2021

ANNUAL FINANCIAL REPORT

GOLDEN GOOSE / ★

ANNUAL FINANCIAL REPORT 2021

GOLDEN GOOSE / ★

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01

DIRECTORS' REPORT ON OPERATIONS

1. Letter to the shareholder

Shareholder,

After a 2020 in which we demonstrated our solid resilience in an environment characterized by the spread of the pandemic, we resumed our growth path, achieving what we consider to be extraordinary results in 2021. In 2021 the Group generated revenues of Euro 385.6 million, an increase of 45% over 2020, achieving positive growth in all geographic areas served by the Group. Consistent with our strategic objectives, the scope of our Direct-to-Consumer distribution has increased, including a brilliant expansion of the digital component. Profitability continues to be excellent: we achieved an adjusted EBITDA of Euro 126 million with a margin of 33%. The growth of the business combined with careful management of our working capital and a prudent investment policy enabled the Group to continue its deleveraging, recording a generation of free cash flow of Euro 59.2 million.

Furthermore, in 2021 we successfully concluded our refinancing with a Euro 480 million bond placement and a significant reduction in our cost of debt.

In 2021, we also worked on our first sustainability plan – the *Forward Agenda* –- announced in March 2022, with which we sought to represent our sense of responsibility towards some of the most pressing challenges facing the world. In conclusion, we are very pleased with the year's results, and over the months we were able to build a solid foundation that will allow us to expand our brand globally and take on the next challenges with confidence and enthusiasm.

Silvio Campara
Chief Executive Officer

2. Company details

Registered Office of the Parent Company
Golden Goose S.p.A.
Via Privata Ercole Marelli, 10
20139 Milano – Italy

Legal data of the Parent Company
Authorized share capital Euro 1,004,341.00
Subscribed and paid share capital Euro 1,004,341.00
Companies Register of Milan-Monza-Brianza-Lodi No. 08347090964

Offices and Showrooms
Milan – Via Privata Ercole Marelli, 10
Venice – Via Dell'Elettricità, 6
New York – 120 Broadway
Shanghai – 696 Weihai Rd, Jing'an District
Seoul - Dosan-daero 45 Gil 8, Gangnam-gu

3. Company bodies

3.1. BOARD OF DIRECTORS

Maureen Chiquet
Chair of the Board of Directors

Silvio Campara
Chief Executive Officer

Danilo Piarulli
Director

Sandro Baggiani
Director

Elisabetta Frontini
Director

Francesco Pascalizi
Director

Tara Yasmin Alhadeff
Director

Massimiliano Caraffa
Director

Giorgio Dinaro
Director

3.2. BOARD OF STATUTORY AUDITORS

Andrea Franzini
Chairman of the Board of Statutory Auditors

Lorenzo Boer
Statutory Auditor

Federico De Pasquale
Statutory Auditor

Marco Viviani
Alternate Auditor

Andrea Bernardi
Alternate Auditor

3.3. INDEPENDENT AUDITORS

EY S.p.A.

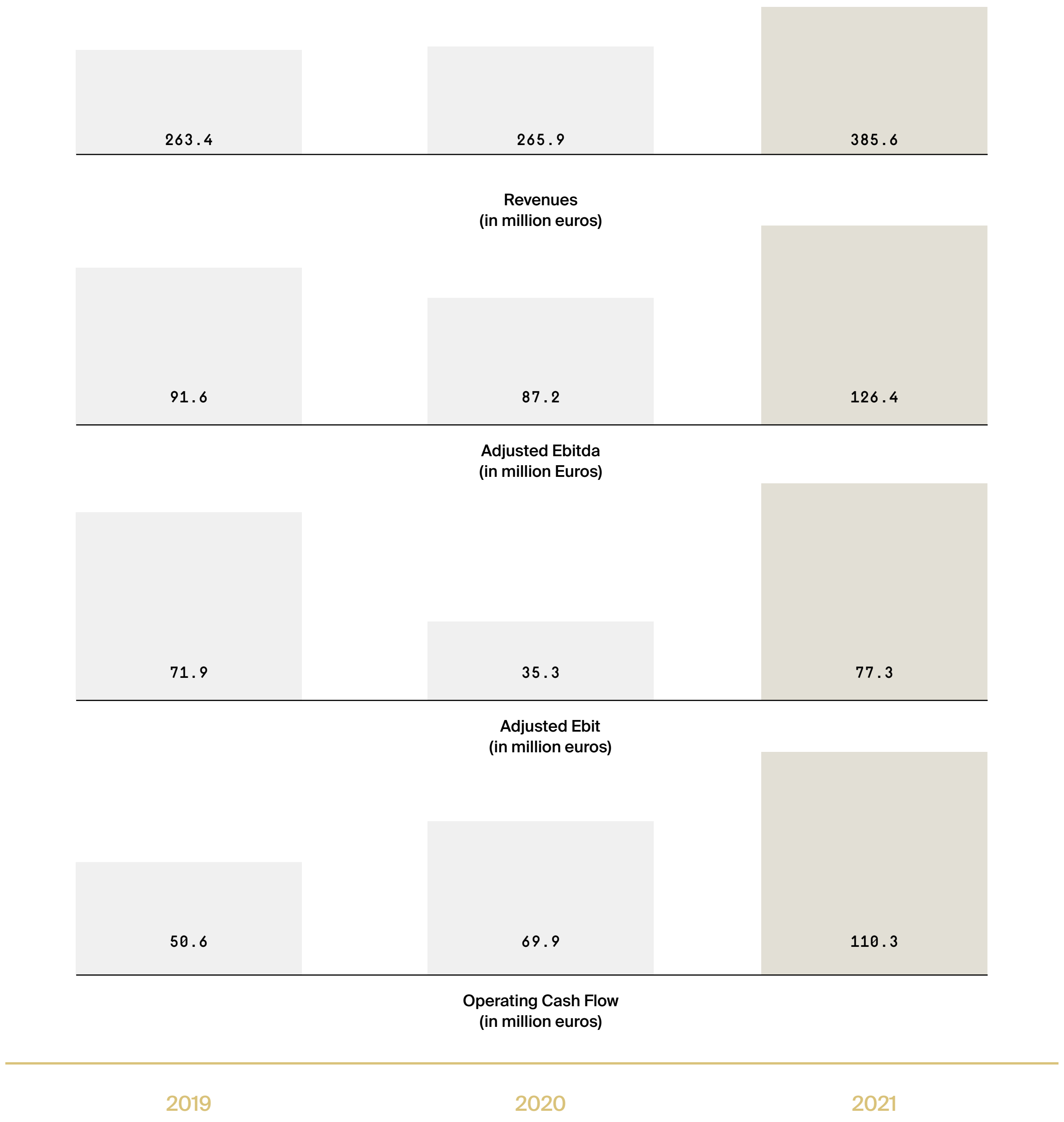
4. Group Structure as of 31 December 2021[1]

Golden Goose Spa

100%	Holland B.V.	100%	Switzerland Gmbh	100%	Taiwan Trading Ltd
100%	France Sas	100%	Shanghai) TradingLtd	100%	Macau Ltd
100%	USA Inc	100%	Spain SL	100%	Australia Pty Ltd
100%	Db Uk Ltd	100%	Belgium SRL	100%	Turkey Magazacilik Anonim Sirketi
100%	Germany Gmbh	100%	Denmark Aps	100%	Spa do Brasil Ltda
100%	HK Ltd	100%	Japan Ltd	49%	GGDB Trading Llc
100%	Korea Ltd	100%	Portugal Lda	100%	GG Lux Canada Ltd
100%	Austria Gmbh	100%	DB Singapore PTE Ldt		

1 For an exhaustive list of all the companies belonging to the Group, please refer to page 53 of the Explanatory Notes

5. Highlights of the results[2, 3, 4, 5]



2 The figures include the impact of IFRS16 application.
3 Adjusted EBITDA and Adjusted EBIT do not include the non-recurring items during the reporting period
4 Consistent with the information provided in the report on operations for the 2020 financial statements, Adjusted EBITDA and Adjusted EBIT for 2020 differ from what was reported in the Offering Memorandum published with the bond issue in that i) they exclude the pro-forma adjustments of the amortization of the Customer Relationship (equal to Euro 6.1 million) ii) they include the restatement of the 2020 statements due to the change in the method of calculating overhead charged to inventories with an impact in terms of EBIT and EBITDA of Euro -0.8 million.
5 Operating Cash Flow is defined as the sum of the Cash Flow from operations and the Cash Flow from investment activities, net of interest paid and income taxes paid. For the year ended 31 December 2020 alone, the Operating Cash Flow, calculated based on the combined financial statements summing the financial statements as of 30 June 2020 and those as of 31 December 2020, was adjusted for the item Acquisitions net of cash and cash equivalents relating to the flows deriving from the acquisition of the Golden Goose group by Astrum 3.

6. Foreword

As allowed by article 40, paragraph 2 bis of Legislative Decree no. 127 of 09/04/91, the Parent Company has prepared the Directors' Report on Operations as the sole document for both the Statutory Financial Statements of Golden Goose S.p.A. and the Group's Consolidated Financial Statements.

This Directors' Report on Operations includes the main financial indicators of the Golden Goose Group and was prepared in accordance with the International Financial Reporting Standards (IFRS).

However, the report includes non-IFRS indicators such as EBITDA, Adjusted EBITDA, Pre-IFRS 16 Adjusted EBITDA, EBIT, Adjusted EBIT, Pre-PPA Adjusted EBIT, Operating Cash Flow, Free Cash Flow, Net Financial Position, Net Debt excluding lease obligations, Net Working Capital, Adjusted Net Working Capital. Management uses these indicators to monitor and evaluate the company's performance; they are not required under the IAS/IFRS. These indicators may not always be quantified in the same way, and thus may not be directly compatible with those determined by other companies.

