	891	1,103	(212)
Advertising contributions	41	37	4
Other income and revenues	8,577	7,891	686
Gains on disposal of tangible/intangible assets	5	1	4
Windfall profit	1,026	1,068	(42)
Total	**10,540**	**10,100**	**440**

Other income, totaling 10,540 thousand Euro, was up 440 thousand Euro compared to the first half of 2022. It should be noted that the item "Other income and revenues" includes, in the amount of 650 thousand Euro, the non-repayable grant accrued during the first half of 2023 relating to the Innovation Agreement (I-SUCCEED project, for more details please refer to the Interim Directors’ report on operations, section "Significant events occurred during the first half of 2023 – Sustainable Growth Fund Incentives – Innovation Agreement"), as well as other benefits, provided by the various governments of the countries in which the Group operates, to support businesses and the economy.

37. Financial operations

Financial operations are broken down as follows:

(In thousands of Euro)	Half-year period ended 30 June		
Financial charges	**2023**	**2022**	**Change 2023 vs. 2022**
Interest expense	758	508	250
Discount charges and other financial charges	1,133	966	167
Interest expense on lease liabilities	9,980	7,092	2,888
Expenses on lease liabilities	11	1	10
Losses on exchange rate differences	15,982	12,281	3,701
Financial charges for fair value adjustment of derivatives	6,895	13,447	(6,552)
Total	**34,759**	**34,295**	**464**

(In thousands of Euro)	Half-year period ended 30 June		
Financial income	**2023**	**2022**	**Change 2023 vs. 2022**
Interest income	3,199	824	2,375
Other financial income	666	466	200
Income from lease liabilities	203	614	(411)
Gains on exchange rate differences	10,438	20,092	(9,654)
Financial income for fair value adjustment of derivatives	7,397	5,116	2,281
Total	**21,903**	**27,112**	**(5,209)**

The item “Interest expense” includes mainly interest on short-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 was recognized following the introduction of the IFRS 16 accounting standard and amounted to 9,980 thousand Euro.
Interest income amounted to 3,199 thousand Euro, an increase of 2,375 thousand Euro compared to the first half of 2022.
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 2023, net exchange rate losses amounted to 5,544 thousand Euro, compared to 7,811 thousand Euro in net exchange rate gains in the first half of 2022.
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 2023, the Group reported 502 thousand Euro in net income for fair value adjustment of derivatives, compared to 8,331 thousand Euro in net financial charges in the first half of 2022.

38. Income taxes

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 37.2%, slightly higher than the effective tax rate for the year ended 31 December 2022, which was equal to 35.4%. Similarly, estimated taxes for the first half of 2022 showed a tax rate of 29.8%, in line with the actual tax rate for the year ended 31 December 2021 (29.6%).

The taxes recorded in the income statement were as follows:

(In thousands of Euro)	**Half-year period ended 30 June**		
	2023	**2022**	**Change 2023 vs. 2022**
Current taxes	(17,724)	(26,681)	8,957
Deferred taxes	5,038	409	4,629
Total	**(12,686)**	**(26,272)**	**13,586**
Tax rate	**37.2%**	**29.8%**	

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 2023 and 31 December 2022.

(In thousands of Euro)	**30 June 2023**	**31 December 2022***	**Change 2023 vs. 2022**
Deferred tax assets			
- on employee benefits	1,035	1,014	21
- on tangible assets	10,196	9,621	575
- on intangible assets	1,463	1,706	(243)
- on lease liabilities	138,673	108,506	30,167
- on the valuation of inventories	14,589	15,181	(592)
- on the elimination of the profit unrealized in inventories	57,284	49,566	7,718
- on tax losses	1,976	2,035	(59)
- on taxed provisions	3,388	3,601	(213)
- for other temporary differences	8,042	10,332	(2,290)
Deferred tax assets	**236,646**	**201,562**	**35,084**
Deferred tax liabilities			
- on employee benefits	(119)	(133)	14
- on tangible assets	(431)	(438)	7
- on right-of-use assets	(123,023)	(92,472)	(30,551)
- on the cash flow hedge reserve	(2,591)	(2,277)	(314)
- on the valuation of inventories	(2,367)	(2,283)	(84)
- for other temporary differences	(860)	(940)	80
Deferred tax liabilities	**(129,391)**	**(98,543)**	**(30,848)**
Net effect	**107,255**	**103,019**	**4,236**