Unless otherwise specified, the consolidated data for 2020 contained in this directors' report on operations, to provide a full understanding of the year's performance, include the unaudited profit and loss statement for the year ended 31 December 2020, which has been calculated as the sum of the consolidated profit and loss statement for the six months ended 30 June 2020 and the consolidated profit and loss statement for the period ended 31 December 2020.

7. Group Activities

The Group operates in the luxury goods market with its proprietary brand Golden Goose. The Group is active in the design, production and retail of footwear, clothing, leather goods and other accessories.

8. Main events and operations during the period

8.1. COVID-19 AND MACROECONOMIC FRAMEWORK IN THE YEAR 2021

In 2021 we witnessed a post-pandemic recovery of the world's economy, although the extent and depth of that recovery varied from region to region during the year. This diversification was mainly due to the speed of the vaccine rollouts, government policies to limit and prevent the spread of contagion, and the intensity of fiscal and monetary support.

During the first half the recovery was more vigorous in Asia and the USA, whereas Europe appeared to be more heavily penalized by the effects of the pandemic. In all countries, fiscal and monetary policy was accommodative: the central banks prioritized support for the recovery by deferring the raising of interest rates while the principal governments continued their fiscal incentive programs.

During the second half of the year, the high rate of vaccine take-up in the advanced nations reduced the global economy's sensitivity to the re-emergence of the pandemic. However in Asia, certain countries such as China, Australia and Singapore pursued extremely restrictive "zero Covid-19" health policies, which slowed down their growth rates especially in terms of domestic consumption.

With the loosening of restrictions in Europe and the USA, economic growth was sustained in particular by the uptick in the demand for services following the re-opening. However, the growth of manufacturing industries has been hampered by difficulties with international logistics, shortages of materials and equipment, and the problems involved in reallocating labor among different sectors. We have also seen a steady rise in inflation, mainly due to energy supplies and tensions surrounding the availability of raw materials. This has altered the attitude of the central banks, who at the end of 2021 announced that during 2022 there would be a gradual move away from the ultra-expansive policies introduced in the spring of 2020 in response to the pandemic.

The Group has regularly monitored – and continues to do so – the developments in the pandemic and the wider economy by flexibly and proactively adapting its short and medium-long-term strategic decisions and by preserving the company's financial equilibrium without compromising the Group's vision and objectives.

8.2. EXPANSION AND CONSOLIDATION OF DIRECT-TO-CONSUMER DISTRIBUTION (DTC)

During 2021 we accelerated our **strategy of growing the DTC channels** in order to ensure greater strategic control of our products, elevate our customer relations to an engaging, meaningful conversation and enrich our offer with content that is true to our values and will positively impact the communities in which Golden Goose operates.

During the course of 2021 we continued to grow our retail network by opening 40 directly-operated stores (DOS).

At the same time we strengthened our digital presence by continuing our program of investment designed to enhance the user experience on our direct e-commerce channel GoldenGoose.com, enter new country markets and create new marketplaces.

During 2021 we also converted several selected wholesale partners into concessions. Our new distribution system will give us a direct relationship with the customers of our partners, by increasing our control of product distribution.

We have invested extensively in the structure and technology needed to support the growth of our DTC channels. In particular, we have strengthened the DTC, customer management and analysis teams, boosted our commitment to marketing both in terms of brand awareness and performance marketing, launched multichannel development projects and invested in the necessary ICT and tech.

Retail network as of 31 December 2021

40 directly-operated stores in 2022

11 AMER | **5** EMEA | **24** APAC

AMER **37** | EMEA **40** | APAC **85**

162 points of sale on 31/12/2021

129 free-standing stores

18 Shop in shop

6 Duty free

9 Outlets

8.3. ACQUISITION OF STORES IN CHINA

In China, we added 9[6] stores from one of our local partners in Q1 2021. This operation is part of the Group's strategy of expanding its global retail distribution.

8.4. REFINANCING AND BOND ISSUE

In May 2021 the Group **completed the refinancing of the Euro 470 million bridge facility, by issuing a variable rate bond maturing in 2027 with a nominal value of Euro 480 million.** The bond was placed below par at the price of 0.98 with a variable quarterly coupon equal to the EURIBOR 3-month rate (with zero floor) and an annual spread of 4.875%. The rating given at the time of the issue was as follows:

- Moody's: B2
- Fitch: B
- S&P: B-

8.5. FULL REPAYMENT OF THE RCF AND OBTAINMENT OF AN ANCILLARY FACILITY

In September 2021 we **fully repaid the Euro 25 million share of the RCF which had been used as of 31 December 2020**, which is further testimony to the Group's financial solidity.

In December 2021 we obtained the assignment of a signature facility (so-called Ancillary Facility) of Euro 11,25 million, to service the reverse factoring, cash pooling and issue of guarantees for the leasing of the new stores. On 31 December 2021, the unused availability on the RCF amounted to EUR 63.75 million.

8.6. PROTECTION OF WELL-BEING

During 2021 the Group continued the actions taken in 2020 following the outbreak of the pandemic, in order to **protect the health of staff, suppliers and customers, to assure business continuity and to combat the socio-economic effects of the spread of the virus**. The main actions were in the following areas:

- workplace safety, with individual and collective protection measures being adopted in order to respond adequately to the frequent changes in HS health requirements at national, local and sectoral level as the pandemic developed;
- the continuation of smart working, with the related investments in technology and computers;
- reinforced health surveillance for staff, with regular and free rapid testing campaigns;
- the revision of work processes, such as changes to the office access policy and travel management.

8.7. GOLDEN GOOSE TOP EMPLOYER 2022

For the first time, the Group obtained the "Top Employer 2022" certification awarded by the Top Employer Institute, following a rigorous process of analysis and assessment. This award represents a prestigious recognition of the HR strategy based on the circular concept of For You, For Your Loves, For the World, a new way of thinking about one's own people, their experiences and their well-being, leveraging their uniqueness and individuality.

- For You refers to the actions taken for our staff, including working from home and flexitime, a structured welfare program, a concierge service to facilitate time management, as well as eco-friendly mobility projects.
- For Your Loves targets families in the most inclusive sense: financial contributions, more free time, and dedicated caregiving services.
- For the World promotes voluntary work during working hours as an individual and collective experience, and encourages people to use special permits so they can work on "give back" projects

6 The total number of outlets acquired amounted to 11, two of which were then closed as they were considered non-strategic

9. Group Strategy

9.1. CONTINUE TO DEVELOP GOLDEN GOOSE'S INSPIRED VISION OF LUXURY

We have managed to create a **sense of community** centered around a distinctive, **inspired vision of luxury** and we intend to further pursue our vision. Our vision relies on solid and distinctive brand values of **craftsmanship, originality, freedom and personal style**, which permeate our organization and ways of working. We believe that traditional craftsmanship is not just worth preserving but is also relevant in the present day, as the organic warmth of artisanal crafts (with their desirable and natural imperfections) is a valuable human contrast to the modern digital age.

We aim to design cross-seasonal products to convey a concept of style that is not based on fleeting fashion trends, but on timeless statement pieces that our customers will want to wear for any occasion. We also strive for **uniqueness**, which for us is synonymous with **authenticity** and is reflected in the idiosyncratic mixing of the materials and elements in our designs. We aim to keep designing "distressed" or "vintage-feel" collections which are bold, innovative and dovetail with the trend towards casualization and comfortable, versatile clothing.

We have successfully translated our brand values into a marketing strategy centered on **bespoke consumer experiences, digital engagement and the sense of belonging to a community**, driven by our high level of spontaneous endorsements. We believe that our brand and its values resonate with NextGen consumers. This means we will keep striving to create a loyal clientele instead of an opportunistic customer base, by prioritizing marketing campaigns like the successful Golden Goose Lab concept, which reinforce our brand values and generate a consumer buzz.

9.2. KEEP EXPANDING THE DIFFUSION OF NEW STORES

We have a clear strategy to **expand our global retail network**. Our standardized store opening process involves efficient and relatively modest capital expenditures, as the minimalistic, compact and flexible format of our stores allows for relatively low rental and set-up costs. We plan to continue our pace of openings in order to further diversify our geographical reach and drive sales in the near-term while maintaining our historically substantial margins. The same criteria will be applied to selecting the locations of future stores, by focusing on strategically relevant cities, particularly in the United States and China, and on luxury vacation destinations as the preferred sites in our selection process.

9.3. EXPAND DIGITAL PRESENCE

We believe that the Covid-19 pandemic has accelerated a secular trend towards higher online retail sales.

We intend to keep **investing in order to foster additional growth of the online channel**; this will include investing in new strategic hires, website segmentation strategies, AI marketing and the launch of additional customer-centric services to improve the shopping experience and integrate the online channel with our physical retail stores through a multichannel offer.

9.4. CONSOLIDATING OUR WHOLESALE PRESENCE

We have a clear plan to consolidate the wholesale channel, supported by the past growth in this area that has allowed us to emerge as one of the top-selling brands for our key wholesale partners (both in physical stores and on e-commerce channels).

We plan to maintain our **selective approach** towards choosing wholesale partners by keeping our number of partners broadly consistent with the current numbers. We will continue to regularly review our partners' performance to ensure their alignment with the overall Golden Goose brand strategy, while pursuing attractive positioning within the physical stores alongside other leading luxury and designer brands. Our strategy also involves the continuation of our **no-discount, no returns and no in-season replenishment policies** (even for large partners), which generates a sense of scarcity and increases the brand's desirability for the consumer. These measures are aimed at strategically limiting order sizes and improving our distribution. We couple these measures with a sophisticated merchandising strategy focused on maximum segmentation and the elimination of cannibalization across distribution channels.

9.5. DRIVING THE FORWARD AGENDA

We believe that the value of a company is determined not only by its economic results, but also by the way in which it conducts its business, by the contribution it makes to society as a whole and by its compliance with the commitments it has undertaken.

At Golden Goose, for more than two decades we have been committed to acting responsibly, promoting inclusivity, and engaging and listening to our communities. In 2021, with the drafting of our **first sustainability plan** – the **Forward Agenda** – we wanted to represent our sense of **responsibility** with respect to some of the most pressing challenges facing the world. The Agenda focuses on four strategic priorities: **innovation** ("We Innovate"), **responsible sourcing and production** ("We Craft"), **valuing diversity** ("We Care"), and **engaging and supporting communities** ("We Share").