* Amounts as at 31 December 2022 for Deferred tax assets on lease liabilities, Deferred tax liabilities on right-of-use assets and Deferred tax assets for other temporary differences have been restated due to the adoption of Amendments to IAS 12, which became effective on 1 January 2023.

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 likelihood of realization.

39. 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.
For the purposes of calculating the diluted earnings per share, the weighted average number of shares was increased in order to take into account the dilution effects of the outstanding share-based payment plans (for more details, please refer to note 41 “Share-based payments”).
Below are the amounts used to calculate basic and diluted earnings per share.

	Half-year period ended 30 June	
	2023	**2022**
Net profit (loss) – shareholders of the Parent company (Euro)	22,484,697	61,589,571
Average number of ordinary shares	165,503,603	167,011,384
Basic earnings per share – ordinary shares (Euro)	**0.136**	**0.369**
Average number of ordinary shares	165,503,603	167,011,384
Dilutive effect of stock grant plans	75,214	39,570
Diluted average number of ordinary shares	165,578,817	167,050,954
Diluted earnings per share – ordinary shares (Euro)	**0.136**	**0.369**

Other information

40. Dividends

The Parent company Salvatore Ferragamo S.p.A., in execution of the resolution of the Shareholders’ Meeting of 26 April 2023, proceeded to distribute to Shareholders a part of the profits allocated to the Extraordinary Reserve, equal to a dividend of 0.28 Euro per share, for each of the 165,528,966 ordinary shares outstanding (net of 3,261,034 treasury shares) at the ex-coupon date, for a total of 46,348,110.48 Euro. As at 30 June 2023, dividends paid amounted to 46,318 thousand Euro.
Other Group companies with third-party minority shareholders did not approve and/or pay any dividends during the first half of 2023.

41. Share-based payments

The Ordinary Shareholders’ Meeting of 14 December 2021 approved two incentive plans for the Managing Director and General Manager, Marco Gobbetti: 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 “Special Award 2022-2026” Plan, see the documents available on the Company’s website *https://group.ferragamo.com/en/*, in the section *Governance/Corporate Governance/Remuneration/Stock Incentive Plans*. With regard to the “Restricted Shares” Plan and the related amendments approved by the 2023 Ordinary Shareholders’ Meeting, please refer to the paragraph “Significant events occurred during the first half of 2023” of the Interim Directors’ report on operations and the documents relating to the Shareholders’ Meeting of 26 April 2023, available on the Company’s website *https://group.ferragamo.com/en/*, in the section *Governance/Shareholders’ Meeting/2023* as well as in the section *Governance/Corporate Governance/Remuneration/Stock Incentive Plans*.

The Ordinary Shareholders’ Meeting of 26 April 2023 approved a new incentive plan for the top management of the Ferragamo Group, called “Performance and Restricted Shares Plan 2023-2025”. As at the date of approval of the condensed consolidated half-year financial statements as at 30 June 2023, verifications are still underway in preparation for the communication of the plan to the recipients identified to date by the Board of Directors; since there has been no formal approval by the beneficiaries (grant date), the conditions for promoting the plan are not met. For more information on the Performance and Restricted Shares 2023-2025 Plan, please refer to the paragraph "Significant events occurred during the first half of 2023" of the Interim Directors' report on operations, the appropriate documents relating to the Shareholders' meeting, available on the Company's website *https://group.ferragamo.com/en/*, in the section *Governance/Shareholders' Meeting/2023* as well as in the section *Governance/Corporate Governance/Remuneration/Stock Incentive Plans*.