The plan sets out **10 main objectives** that we are committed to achieving by **2025**, covering topics such as **reducing our environmental impacts** and achieving **carbon neutrality**, using **responsible materials**, **traceability** of key raw materials, and continually improving the **social and environmental standards** of the supply chain. The Agenda also includes **outreach** initiatives dedicated to **promoting and benefiting from diversity**, supporting an **inclusive culture** , and giving local communities a voice. All targets are published in the Sustainability Report, where we are committed to providing an annual update on their progress.

The progress of the Forward Agenda is overseen by a solid, sweeping governance model, which envisages the involvement of various corporate bodies and functions. The Sustainability Department is responsible for identifying and, in cooperation with the relevant departments, developing the various projects included in the sustainability plan, drafting the Sustainability Report, and spreading the culture of responsibility within the company. Leads – "Forward Masters" – have been identified within the various company functions and are responsible for implementing initiatives and projects relating to the areas they operate in and for promoting a shared culture of responsibility.

Furthermore, an internal committee, the **Inclusion & Belonging Committee**, was set up with the aim of promoting the development of the Diversity & Inclusion strategy, and monitoring the progress of medium- and long-term strategic objectives.

Moreover, at the Board level a number of "Sponsors" were identified who have been entrusted with the oversight of sustainability issues connected with the company's business and its interaction with stakeholders, the definition of strategic sustainability guidelines and the related sustainability plan, and the examination of the Sustainability Report.

In 2021 we prepared our first Sustainability Report, "in accordance" with the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards) – core option – and subject to limited review by KPMG S.p.A. In order to increasingly improve transparency of ESG (Environmental Social Governance) performance and to facilitate the comparability of data and information provided to the various stakeholders, we have also begun to consider certain indicators provided by the Sustainability Accounting Standards Board (SASB) with the aim of gradually expanding disclosures in future publications.

10. Group performance

10.1. GROUP'S PRINCIPAL RESULTS IN 2021

Euro (thousand)		2021	2020	Change	% change
Key financial indicators	Revenues	385.601	265.888	119.713	45.0%
	Adjusted EBITDA	126.409	87.161	39.248	45.0%
	Adjusted EBITDA %	32.8%	32.8%		
	EBITDA Adjusted Pre-IFRS16	103.102	68.107	34.995	51.4%
	Adjusted EBITDA Pre-IFRS16 %	26.7%	25.6%		
	Adjusted EBIT	77.332	35.317	42.015	119.0%
	Adjusted EBIT %	20.1%	13.3%		
	Adjusted EBIT Pre-PPA	89.478	53.323	36.155	67.8%
	Adjusted EBIT Pre-PPA %	23.2%	20.1%		
Key financial indicators	Adjusted Net working capital (NWC)	2,364	5,935	(3.571)	
	NWC as % of Revenues	1%	2%		
	Net Financial Position	510.783	516.103	(5.321)	
	Operating Cash Flow	110.258	69.876	40.381	

In 2021, the Group generated total **sales** of Euro **385.6 million, up by 45% on 2020**, with a **positive performance across all geographical regions** and distribution channels and a **significant growth in the weighting of the DTC channel**.

EBITDA adjusted to reflect non-recurring components was **Euro 126.4 million**. This is an **increase of 45% on 2020** with **profitability at 32.8%**, in line with the margins achieved in 2020, despite the significant investments made in order to serve the future growth of the business.

Adjusted EBITDA pre-IFRS16 was **Euro 103.1 million** which is **an increase of 51.4% on 2020**.

Adjusted EBIT was **Euro 77.3 million**, which is an increase of **119% on 2020**.

The Group maintained an efficient, flexible management of working capital during 2021. The ratio of Adjusted NWC to revenues was 1%, higher than 2020.

Operating Cash Flow generated during the year amounted to **Euro 110.3 million**, up Euro 40.4 million compared to 2020.

In 2020 the Group continued its ***deleveraging*** program and saw an **improvement in its Net Financial Position**, amounting to **Euro 510.8 million** (including the portion of debt related to leases) on 31 December 2021.

10.2. KEY FINANCIAL RESULTS IN 2021

Euro (thousand)	2021	% of revenues	2020	% of revenues	Change	Change %
Revenues	**385.601**	**100.0%**	**265.888**	**100.0%**	**119.713**	**45.0%**
Cost of goods sold	(131.190)	(34.0%)	(100.361)	(37.7%)	(30.829)	30.7%
Gross Margin	**254.411**	**66.0%**	**165.528**	**62.3%**	**88.884**	**53.7%**
Selling and distribution expenses	(100.758)	(26.1%)	(68.371)	(25.7%)	(32.387)	47.4%
General and administration expenses	(60.873)	(15.8%)	(71.863)	(27.0%)	10.990	(15.3%)
Marketing expenses	(17.769)	(4.6%)	(8.678)	(3.3%)	(9.091)	104.8%
Operating profit/(loss) (EBIT)	**75.012**	**19.5%**	**16.616**	**6.2%**	**58.396**	**351.4%**
Financial income	9.858	2.6%	4.234	1.6%	5.624	132.8%
Financial expenses	(49.332)	(12.8%)	(40.208)	(15.1%)	(9.124)	22.7%
Earnings before taxes	**35.538**	**9.2%**	**(19.358)**	**(7.3%)**	**54.897**	**(283.6%)**
Income taxes	52.188	13.5%	(447)	(0.2%)	52.636	(11764.7%)
Net profit/(loss)	**87.726**	**22.8%**	**(19.806)**	**(7.4%)**	**107.532**	**(542.9%)**
EBIT	**75.012**	**19.5%**	**16.616**	**6.2%**	**58.396**	**351.4%**
Non-recurring items	2.320	0.6%	18.701	7.0%	(16.381)	(87.6%)
Adjusted EBIT	**77.332**	**20.1%**	**35.317**	**13.3%**	**42.015**	**119.0%**
Amortization, depreciation and write-downs	49.077	12.7%	51.844	19.5%	(2.767)	(5.3%)
Adjusted EBITDA	**126.409**	**32.8%**	**87.161**	**32.8%**	**39.248**	**45.0%**
IFRS16 effects	(23.307)	(6.0%)	(19.054)	(7.2%)	(4.253)	22.3%
EBITDA Adjusted Pre-IFRS16	**103.102**	**26.7%**	**68.107**	**25.6%**	**34.995**	**51.4%**

10.2.1. CONSOLIDATED REVENUES

Breakdown by geographical area

Euro (thousand)	2021	% of total	2020	% of total	Change	Change %
Amer	148.859	38.6%	85.704	32.2%	63.155	73.7%
EMEA	145.569	37.8%	106.438	40.0%	39.131	36.8%
Apac	85.889	22.3%	70.953	26.7%	14.936	21.1%
Other	5.283	1.4%	2.793	1.1%	2.490	89.2%
Total	**385.601**	**100.0%**	**265.888**	**100.0%**	**119.713**	**45.0%**

Revenue by distribution channel

Euro (thousand)	2021	% of total	2020	% of total	Change	Change %
Retail	163.107	42.3%	91.269	34.3%	71.838	78.7%
Digital	64.197	16.6%	30.727	11.6%	33.470	108.9%
Wholesale	153.014	39.7%	141.099	53.1%	11.915	8.4%
Other	5.283	1.4%	2.793	1.1%	2.490	89.2%
Total	**385.601**	**100.0%**	**265.888**	**100.0%**	**119.713**	**45.0%**

The Group saw lively growth in **all geographical regions with positive performances across all retail channels** and **surpassing the pre-pandemic levels seen in 2019**.

The Group's biggest growing market in 2021 was the **Americas**, with total sales of **Euro 148.9 million, up by 74% on 2020**. This performance was guided by the growth of the DTC channel in the USA where the Golden Goose brand further strengthened its positioning. The Americas are the primary outlet for our products and we are confident that this market will remain one of the drivers of our future growth. During 2021 we invested further in direct distribution by expanding our stores in the USA and opening new ones in new countries such as Canada and Brazil. At the same time we consolidated our online presence and further elevated the control of the wholesale distribution.

The performance in **EMEA** was also very positive. The Group earned revenues of **Euro 145.6 million** in this area; this represents an **increase of 37% on 2020** despite the absence of the pre-pandemic tourist traffic. The strong rise in local demand combined with the loosening of the pandemic restrictions from the second quarter onwards drove the growth of the physical retail channel in this area, and saw a healthy upturn in the wholesale channel. At the same time the digital channel has seen further solidification, driven by a largely organic growth partly thanks to the many actions taken during the year to enhance the user experience on the e-commerce channel.

The **APAC** region, which is mainly served through DTC channels, generated total sales of **Euro 85.9 million**; this represents an increase of **21% on 2020** despite the continuation of restrictions linked to Covid-19. Sales at our stores exceeded the pre-pandemic levels, while the expansion of the digital channel that began in 2020 has continued with the opening of new marketplaces. During 2022 we will continue to invest in this area, in order to further elevate our brand positioning in those countries where we believe there is still a high degree of untapped potential (China and Australia). We will also continue to consolidate our position in South Korea where the Group has a solid store presence.

During 2021, the *retail* channel generated turnover of **Euro 163.1 million**, which is an increase of **79% on 2020**. Retail sales benefited from the gradual loosening of Covid restrictions in the Group's geographical areas, and from the steady growth of our brand in the luxury fashion market across the globe. This allowed us to exceed the pre-pandemic levels, with growth of **58% compared to 2019**.

In 2021 the Group continued its **digital expansion**. The digital channel generated turnover of **Euro 64.2 million in 2021**, almost double the figure for 2020; this was driven by the continued growth of the e-commerce channel, the consolidation of the marketplaces opened in 2020 and the excellent performance seen by our partners on their respective digital platforms.