Restricted Shares Plan

a) Plan description

The Restricted Shares Plan, as amended by the Shareholders' Meeting of 26 April 2023, provides for the assignment of shares in the Company to the Managing Director and General Manager Marco Gobbetti (the "Recipient"), insofar as it pertains to the relevant employment relationship.

The plan is aimed at strengthening the alignment of interests between the Recipient and all the Group's stakeholders, particularly fostering his motivation and loyalty to the Company and the Group, which are key to the implementation of the major change in the Group's business and strategic plan.

Object of the Plan

At the beginning of each year, the Recipient shall be awarded the right to accrue, free of charge, a number of Restricted Shares worth 2,500,000 Euro on an annual basis, determined by 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 1st of January of each year.

Each cycle of the Plan lasts for one year, starting on 1 January of each year (for 2023, from 1 January 2023). Shares under the Restricted Shares Plan will then be assigned at the end of the 12-month vesting period, provided that, in line with the amendments approved by the Shareholders' Meeting on 26 April 2023 in ordinary session:

(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) Group ROIC at positive RER (reported exchange rates) for the reporting year, where ROIC is defined as net income for the period (as reported in the Group's annual consolidated financial statements for the reporting year) divided by average adjusted net invested capital (adjusted net capital represented by net invested capital excluding right-of-use assets and those classified as investment properties);

(2) the relationship between the Recipient and the Company is still in place at the end of the vesting period of each cycle.

Once assigned, the Restricted Shares will still be locked up for 12 months starting on 1 January of each subsequent year (without prejudice to the sell-to-cover mechanism). The lock-up period will continue even if the relationship is terminated for any reason except for death or total and permanent disability resulting in the termination of the relationship.

Shares in the Company are to be awarded free of charge 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.

The Restricted Shares Plan's incentive will be subject to ex-post adjustment mechanisms under the Company's remuneration policies (including claw back and malus clauses).

Changes in the period in the number of rights assigned to receive shares*	**30 June 2023**	**31 December 2022**
(i) Outstanding at the start of the year	114,766	-
(ii) Assigned in the period	147,732	114,766
(iii) Canceled in the period	-	-
(iv) Exercised in the period	(114,766)	-
(v) Expired in the period	-	-
(vi) Outstanding at the end of the period	147,732	114,766
(vii) Exercisable at the end of the period	-	114,766

* 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 2023		31 December 2022	
	Number	Fair Value (In thousands of Euro)	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	114,766	2,547	-	-
- assigned in the year	147,732	1,189	114,766	2,547
- exercised in the year	(114,766)	(2,547)	-	-
- at the end of the period	147,732	1,189	114,766	2,547

On 1 January 2023, the Managing Director and General Manager Marco Gobbetti accrued the right to receive, free of charge, 114,766 shares of Salvatore Ferragamo S.p.A. ("Restricted Shares 2022") awarded to him on 1 January 2022 under and in pursuance of the provisions of the Restricted Shares Plan. The Restricted Shares 2022, which are entirely made up of treasury shares purchased by Salvatore Ferragamo S.p.A., were transferred to the securities account in the name of the Managing Director and General Manager in February 2023, on the understanding that they are subject to a twelve month lock-up period.
At the meeting of the Board of Directors of 26 April 2023, and thus following the amendments to the Plan approved by the Shareholders' Meeting of 26 April 2023, the Managing Director and General Manager Marco Gobbetti was granted the right to receive 147,732 shares of Salvatore Ferragamo S.p.A. free of charge, effective as from 1 January 2023.

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 2022 and 2023 Plan for the Managing Director and General Manager are as follows:

Date of assignment	1 January 2023	1 January 2022
Share price at the assignment date (Euro)	16.49	22.53
Expected dividends	1.55%	1.5%
Fair value per share at the assignment date (Euro)	16.23	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 at 30 June 2023, the recipient of the Special Award Plan is the Managing Director and General Manager of the Company. The Board of Directors, at its sole discretion, may identify additional recipients (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) among the top managers who hold and will hold the role of directors, employees and/or collaborators of the Company and of subsidiaries.