During 2021, the wholesale channel consolidated its growth, generating total turnover of **Euro 153 million**, which is **an increase of 8% on 2020**. The more restrained growth in this area compared to the other channels reflects the company's strategy of expanding in the DTC network. At the same time Group continued to raise the rating and selection of its partners in order to reflect the brand's prestige and to maintain a no-replenishment policy in order to preserve the exclusivity of our products.

10.2.2. COST OF GOODS SOLD AND GROSS MARGIN

The Group posted a **gross margin** of **Euro 254.4 million**, which as a **percentage of revenues is 66%**, up by 3.7 p.p. on 2020.

The increase in profitability is mainly thanks to the growth of the DTC (Retail and Digital) business, which gives the Group higher unit margins on sales, and is also the result of strict application of Golden Goose's zero discount policy.

Despite the inflationary dynamics seen mainly during the second half of 2021, the Group has managed to contain the impact on margins partly thanks to the multi-year agreements with our main suppliers, which have mitigated the increased costs of raw materials.

10.2.3. OPERATING COSTS AND PROFIT (EBIT)

Selling and distribution expenses amounted to **Euro 100.1 million**, an increase of 47% on 2020 and which as a **proportion of revenues is 26.1%**, in line with 2020.

General and administration expenses amounted to **Euro 60.9 million**, which as a **percentage of revenues is 15.8%** compared with 27% in 2020. In 2020 the item included non-recurring costs of Euro 18.7 million mainly related to the Permira acquisition transaction. Adjusting the 2020 impact for the above costs (adjusted by 20% in 2020) confirms the decrease in relative weight in 2021, due primarily to higher revenue growth.

Marketing costs were **Euro 17.8 million**, which as a **percentage of revenues is 4.6%**, compared to the 3.3% posted in 2020 after the Group stepped up its commitment to consolidating and further elevating the brand's value on the luxury goods market.

During the 2021 financial year, the Group earned operating profit adjusted by non-recurring items (***Adjusted EBIT***) of **Euro 77.3 million**, with profitability of **20.1%**, which is an increase on the 13.3% earned in 2020.

10.2.4. ADJUSTED EBITDA

Adjusted EBITDA in 2021 was **Euro 126.4 million**, which as a percentage of sales is **32.8%**. This is in line with the 2020 result. Excluding the effects of IFRS 16 application, the **Adjusted EBITDA pre-IFRS 16** was **Euro 103.1 million** with **margins of 26.7%**. Considering the ongoing reinforcement of the central structure, the steady expansion of our retail network, the commitments made during the year to strengthening our technological infrastructure and the growth of our investments in brand positioning, this is an outstanding result that lays solid foundations for the Group's future growth.

10.2.5. FINANCIAL INCOME AND CHARGES

In 2021 financial management had a net negative result of **Euro 39.5 million**, of which:

- → Euro 27.5 million in interest on financial debt, mainly attributable to the Bridge Facility of Euro 470 million outstanding up to May 2021, the bond of Euro 480 million issued as part of the refinancing operation completed in May 2021 and the RCF, whose unused amount is Euro 63.75 million as of 31 December 2021;
- → Euro 11.5 million in amortized cost following the cancellation of the Bridge Facility as part of the refinancing operation completed in May 2021;
- → Euro 5.2 million in financial interest connected with lease payables;
- → Euro 4.2 million in net exchange gains;
- → Euro 0.5 million in other financial income;

10.2.6. INCOME TAXES

In the 2021 financial year, the Group reported a positive effect on income taxes of Euro 52.2 million, mainly due to the effect of deferred tax assets and lower deferred liabilities, offset by substitute tax, due to the fact that Golden Goose S.p.A. benefited from the facility related to the tax alignment of trademarks and goodwill to the higher statutory value pursuant to Article 110 of Decree Law no. 104 of 14 August 2020, converted by Law no. 126 of 13 October 2020. Additional details are provided in the explanatory notes.

10.2.7. NET PROFIT/(LOSS)

The Group posted a positive net result of **Euro 87.7 million**, which as a percentage of revenues is **22.8%**, compared to the loss of Euro 19.8 million in 2020.

10.3. KEY DATA OF THE STATEMENT OF FINANCIAL POSITION

Euro (thousand)	31 December 2021	31 December 2020
Intangible fixed assets	1,433,435	1,444,585
Tangible fixed assets	46,677	37,073
Right-of-use assets	119,762	94,189
Other net non-current assets (liabilities)	(142,169)	(223,709)
Total net non-current assets (liabilities)	**1,457,706**	**1,352,138**
Net working capital	15,499	19,106
Other net current assets (liabilities)	(29,824)	(10,306)
Total net current assets (liabilities)	**(14,326)**	**8,800**
Invested capital	**1,443,380**	**1,360,938**
Net financial debt / (cash)	383,360	416,706
Financial payables for leases	127,177	98,677
Employee severance indemnities and other non-current provisions	3,551	2,020
Shareholders' Equity	929,292	843,536
Total sources	**1,443,380**	**1,360,938**

Since the beginning of the pandemic in 2020, we have prioritized prudent cash and liquidity management. We have pursued a strategy of careful management of capital expenditure, in line with the gradual improvement in the economic scenario during the year, but without compromising the strategic objectives of our investment plan. Considering the strong growth in sales in 2021 we also worked successfully to keep our working capital under control.

10.3.1. NET WORKING CAPITAL

Euro (thousand)	31 December 2021	% of revenues	31 December 2020	% of revenues
Inventories	55,737	14.5%	49.738	18.7%
Trade receivables	36,642	9.5%	33,707	12.7%
Trade payables	[76,880]	[19.9%]	[64,338]	[24.2%]
Net working capital	**15,499**	**4.0%**	**19,106**	**7.2%**
Trade payables reclassified as financial payables	[13,135]		[13,172]	
Adjusted net working capital	**2,364**	**1%**	**5,935**	**2%**

The Group's adjusted working capital amounted to **Euro 2.4 million**, **representing 1%** of revenues, down versus 2020 thanks to rigorous, prudent management of inventories and trade receivables and reverse factoring agreements aimed at guaranteeing suppliers adequate liquidity, benefiting from decidedly favorable financial conditions.

10.3.2. NET FINANCIAL POSITION

Euro (thousand)	31 December 2021	31 December 2020
Cash	[99.793]	[78.288]
Other Current financial assets	[1.166]	[5.794]
Net current financial liabilities	38.994	55.781
Net long-term financial liabilities	572.748	544.405
Net financial debt / (cash)	510.783	516.103
Financial payables for leases	[127.177]	[98.677]
Net financial indebtedness / (cash) excluding financial lease payables	**383.606**	**417.426**

As of 31 December 2021 the Group's **Net Financial Position** was equal to **Euro 510.8 million** including financial liabilities related to leases of Euro 127.2 million and equal to **Euro 383.6 million** excluding the above liabilities, compared to Euro 417.4 million as of 31 December 2020.

In the 2021 financial year the Group generated ***operating cash flow*** of **Euro 110.3 million**, compared to Euro 69.9 million in 2020, maintaining a **solid cash position throughout the period**. The ***free cash flow*** for 2021, calculated as the sum of cash flow from operating activities and cash flow from investing activities, is Euro 59.2 million.

10.4. INVESTMENTS

During 2021, the Group made **net investments** in tangible and intangible assets of **Euro 26.1 million**, which is an increase compared to the Euro 23.8 million overall in the H1 and H2 2020. The Group has continued its program of investing in growth and in consolidating the retail network by opening new stores and refurbishing existing ones, strengthening its technology and digital infrastructure, and expanding the corporate offices.

11. Parent Company operating performance

Euro (thousand)	Year 2021	% of revenues	Year 2020	% of revenues	Change	Change %
Revenues	**277,540**	**100.0%**	**210,593**	**100.0%**	**66,946**	**31.8%**
Cost of goods sold	[119,047]	[42.9%]	[99,605]	[47.3%]	[19,336]	19.4%
Gross Margin	**158,493**	**57.1%**	**110,988**	**52.7%**	**47,610**	**42.9%**
Selling and distribution expenses	[31,227]	[11.3%]	[16,187]	[7.7%]	[12,291]	75.9%
General and administration expenses	[37,633]	[13.6%]	[51,647]	[24.5%]	11,159	[21.6%]
Marketing expenses	[13,374]	[4.8%]	[6,180]	[2.9%]	[7,194]	116.4%
Operating profit/(loss) (EBIT)	**76,259**	**27.5%**	**36,975**	**17.6%**	**39,285**	**106.2%**
Financial income	9,791	3.5%	3,295	1.6%	6,495	197.1%
Financial expenses	[46,072]	[16.6%]	[34,138]	[16.2%]	[11,934]	35.0%
Earnings before taxes	**39,978**	**14.4%**	**6,132**	**2.9%**	**33,846**	**551.9%**
Income taxes	49,125	17.7%	[3,730]	[1.8%]	52,855	n/a
Net profit/(loss)	**89,103**	**32.1%**	**2,402**	**1.1%**	**86,701**	**n/a**

Revenues totaled Euro 277.5 million in fiscal year 2021, up 31.8% from Euro 210.6 million for fiscal year 2020. General and administrative expenses amounted to Euro 37.6 million, representing 13.6% of revenues (24.5% in the previous year). Marketing expenses amounted to Euro 13.4 million (Euro 6.2 million in 2020), or 4.8% of revenues, slightly up from 2020. In 2021 net financial charges were Euro 36.3 million, compared to expenses of Euro 30.8 million in 2020. In 2021 income taxes were positive and amounted to Euro 49.1 million (compared to a negative Euro 3.7 million in 2020) due to the benefit arising from the tax realignment of the trademark and goodwill envisaged in article 110 of Decree Law no. 104/2020, the "August Decree." Net income amounted to Euro 89.1 million compared to Euro 2.4 million in 2020. As of 31 December 2021 Golden Goose S.p.A. reported a shareholders' equity of Euro 951 million compared to Euro 863.6 million at the end of the previous year, and a negative net financial position of Euro 393.1 million compared to Euro 420.3 million as of 31 December 2020, already including lease liabilities arising from the IFRS 16 accounting standard.

Euro (thousand)	31 December 2021	31 December 2020
Intangible fixed assets	1,417,016	1,429,291
Tangible fixed assets	11,174	6,773
Right-of-use assets	27,635	23,299
Other net non-current assets (liabilities)	[161,645]	[237,461]
Total net non-current assets (liabilities)	**1,294,179**	**1,221,901**
Net working capital	73,729	69,352
Other net current assets (liabilities)	[21,461]	[5,518]
Total net current assets (liabilities)	**52,268**	**63,834**
Invested capital	**1,346,447**	**1,285,735**
Net financial debt / (cash)	393,126	420,305
Financial payables for leases	-	-
Employee severance indemnities and other non-current provisions	2,291	1,846
Shareholders' Equity	951,030	863,584
Total sources	**1,346,447**	**1,285,735**

12. Research and development

In 2021 the Group implemented its innovation program in order to design and develop news stylistic and technical solutions, the costs of which were fully expensed to the profit and loss statement.

13. Transactions with related parties

See the explanatory notes to the financial statements.

14. Principal risks

14.1. EXCHANGE RATE RISK

The currency transactions carried out by the Group mainly concern sales and investment commercial activities (shop openings) and are mainly denominated in USD, KRW and CNY. Refer to the Explanatory Notes to the Financial Statements.

14.2. LIQUIDITY RISK

The Directors deemed the cash generated by the operations to be adequate to cover the financial requirements, and the division of liabilities between short and medium-long term debt is balanced in relation to the corresponding composition of the assets. Refer to the Explanatory Notes to the Financial Statements.

14.3. CREDIT RISK

Management considers that the Group's credit risk is not above average for its sector, as its financial assets have a good credit rating. However, a bad debts provision has been set aside in order to protect against possible credit risks. The credit risk deriving from the Group's normal operations with commercial counterparties is managed and controlled as part of the customer credit checking and monitoring procedures. Refer to the Explanatory Notes to the Financial Statements.

14.4. RISKS CONNECTED TO CONTROL OF THE PRODUCTION CHAIN AND THE COST AND AVAILABILITY OF RAW MATERIALS

Golden Goose directly manages the procurement of the raw materials used to make its products, but relies on independent outsourcers for the garment manufacturing.

To minimize the risks of shortages of materials or the interruption of relations with the garment manufacturers, the Group plans its purchases over the medium-term and uses a multisourcing strategy to diversify its key suppliers, who are bound to Golden Goose under medium long-term contracts to ensure the appropriate visibility of costs and strategic planning of production volumes.

However, the cost and offer of materials depends on a series of factors that are sometimes beyond our control and may be hard to predict, and which may adversely affect our business and the Group's financial results.

The Group constantly monitors conditions in the production chain as well as forecasts about trends in raw materials prices.

15. Business Outlook

The results achieved in 2021 have validated the Group's growth program. Despite the uncertainties deriving from the spread of the pandemic that influenced the economic picture in 2021, Golden Goose has managed to reach its strategic objectives and lay solid foundations for future growth.

The first few months of 2022 were still characterized by a highly uncertain socio-economic background. The pandemic is not yet over: there are some countries where the social restrictions are severe and penalizing, the vaccine campaign is not yet complete, and there is a persistent risk of new variants emerging. At the same time an inflationary dynamic is taking shape. Combined with the strains on the supply of raw materials this may impact supply costs significantly over the short to medium-term. The breakout of the war between Russia and Ukraine in February 2022 could further exacerbate the macroeconomic picture and may impact the recovery of the world economy, which is hard to predict at the moment.

Management still has full confidence in the strength and flexibility of our business model and our long-term competitive position. In the current situation, which is due to temporary external factors, we are reaffirming our vision of the long-term potential and foundations of the business model rolled out globally. We will continue our program of expansion into DTC, consolidating our retail and digital presence and placing our customers at the heart of the Group's investment projects. As can be seen from the results of the past two years, our well-balanced geographical diversification will assist us in addressing the challenges presented by a changing socio-economic framework. We will continue to invest in our brand positioning by drawing on and remaining true to the founding values of the Golden Goose culture in order to achieve growth that is sustainable for the company and for the community.

16. Significant events after the reporting period

On 24 February 2022, Russia launched a military invasion of Ukraine. Many countries in the world, including the member states of the EU, the United Kingdom and United States, have inflicted a series of sanctions against the Russian social and economic system. The main international businesses have ceased trading or suspended their operations in Russia. In response to these measures the Russian Federation has announced it will be limiting imports and exports on finished products and raw materials to and from certain countries, although as things stand those prohibitions are yet to be defined. The economic and social impacts are many and are still difficult to predict in terms of their scope and duration. Inflation has skyrocketed in Russia and the value of the ruble has collapsed; this has heavily impacted the social equilibrium of the country and its financial system. In other countries, including Italy, there has been a significant rise in the cost of materials and energy and there are major problems in procuring products from the Russian and Ukrainian markets.

Golden Goose has very limited direct exposure to Russia, Ukraine and Belarus. The Group has no physical or digital sales channels in those countries. In 2021 the share of turnover generated in those countries was Euro 2.3 million, and the exposure came entirely from the wholesale channel. Currently we have no significant credit exposure risks to wholesale customers residing in these countries. After the conflict broke out the Group decided to interrupt its business relations with Russian customers. Management is confident that the lost sales can be offset in other markets where the demand for the Group's products is strong and consistent. Management considers that any increases in the cost of supplies over the short to medium-term can be managed. Any effects resulting from a potential escalation of the conflict are as yet difficult to predict.

17. Proposal for approval of the financial statements

Shareholder,

I thank you for the trust you have placed in us and invite you to approve the consolidated financial statements of the Golden Goose Group to 31 December 2021.

Milan, 29 March 2022

Silvio Campara
Chief Executive Officer

CONSOLIDATED ANNUAL REPORT

02

CONSOLIDATED FINANCIAL STATEMENTS

1. Consolidated profit and loss statement*

Euro (thousand)	Notes	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)
Net Turnover	03.6.1	385,601	156,296
Cost of goods sold	03.6.2	**[131,190]**	**[59,844]**
Gross Margin		254,411	96,452
Selling and distribution expenses	03. 6.4	[100,758]	[39,394]
General and administrative expenses	03. 6.3	[60,873]	[56,515]
Marketing expenses	03. 6.5	**[17,769]**	**[5,909]**
Operating profit/(loss)		75,012	[5,366]
Financial income	03. 6.7	**9,858**	**2,508**
Financial expenses	03. 6.7	[49,332]	[25,856]
Earnings before taxes		**35,538**	**[28,714]**
Income taxes	03. 6.9	52,188	3,940
Net profit/(loss), including minority interests		87,726	[24,775]
Minority interests		49	56
Group net profit/(loss)		87,677	[24,830]

* The year ended 31 December 2020 includes the performance of Astrum 3 S.p.A. since its incorporation, while the performance of the acquired group is presented starting from the acquisition date, 1 July 2020 through 31 December 2020.

2. Consolidated other comprehensive income

Euro (thousand)		For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)
Net profit/(loss)		87,726	[24,775]
Other components of the comprehensive income/(loss) statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes	Net change in cash flow hedge reserve	**[3,459]**	**1,038**
	Taxes	953	**[290]**
	Total profits / (losses) from valuation of financial instruments	[2,506]	**748**
	Foreign exchange differences from translation of financial statements in currencies other than the Euro	622	348
	Total other components of the comprehensive income/(loss) statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes	[1,884]	1,096
Other components of the comprehensive income/(loss) statement that will not be reclassified in the profit / (loss) in subsequent periods, net of taxes	Gains / (losses) from actuarial valuation	[114]	[138]
	Taxes	27	33
	Total gains / (losses) on actuarial valuation	[87]	[105]
	Total other comprehensive income/(loss) will not be reclassified in profit / (loss) in subsequent periods, net of taxes	[87]	[105]
	Total comprehensive income for the period, net of taxes	85,755	[23,784]
	Minority interest	49	25
	Group interest	85,706	[23,809]

3. Consolidated statement of financial position

Euro (thousand)		Notes	31 December 2021	31 December 2020 (restated)
ASSETS	Intangible fixed assets	03. 5.1	1,433,435	1,444,585
	Tangible fixed assets	03. 5.3	46,677	37,073
	Rights of use	03. 5.2	119,762	94,189
	Deferred tax assets	03. 5.9	44,112	17,222
	Other non-current financial assets	03. 5.6	245	721
	Other non-current assets	03. 5.10	7,147	5,264
	Non-current assets		**1,651,380**	**1,599,053**
	Inventories	03. 5.11	55,737	49,738
	Trade receivables	03. 5.12	36,642	33,707
	Current tax assets	03. 5.13	120	115
	Other current non-financial assets	03. 5.14	14,877	9,403
	Current financial assets	03. 5.6	1,166	5,794
	Cash and cash equivalents	03. 5.15	99,793	78,288
	Current assets		**208,335**	**177,045**
	Total assets		**1,859,714**	**1,776,099**

Euro (thousand)		Notes	31 December 2021	31 December 2020 (restated)
LIABILITIES AND SHAREHOLDERS' EQUITY	Share capital		1,004	1,004
	Share premium reserve		182,628	182,628
	Other reserves		657,991	684,791
	Net profit/loss for the year		87,677	(24,830)
	Group shareholders' equity	03.5.16	**929,300**	**843,593**
	Minority reserves		(57)	(113)
	Profit (loss) pertaining to minority interests		49	56
	Shareholders' equity attributable to minority interests		**(8)**	**(57)**
	Total shareholders' equity		**929,292**	**843,535**
	Provisions for pensions	03. 5.17	2,175	1,710
	Deferred tax liabilities	03. 5.18	193,428	246,195
	Non-current provisions for risks and charges	03. 5.19	1,376	310
	Non-current financial debt	03. 5.7	572,748	544,405
	Non-current liabilities		**769,727**	**792,620**
	Trade payables	03. 5.20	76,880	64,338
	Other current non-financial liabilities	03. 5.21	20,905	12,972
	Tax payables	03. 5.22	15,655	762
	Current provisions for risks and charges	03. 5.19	8,261	6,090
	Current financial liabilities	03. 5.7	38,994	55,781
	Current liabilities		**160,695**	**139,943**
	Total liabilities and shareholders' equity		**1,859,714**	**1,776,099**