Object of the Plan

The Special Award Plan provides for the disbursement of a "Special Award Bonus" in two installments, 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 a management and/or employment relationship between each Recipient and the Company or Subsidiary, on a case by case basis. The disbursement of the "Special Award Bonus", for both installments, 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) Changes to the Stock Grant Reserve and Plan Cost

	30 June 2023 Fair Value (In thousands of Euro)	31 December 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	2,576	-
- assigned in the year	-	2,576
- at the end of the period	3,854	2,576

(In thousands of Euro)	Half-year period ended 30 June	
	2023	2022
Cost of share-based payment transactions (payment in shares)	1,278	1,278
Cost of share-based payment transactions (payment in cash)	484	571

c) Fair value measurement

Considering the allocation mechanism set out above, the measurement concerns the total fair value of the plan, influenced by the degree to which performance targets related to the Company's share price have been achieved. Therefore, with respect to the accounting standard these are so-called "market based" targets. Fair value was estimated using stochastic simulation with the Monte Carlo Method that, 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.
Below are the main assumptions for the evaluation of the Special Award Plan for the Managing Director and General Manager as at the date of assignment, for the valuation of the installment involving share-based payment and, as at the reporting dates (30 June 2023, 31 December 2022 and 30 June 2022), for the valuation of the installment involving payment in cash. The fair value of the installment involving payment in cash must be measured at each reporting date.

Measurement 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%
Rate of Return on Salvatore Ferragamo S.p.A. Shares**	(0.07%)

Measurement at the reporting date	30 June 2023	31 December 2022	30 June 2022
Date of assignment	1 January 2022	1 January 2022	1 January 2022
Share price at the reporting date (Euro)	15.08	16.49	14.70
Expected dividends	1.55%	1.5%	1.5%
Expected volatility*	40%	39%	43%
Outflow rate	0%	0%	0%
Rate of Return on Salvatore Ferragamo S.p.A. Shares**	3.51%	3.27%	(0.07%)

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

42. 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**	
	2023	**2022**
Retail revenues	415,117	441,080
Wholesale revenues	166,788	192,303
Net sales	***581,905***	***633,383***
Cash Flow Hedging Effect on Revenues	8,458	(11,304)
Licenses and services	8,435	6,884
Rental income investment properties	1,322	1,316
Revenues	**600,120**	**630,279**
of which in Italy	*71,641*	*64,727*
Gross profit	**433,549**	**452,805**
Gross profit %	**72.2%**	**71.8%**
Personnel costs	(113,292)	(121,235)
Rental costs	(40,737)	(41,918)
Amortization, depreciation and write-downs of non current assets	(86,514)	(84,033)
Communication costs	(57,535)	(27,690)
Other costs (net of other income)	(88,498)	(82,540)
Operating profit/(loss)	**46,973**	**95,389**
Net financial (charges)/income	(12,856)	(7,183)
Profit/(loss) before taxes	**34,117**	**88,206**
Income taxes	(12,686)	(26,272)
Net profit/(loss)	**21,431**	**61,934**
EBITDA*	**133,574**	**179,505**

* 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 2023**	**31 December 2022**
Inventories and Right of return assets	294,979	281,026
Trade receivables	101,152	94,490
Tangible assets and Investment property	205,390	219,311
Right-of-use assets	630,989	479,724
Intangible assets with a finite useful life and Goodwill	40,948	41,582
Other assets	219,046	202,548
Total assets gross of cash and cash equivalents and current financial receivables	**1,492,504**	**1,318,681**
Net financial debt	448,138	204,074
Trade payables and Refund liabilities	170,435	184,116
Other liabilities	118,267	155,082
Shareholders' equity	755,664	775,409
Total liabilities and shareholders' equity (net of cash and cash equivalents and current financial receivables)	**1,492,504**	**1,318,681**

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 2023	284,887	188,818	237,027	32,911	136,141	16,967	896,751
31 December 2022	254,117	143,133	182,183	6,871	159,386	16,357	762,047

43. Transactions with related parties

The following table shows the transactions with related parties in the first half of 2023 and in the first half of 2022.

(In thousands of Euro)	Period ended 30 June 2023			30 June 2023					
	Revenues	Operating costs (net of other income)	Financial charges	Right-of-use assets	Trade receivables	Other assets	Trade payables	Other liabilities	Lease liabilities
Holding company									
Ferragamo Finanziaria S.p.A. (company which exercises management and coordination on Salvatore Ferragamo S.p.A.)	30	(42)	(10)	522	-	14	-	(11,497)	(558)
Related companies									
Palazzo Feroni Finanziaria S.p.A.	19	(4,505)	(1,708)	80,715	1,015	-	(56)	-	(85,901)
Lungarno Alberghi S.r.l.	10	(1,394)	(331)	16,675	11	-	(14)	-	(18,689)
Ferragamo Foundation	2	(49)	-	-	-	-	(50)	-	-
Companies connected to members of the Board of Directors									
Dal Borro S.r.l.	22	(28)	-	-	26	-	(5)	-	-
Club Swan Racing S.r.l.	22	(26)	-	-	-	-	-	-	-
Il Borro Tuscan Bistro S.r.l.	-	-	-	-	-	-	(4)	-	-
Rubino S.r.l.	-	(26)	(1)	25	-	5	-	-	(26)
Windows on Italy S.r.l.	-	-	-	-	-	-	1	-	-
CECAM S.r.l.	-	-	-	-	-	-	(3)	-	-
Sole Studio S.r.l.	1	-	-	-	-	-	-	-	-
Halldis Italia S.r.l.	-	(9)	-	-	-	-	1	-	-
Harbour City Estates Limited	-	(2,543)	(67)	10,289	-	722	-	-	(11,687)
Times Square Ltd.	-	(440)	-	-	-	-	(134)	-	-
Harriman Leasing Limited	-	(2)	-	-	-	780	-	-	-
Lane Crawford (Hong Kong) Limited	8	-	-	-	-	-	-	-	-
Long Jin Complex Development (Chengdu) Co. Ltd	-	(1,099)	(155)	8,671	-	693	-	-	(9,513)
Dalian Times Square Commercial Co.ltd	-	(307)	(11)	546	-	176	(52)	-	(613)
Pedder Group Limited	(1)	-	-	-	-	-	-	-	-
Pedder Vision Limited	17	-	-	-	2	-	-	-	-
OIS Realty Limited	-	(259)	(6)	336	-	134	-	-	(339)
Shanghai Wheelock square Development Co. Ltd.	-	(473)	(13)	973	-	231	-	-	(977)
Wharf IFS (Chengdu) Property Management Limited Company	-	(74)	-	-	-	-	-	-	-
Shanghai Harriman Property Management Co. Ltd.	-	(57)	-	-	-	26	-	-	-
Chongquing Jiayi Real Estate Development Co Ltd.	-	(157)	(17)	1,008	-	200	-	-	(1,059)
Chengdu Times Outlets Commerce Co., Ltd	-	(130)	-	2	-	4	(4)	-	(2)
Other related parties									
Massimo Ferragamo	-	(69)	-	-	-	-	-	-	-
Riccardo Ferragamo	-	(23)	-	-	-	-	-	(2)	-
Giovanna Ferragamo	-	(45)	-	-	-	-	-	-	-
Angiolo Anichini	-	(94)	-	-	-	-	-	(25)	-
Directors, Statutory Auditors and Managers with strategic responsibilities									
Directors, Statutory Auditors and Managers with strategic responsibilities	-	(6,636)	-	-	-	-	-	(6,016)	-
Total	**130**	**(18,487)**	**(2,319)**	**119,762**	**1,054**	**2,985**	**(320)**	**(17,540)**	**(129,364)**
Group total	**600,120**	**(386,576)**	**(34,759)**	**630,989**	**101,152**	**58,090**	**(161,115)**	**(72,176)**	**(725,672)**
% ratio	**0.0%**	**4.8%**	**6.7%**	**19.0%**	**1.0%**	**5.1%**	**0.2%**	**24.3%**	**17.8%**