4. Consolidated cash flow statement*

Euro (thousand)		Notes Chapter 03	For the year ended 31 December 2021	For the year ended 31 December 2020 (restated)
A. Cash flow generated (absorbed) by operations	Net profit/(loss)		87.726	[24.774]
	Income taxes		[52.188]	[3.940]
	Interest expense (interest income)		39.474	23.348
	Provisions		14.265	6.235
	Depreciation of property, plant and equipment		46.830	33.915
	Write-downs for impairment losses		2.248	4.553
	Other adjustments for non-monetary items		[1.949]	[1.579]
	Decrease / (increase) in inventories		[12.894]	[2.440]
	Decrease/(Increase) in trade receivables		[2.746]	[6.322]
	Increase/(Decrease) in trade payables		11.845	31.638
	Other changes in net working capital		2.215	982
	Interest collected/(paid)		[39.129]	[18.397]
	(Income taxes paid)		[11.903]	[15.822]
	(Use of provision)		[705]	[65]
	CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		83.088	27.332
B. Cash flow generated (absorbed) by investment activities	* Tangible fixed assets	0.35.3		
	(Investments)		[19.395]	[8.520]
	Disposal price			0
	* Intangible assets	03.5.1		0
	(Investments)		[6.702]	[3.886]
	Disposal price			0
	* Non-current financial assets			0
	(Investments)		[771]	0
	Disposal price		3.054	[3.589]
	* Acquisitions, net of cash and cash equivalents			[991.668]
	CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		[23.814]	[1.007.663]
C. Cash flows from financing activities	* Debt			
	Obtainment of loans	03.5.7	460.323	529.983
	Repayment of borrowings	03.5.7	[501.793]	[338.765]
	* Equity			0
	Proceeds from issue of share capital			867.352
	Sale (purchase) of treasury shares			0
	Dividends (and advances on dividends) paid			0
	CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)		**[41.518]**	1.058.570
	Exchange rate effect on cash and cash equivalents		3.749	0
	INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A +B +C + Exchange Rate Effect)		**21.504**	78.238
	Cash and cash equivalents at the beginning of the year		78.288	50
	Cash and cash equivalent at the end of the year		**99.793**	78.288

*The financial statement closed at 31 December 2020 includes the flows of Astrum 3 S.p.A. since its incorporation while the flows of the acquired group is presented starting from the acquisition date, from 1 July 2020 to 31 December 2020.

Consolidated statement of changes in the shareholders' equity

Euro (thousand)	Share capital	Share premium reserve	Translation reserve	Legal reserve	Actuarial reserve	Other reserves	Cash flow hedge reserve	Profit/(loss) carried forward	Profit (loss) for the year	Group shareholders' equity	Shareholders' equity attributable to minority interests	Total consolidated shareholders' equity
Balances as of 3 March 2020	**50**									**50**		**50**
Net gain/(loss) on cash flow hedges							748			748		748
Change in actuarial reserve					(105)					(105)		(105)
Exchange differences on translation of foreign operations			378							378	(30)	348
Profit (loss) for the year ended 31 December 2020 (restated)									(24,830)	(24,830)	56	(24,774)
Total comprehensive income (restated)	**0**	**0**	**378**	**0**	**-105**	**0**	**748**	**0**	**(24,830)**	**(23,809)**	**25**	**(23,783)**
Share capital increase	4,950	862,313				89				867,352		867,352
Business combinations										0	(83)	(83)
Merger with Sneakers Maker SpA	(3,996)	(679,685)				683,681				0		0
Balances as of 31 December 2020 (restated)	**1,004**	**182,628**	**378**	**0**	**(105)**	**683,770**	**748**	**0**	**(24,830)**	**843,593**	**(57)**	**843,535**
Previous year's profit/(loss)								(24,830)	24,830	0		0
Net gain/(loss) on cash flow hedges							(2,506)			(2,506)		(2,506)
Change in actuarial reserve					(87)					(87)		(87)
Exchange differences on translation of foreign operations			622							622		622
Profit (loss) for the year ended 31 December 2021									87,677	87,677	49	87,726
Total comprehensive income	**0**	**0**	**622**	**0**	**(87)**	**0**	**(2,506)**	**0**	**87,677**	**85,706**	**49**	**85,755**
Balances as of 31 December 2021	**1,004**	**182,628**	**1,000**	**0**	**(192)**	**683,770**	**(1,758)**	**(24,830)**	**87,677**	**929,300**	**(8)**	**929,292**

03

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and in force on the reporting date. The explanatory notes to the financial statements have been integrated with the additional information required by the Civil Code. The acronym "IFRS" also means the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the IFRS Interpretation Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and even before the Standing Interpretations Committee ("SIC").

The Group's consolidated financial statements comprise:

- the consolidated statement of financial position that shows separately current and non-current assets and liabilities based on their realization or extinction within the normal business operating cycle within the twelve months following the end of the year;
- the consolidated profit and loss statement that shows costs and revenues using a classification based on their destination, a method considered more representative than the sector of activity in which the Group operates;
- the consolidated statement of other comprehensive income/(loss);
- the consolidated cash flow statement prepared according to the indirect method;
- the consolidated statement of changes in shareholders' equity;
- the explanatory notes containing the information required by current legislation and by international accounting standards. For the purposes of IFRS 8 "Operating segments", the Group operates in a single operating segment.

These financial statements are expressed in thousands of euros, the presentation currency adopted by the Parent, in accordance with IAS 1, which is also the functional currency of the Parent.

2. Area and methods of consolidation

The consolidated financial statements originate from the financial statements of Golden Goose S.p.A. (Parent) and of the Companies in which the Parent directly or indirectly holds the controlling stake in the capital or exercises control.

Control is obtained when the Group is exposed to or has the right to variable returns, deriving from its relationship with the entity being invested in and, at the same time, can influence these returns by exercising its power over that entity.

Specifically, the Group controls an investee if, and only if, the Group has:

- power over the entity being invested in (or holds valid rights which confer it the current ability to direct the relevant activities of the entity being invested in);
- exposure to, or rights to variable returns, deriving from the relation with the investee company;
- the capacity to exercise its power on the investee company, to influence the amount of its returns.

Generally, there is a presumption that the majority of voting rights entails control. In support of this presumption and when the Group holds less than the majority of the voting rights (or similar rights), the Group considers all the relevant facts and circumstances to determine whether it controls the entity being invested in, including:

- Contractual agreements with other holders of voting rights;
- Rights deriving from contractual agreements;
- Voting rights and potential voting rights of the Group.

The Group reconsiders whether it has control of an investee if the facts and circumstances indicate that there have been changes in one or more of the three elements relevant to the definition of control. Consolidation of a subsidiary begins when the Group obtains control of it and ceases when the Group loses control. The assets, liabilities, revenues and costs of the subsidiary acquired or sold during the year are included in the consolidated financial statements from the date on which the Group obtains control until the date on which the Group no longer exercises control over the company.

The profit (loss) for the period and each of the other components of the comprehensive income/(loss) statement are attributed to the shareholders of the parent and to the minority interests, even if this implies that the minority interests have a negative balance. When necessary, appropriate adjustments are made to the financial statements of the subsidiaries, to ensure compliance with the group's accounting policies. All intragroup assets and liabilities, shareholders' equity, revenues, costs and cash flows relating to transactions between group entities are eliminated during the consolidation phase.

The changes in the shareholdings in a subsidiary that do not lead to a loss of control are accounted for equity.

If the Group loses control of a subsidiary, it must eliminate the related assets (including goodwill), liabilities, minority interests and other components of shareholders' equity, while any profit or loss is recognized in the consolidated profit and loss statement. The shareholding that may be retained must be recognized at fair value.

The list of companies included in the consolidation is provided below:

Company Name	Registered Office	Share capital		Shareholders	Prop. share	Cons. share
		Currency	Amount		%	%
Golden Goose Holland B.V.	Amsterdam	Euro	10,000	Golden Goose S.p.A.	100	100
SASU Golden Goose France	Paris	Euro	800,000	Golden Goose S.p.A.	100	100
Golden Goose USA INC	Wilmington, Delaware	USD	909,877	Golden Goose S.p.A.	100	100
Golden Goose DB UK LTD	London	GBP	873,000	Golden Goose S.p.A.	100	100
Golden Goose Germany Gmbh	Munich	Euro	1,300,000	Golden Goose S.p.A.	100	100
Golden Goose HK Ltd	Hong Kong	HKD	1,702,351	Golden Goose S.p.A.	100	100
Golden Goose Korea Ltd	Seoul	KRW	8,496,080,000	Golden Goose S.p.A.	100	100
Golden Goose Switzerland Gmbh	Zurich	CHF	100,000	Golden Goose S.p.A.	100	100
Golden Goose Austria Gmbh	Vienna	Euro	285,000	Golden Goose S.p.A.	100	100
Golden Goose Spain SL	Barcelona	Euro	3,000	Golden Goose S.p.A.	100	100
Golden Goose Belgium Sprl	Brussels	Euro	18,550	Golden Goose S.p.A.	100	100
Golden Goose Denmark ApS	Copenhagen	DKK	50,000	Golden Goose S.p.A.	100	100
GGDB China	Shanghai	CNY	21,772,915	Golden Goose S.p.A.	100	100
Golden Goose Japan Ltd	Tokyo	JPY	7,000,000	Golden Goose S.p.A.	100	100
Golden Goose Trading Llc	Dubai	AED	100,000	Golden Goose S.p.A.	49 *	49 *
Golden Goose Macau Ltd	Macau	MOP	100,000	Golden Goose S.p.A.	100	100
Golden Goose Taiwan Ltd	Taiwan	TWD	344,490	Golden Goose S.p.A.	100	100
Golden Goose Australia Ltd	Sydney	AUD	10,000	Golden Goose S.p.A.	100	100
Golden Goose New York LLC	New York	USD	896,110	Golden Goose USA INC	100	100
Golden Goose LA LLC	Studio City	USD	100,000	Golden Goose USA INC	100	100
Golden Goose Madison LLC	New York	USD	100,000	Golden Goose USA INC	100	100
GOLDEN GOOSE MI LLC	Miami	USD	-	Golden Goose USA INC	100	100
GOLDEN GOOSE SF LLC	San Francisco	USD	-	Golden Goose USA INC	100	100
Golden Goose LV Crystals Llc	Miami	USD	-	Golden Goose USA INC	100	100
Golden Goose Woodbury Llc	New York	USD	-	Golden Goose USA INC	100	100
Golden Goose SCP Llc	Miami	USD	-	Golden Goose USA INC	100	100
Golden Goose Boston Llc	Miami	USD	-	Golden Goose USA INC	100	100
Golden Goose Dallas Llc	Miami	USD	-	Golden Goose USA INC	100	100
Golden Goose Hampton Llc	New York	USD	-	Golden Goose USA INC	100	100
Golden Goose Hawaii Llc	Honolulu	USD	-	Golden Goose USA INC	100	100
Golden Goose New Jersey Llc	New Jersey	USD	-	Golden Goose USA INC	100	100
Golden Goose Nashville Llc	Miami	USD	-	Golden Goose USA INC	100	100
Golden Goose Atlanta Llc	Georgia	USD	-	Golden Goose USA INC	100	100
Golden Goose Chicago Llc	Illinois	USD	-	Golden Goose USA INC	100	100
Golden Goose Houston Llc	Texas	USD	-	Golden Goose USA INC	100	100
Golden Goose Santa Clara Llc	California	USD	-	Golden Goose USA INC	100	100
Golden Goose Scottsdale Llc	Arizona	USD	-	Golden Goose USA INC	100	100
Golden Goose Virginia Llc	Virginia	USD	-	Golden Goose USA INC	100	100
Golden Goose Turkey	Turkey	TRY	6,400,000	Golden Goose S.p.A.	100	100
Golden Goose Austin Llc	Texas	USD	-	Golden Goose USA INC	100	100
Golden Goose Americana Llc	New York	USD	-	Golden Goose USA INC	100	100
Golden Goose Aspen Llc	Colorado	USD	-	Golden Goose USA INC	100	100
Golden Goose Boca Llc	Florida	USD	-	Golden Goose USA INC	100	100
Golden Goose Topanga Llc	California	USD	-	Golden Goose USA INC	100	100
Golden Goose Las Vegas Llc	Nevada	USD	-	Golden Goose USA INC	100	100
Golden Goose Phil a Llc	Pennsylvania	USD	-	Golden Goose USA INC	100	100
Golden Goose Denver Llc	Colorado	USD	-	Golden Goose USA INC	100	100
Golden Goose Detroit Llc	Michigan	USD	-	Golden Goose USA INC	100	100
Golden Goose Charlotte Llc	North Carolina	USD	-	Golden Goose USA INC	100	100
Golden Goose Beverly Llc	California	USD	-	Golden Goose USA INC	100	100
Golden Goose Lux Canada Ltd	Canada	CAD	100	Golden Goose S.p.A.	100	100
Golden Goose Toronto Ltd	Canada	CAD	100	Golden Goose Lux Canada Ltd	100	100
Golden Goose Bevcen Llc	California	USD	-	Golden Goose USA INC	100	100
Golden Goose BD Llc	Florida	USD	-	Golden Goose USA INC	100	100
Golden Goose do Brasil LTDA	Brazil	BRL	797,000	Golden Goose S.p.A.	100	100
Golden Goose Saint Louis Llc	Missouri	USD	-	Golden Goose USA INC	100	100
Golden Goose Legacy West Llc	Texas	USD	-	Golden Goose USA INC	100	100
Golden Goose New Orleans Llc	Florida	USD	-	Golden Goose USA INC	100	100
Golden Goose Portland Llc	Florida	USD	-	Golden Goose USA INC	100	100
Golden Goose San Antonio Llc	Florida	USD	-	Golden Goose USA INC	100	100
Golden Goose Tampa Llc	Florida	USD	-	Golden Goose USA INC	100	100
Golden Goose Singapore Pte. Ltd	Singapore	SGD	15,271	Golden Goose S.p.A.	100	100
Golden Goose Portugal	Lisbon	EUR	-	Golden Goose S.p.A.	100	100

(*) 51% of the shares of Golden Goose Trading Llc are owned by a local shareholder in accordance with a local law. Golden Goose Group is entitled to 80% of the distribution of profits.

Equity and all intercompany transactions included in the consolidation area are eliminated. Gains and losses arising from transactions between consolidated companies that are not realized through transactions with third parties are eliminated. During the pre-consolidation, the items of exclusive tax relevance were eliminated and the related deferred taxes were set aside.

The statements of financial position foreign subsidiaries and associated companies were converted using the spot exchange rate at the reporting date for assets and liabilities, while the average exchange rate for the period was used for the profit and loss statement items. The net effect of translating the financial statements of the investee company into the reporting currency is recognized in the "Translation reserve."

For the conversion of financial statements prepared in foreign currencies, the following rates have been applied:

Currency description	Spot at 31 December 2021	Average for the year ended 31 December 2021	Spot at 31 December 2020	Average for the year ended 31 December 2020*
U.S. dollar - USD	1.1326	1.1835	1.227	1.1810
Pound Sterling - GBP	0.8403	0.85994	0.899	0.9040
South Korea Won - KRW	1,346.38	1,354.07	1336	1360.9180
HK dollar - HKD	8.8333	9.1986	9.514	9.1550
Renminbi (Yuan) - CNY	7.1947	7.63351	8.023	7.9940
Danish Krone - DKK	7.4364	7.43704	7.441	7.4440
Swiss Franc – CHF	1.0331	1.08141	1.080	1.0770
Japanese Yen - JPY	130.38	129.86308	126.490	124.3440
Arab Emirates Diram - AED	4.1595	4.3464	4.507	4.3380
Macanese pataca - MOP	9.0983	9.47457	9.80	9.43
Taiwan dollar - TWD	31.3671	33.06033	34.481	34.1590
Australian dollar - AUD	1.5615	1.57477	1.590	1.6330
Canadian dollar - CAD	1.4393	1.48351	1.563	1.5560
Turkish Lira (TRY):	15.2335	10.46599	9.1130	9, 2780
Brazilian real - BRL	6.3101	6.28901	-	-
Singapore dollar - SGD	1.1326	1.58964	-	-

* Considering that foreign operations are included in the comparative data starting from the business combination with Sneakers Maker S.p.A. and Golden Goose S.p.A., the average rate in 2020 was calculated from the Acquisition date (1 July 2020) to the end of the year.

3. Changes in accounting estimates and errors

IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) governs, inter alia, the methods of recognition and presentation of prior period errors and changes to accounting standards. The retroactive determination of values consists of correcting the recognition, measurement and reporting of the amounts of elements of the statement of financial position as if the prior period error had never been made.

Specifically, IAS 8 regarded the item of inventories (IAS 2) and, in particular the method of calculating the overheads charged to year-end stock, which are not to be included in the cost of inventories. The impact of the different treatment resulted in a decrease in inventories of Euro 3,601 thousand as of 31 December 2020 and Euro 3,541 thousand as of 1 July 2020 (date of acquisition of the Golden Goose group by Astrum 3). There was no impact at the beginning of the comparative year as at that date the Group consisted only of Astrum 3, a company that had been established for the acquisition that had not yet been completed. At the acquisition date, the correction of the error resulted in an increase in goodwill net of tax effects for Euro 2,975 thousand. For comparison purposes only, shareholders' equity at 31 December 2020 and the result for the year ended on the same date underwent a negative change deriving from greater losses relating to the effects of the errors net of tax effects of Euro 22 thousand.

The tables below provide a more detailed explanation:

3.1. PROFIT AND LOSS STATEMENT

	Restated	Error correction	Filed
	31 December 2020	31 December 2020	31 December 2020
Net Turnover	**156,296**		**156,296**
Cost of goods sold	(59,844)	(60)	(59,784)
Gross Margin	**96,452**	**(60)**	**96,512**
Selling and distribution expenses	(39,394)		(39,394)
General and administrative expenses	(56,515)		(56,515)
Marketing expenses	(5,909)		(5,909)
Operating profit/(loss)	**(5,366)**	**(60)**	**(5,306)**
Financial income	2,508		2,508
Financial expenses	**(25,856)**		**(25,856)**
Earnings before taxes	**(28,714)**	**(60)**	**(28,654)**
Income taxes	3,940	38	3,902
Net profit/(loss), including minority interests	**(24,775)**	**(22)**	**(24,752)**
Minority interests	**56**	**0**	**56**
Group net profit/(loss)	**(24,830)**	**(22)**	**(24,808)**