(In thousands of Euro)	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%**

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. (2,158 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 Italian tax consolidation regime, in which the Parent company Salvatore Ferragamo S.p.A. participates together with Ferragamo Finanziaria S.p.A. (consolidating entity), Other current liabilities included 11,497 thousand Euro in corporate income tax (IRES) payables of Salvatore Ferragamo S.p.A..

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. The amount receivable mainly refers to the contribution granted, as part of the renegotiation of a lease, for renovation work to be carried out by Salvatore Ferragamo S.p.A. at a store of the Italian chain.
Lungarno Alberghi S.r.l.
Revenues (and the relevant credit balances) refer to product sales; right-of-use assets, lease liabilities, operating costs, and interest expense 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 50 thousand Euro relating to services rendered for the management of the Salvatore Ferragamo S.p.A. historical archive (51 thousand Euro in the first half of 2022).

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, and financial charges largely refer to the lease of premises in Hong Kong, mainly relating to 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 the lease of 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.
Long Jin Complex Development (Chengdu) Co. Ltd
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease of premises 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.
Dalian Times Square Commercial Co. Ltd.
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease of premises 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.
OIS Realty Limited
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease of premises 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.
Shanghai Wheelock square Development Co. Ltd.
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease of premises for 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.
Chongquing Jiayi Real Estate Development Co Ltd.
Right-of-use assets and lease liabilities, operating costs, and financial charges refer to the lease of premises 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.

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 2023 are listed in the following table:

Full name	Role
Giacomo Ferragamo	Chief Transformation & Sustainability 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 referred to the cost incurred by the Group as part of the employment relationship, including the variable bonus. In the first half of 2023, they amounted to 488 thousand Euro (553 thousand Euro in the first half of 2022). Typically, 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 5,517 thousand Euro (14,581 thousand Euro in the first half of 2022, including the flat-rate entry fee), is inclusive of the remuneration relating to the employee relationship and of the estimate of the variable bonus and remuneration for the period of the two share-based payment plans (Restricted Shares Plan and Special Award 2022-2026 Plan, whose details are provided in note 41 "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 committee meeting fees. In the first half of 2023, the total remuneration relating to the Board of Directors amounted to 6,044 thousand Euro (15,406 thousand Euro in the first half of 2022). 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 (104 thousand Euro in the first half of 2022).

44. Commitments and risks

The breakdown of the risks and commitments is as follows:

(In thousands of Euro)	30 June 2023	31 December 2022
Sureties and guarantees provided by third parties to third parties in the interests of Group companies	26,296	28,517
Guarantees provided by Group companies to third parties in the interests of Group companies	128,332	138,158
Total	**154,628**	**166,675**

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 5,522 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.

45. Significant non-recurring events and transactions

During the first half of 2023, the Salvatore Ferragamo Group did not carry out significant non-recurring transactions and no significant non-recurring events occurred.

46. 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.

47. Significant events occurred after 30 June 2023

No additional significant events occurred after 30 June 2023.

Florence, 3 August 2023

On behalf of the Board of Directors
The Chair
Leonardo Ferragamo

Statement pursuant to article 154 bis of Leg. Decree no. 58 of 24 February 1998 (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 2023.

2. The adequacy of the administrative and accounting procedures for the preparation of the condensed consolidated half-year financial statements as at 30 June 2023 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 2023:
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, 3 August 2023

Managing Director
Marco Gobbetti

Manager charged with preparing Company's Financial Reports
Alessandro Corsi

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(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 2023, 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 2023 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, 4 August 2023

KPMG S.p.A.

(signed on the original)

Andrea Rossi
Director of Audit