3.2. STATEMENT OF FINANCIAL POSITION

		Restated	Error correction	Filed
		31 December 2020		31 December 2020
ASSETS:	Intangible fixed assets	1,444,585	2,975	1,441,610
	Tangible fixed assets	37,073		37,073
	Rights of use	94,189		94,189
	Deferred tax assets	17,222	604	16,618
	Other non-current financial assets	721		721
	Other non-current assets	5,264		5,264
	Non-current assets	**1,599,053**	**3,579**	**1,595,474**
	Inventories	49,738	(3,601)	53,340
	Trade receivables	33,707		33,707
	Current tax assets	115		115
	Other current non-financial assets	9,403		9,403
	Current financial assets	5,794		5,794
	Cash and cash equivalents	78,288		78,288
	Current assets	**177,045**	**(3,601)**	**180,646**
	Total assets	**1,776,099**	**(22)**	**1,776,121**
LIABILITIES SHAREHOLDERS' EQUITY:	Share capital	1,004		1,004
	Share premium reserve	182,628		182,628
	Other reserves	684,791		684,791
	Profit (loss) for the year	(24,830)	(22)	(24,808)
	Group shareholders' equity	**843,593**	**(22)**	**843,615**
	Minority reserves	(113)		(113)
	Profit (loss) pertaining to minority interests	56		56
	Minority interests	**(57)**	**0**	**(57)**
	Total shareholders' equity	**843,535**	**(22)**	**843,558**
	Provisions for pensions	1,710		1,710
	Deferred tax liabilities	246,195		246,195
	Non-current provisions for risks and charges	310		310
	Non-current financial debt	544,405		544,405
	Other non-current liabilities	0		
	Non-current liabilities	**792,620**	**0**	**792,620**
	Trade payables	64,338		64,338
	Other current non-financial liabilities	12,972		12,972
	Tax payables	762		762
	Current provisions for risks and charges	6,090		6,090
	Current financial liabilities	55,781		55,781
	Current liabilities	**139,943**	**0**	**139,943**
	Total liabilities and shareholders' equity	**1,776,099**	**(22)**	**1,776,121**

4. Significant accounting principles

4.1. CURRENT / NON-CURRENT CLASSIFICATION

The assets and liabilities in the Group's financial statements are presented according to the current / non-current classification. An asset is current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is mainly held for trading;
- it is expected to be realized within twelve months after the year end date; or
- it consists of cash or cash equivalents unless it is forbidden to exchange or use it to extinguish a liability for at least twelve months from the year end date.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in its normal operating cycle;
- it is mainly held for trading;
- the asset must be settled within twelve months after the reporting period;
- or the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the year-end date.

The contractual conditions of the liability which could, at the counterparty's choice, lead to the extinction of the same through the issue of equity instruments do not affect their classification.

The Group classifies all other liabilities as non-current.

Deferred tax liabilities are classified among non-current assets and liabilities.

4.2. FIXED ASSETS

4.2.1. INTANGIBLE FIXED ASSETS

Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at fair value at the acquisition date. After initial recognition, intangible assets are recognized at cost net of accumulated amortization and any accumulated impairment losses. Intangible assets produced internally, except for development costs, are not capitalized and are recognized in the profit and loss statement for the year in which they were incurred.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with a defined useful life are amortized over their useful life and are subject to impairment testing whenever there are indications of a possible loss in value. The amortization period and the amortization method of an intangible asset with a finite useful life is reconsidered at least at each year-end. Changes in the expected useful life or in the ways in which the future economic benefits associated with the asset will be realized are recognized through the change in the period or the method of amortization, as appropriate, and are considered changes in accounting estimates. The amounts of amortization of intangible assets with a finite useful life are recognized in the consolidated profit and loss statement for the year in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortized, but are subject to annual impairment tests, both individually and at the level of the cash-generating unit. The evaluation of the indefinite useful life is reviewed annually to determine whether this attribution continues to be sustainable, otherwise, the changeover from indefinite useful life to defined useful life is applied on a prospective basis.

An intangible asset is eliminated at the time of its disposal (that is, the date when the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any profit or loss deriving from the elimination of the asset (calculated as the difference between the net sale price and the book value of the asset) is included in the profit and loss statement.

Industrial patent rights and rights to use intellectual property, licenses and concessions are amortized at an annual rate of 33%.

Trademarks: as regards the multi-year costs incurred during the registration of distinctive signs and the filing of company trademarks, amortization is carried out over 18 years. The component that emerged when allocating the Group's acquisition price is considered to have an indefinite useful life and therefore subjected to annual impairment tests.

Customer Relationship Korea: this component arose as a result of the agreement stipulated in 2021 for the sale of Golden Goose products on the Korean market. It was considered as having a finite useful life, and amortized over 10 years.

Key Money: this item includes the amounts paid by the Group to take over the contractual positions relating to commercial properties located in prestigious locations. Key money is amortized over the lease term, taking account of the possibility of renewal.

For intangible assets the amortization period is at most equal to the legal or contractual limit. If the Group plans to use the asset for a shorter period, the useful life reflects this shorter period rather than the legal or contractual limit for the purpose of calculating amortization.

The amortization criteria adopted for the various items of intangible assets are illustrated below:

Description	% Rate
Brand name	indefinite useful life
Key Money	lease term
Licensing	33.33
Backlog	100.00
Customer relationships	6.67-10
Patents and Trademarks	5.56
Software programs	33.33
Other intangible assets	20.00

4.2.2. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value on the acquisition date, and the amount of the minority interest in the acquiree. For each business combination, the Group defines whether to measure the minority interest in the acquiree at fair value or in proportion to the share of the minority interest in the identifiable net assets of the acquiree. Acquisition costs are expensed during the year and classified among general and administrative expenses.

When the Group acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions existing at the acquisition date. This includes verification to determine whether an embedded derivative should be separated from the primary contract.

Any potential consideration to be recognized is recognized by the buyer at fair value on the acquisition date. The contingent consideration classified as equity is not subject to remeasurement and its subsequent payment is recorded through shareholders' equity. The change in the fair value of the potential consideration classified as an asset or liability, as a financial instrument that is the subject of IFRS 9 Financial Instruments, must be recognized in the profit and loss statement in accordance with IFRS 9. A potential consideration that does not fall within the scope of the IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognized in the profit and loss statement.

Goodwill is initially recognized at the cost represented by the excess of the total amount paid and the amount entered for minority interests compared to the identifiable net assets acquired and the liabilities assumed by the Group. If the fair value of the net assets acquired exceeds the amount of the consideration paid, the Group again checks whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to determine the amounts to be recognized at the acquisition date. If the fair value of the net assets acquired still exceeds the consideration, the difference (profit) is recognized in the profit and loss statement.

After initial recognition, goodwill is valued at cost net of accumulated impairment losses. As an impairment test, the goodwill acquired in a business combination is allocated, from the date of acquisition, to each cash generating unit of the Group which is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to such units.

If the goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the asset disposed of is included in the book value of the asset when determining the profit or the loss of the divestment. The goodwill associated with the disposed business is determined based on the values of the disposed business and the retained part of the cash generating unit.

4.2.3. TANGIBLE ASSETS

Assets under construction are accounted for at historical cost, less any accumulated impairment losses. Tangible assets are accounted for at historical cost, net of accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of parts of machinery and plant when they are incurred, if they comply with the recognition criteria. Where periodic replacement of significant parts of plant and machinery is necessary, the Group depreciates them separately based on the specific useful life. Similarly, in the event of major revisions, the cost is included in the book value of the plant or machinery as in the case of replacement, where the criterion for recognition is met. All other repair and maintenance costs are recognized in the profit and loss statement when incurred. If significant, the present value of the cost of dismantling and removing the asset at the end of its use is included in the cost of the asset, if the recognition criteria for a provision are met.

Tangible assets are accounted for at the purchase cost actually incurred for the acquisition or production of the asset and are recognized when the transfer of risks and benefits takes place, which normally coincides with the transfer of the legal title. This cost includes the purchase cost, the accessory purchase costs and all costs incurred to bring the asset to the place and conditions necessary for it to operate in the manner intended by the Group. The production cost includes direct costs (direct material and labor, design costs, external supplies, etc.) and general production costs, for the portion reasonably attributable to the asset for the period of its manufacture up to the time in the asset is ready for use.

Tangible fixed assets, the use of which is limited in time, are systematically depreciated in each year in relation to their residual possibility of use and reduced by half in the year when the asset enters service. Depreciation starts from the time the asset is available and ready for use.

The amount of depreciation charged to each year refers to the breakdown of the cost incurred over the entire estimated duration of use.

The residual value is not taken into account when it is considered small compared to the value to be depreciated. The rates applied, unchanged compared to the previous year, are as follows:

Description	% Rate
Equipment	25.00
Automatic machinery	12.50
Electronic office machines	20.00
Sundry and small equipment	25.00
Furniture and furnishings	12.00
Cars	25.00
Motor vehicles	20.00
Generic plant	7.50
Commercial equipment	15.00
Specific plant	7.50
Civil buildings	3.00

Temporarily unused assets are also subject to depreciation.

Advances to suppliers for the purchase of tangible fixed assets are initially recognized on the date on which the obligation to pay these amounts arises. Where a tangible asset becomes impaired, independently of previous depreciation charges, the asset is written down accordingly.

If in subsequent years the conditions for the write-down no longer exist, the impairment is reversed up to the carrying value the asset would have had if no impairment had originally been recognized. The book value of an item of property, plant and machinery and any significant component initially recognized is eliminated at the time of disposal (i.e. on the date on which the buyer obtains control of it) or when no future economic benefit is expected from its use or disposal. The profit / loss arising when the asset is derecognized (calculated as the difference between the asset's net book value and the consideration received) is recognized in the profit and loss statement when the item is derecognized.

The residual values, useful lives and depreciation methods of property, plant and machinery are reviewed at the end of each year and, where appropriate, corrected prospectively.

4.2.4. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group assesses the possible existence of indicators of impairment of assets. In this case, or in cases where an annual impairment test is required, the Group makes an estimate of the recoverable value. The recoverable value is the higher of the fair value of the asset or unit generating cash flows, net of costs to sell, and its value in use. The recoverable value is determined by individual asset, except when such asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable value, this asset has suffered an impairment loss and is consequently written down to bring it back to the recoverable value.

In determining the value in use, the Group discounts estimated future cash flows to the present value using a pre-tax discount rate, which reflects the market valuations of the present value of money and the specific risks of the asset. In determining the fair value net of costs to sell, recent market transactions are taken into account. If such transactions cannot be identified, an appropriate valuation model is used. These calculations are corroborated by suitable valuation multipliers and other available fair value indicators.

The Group bases its impairment test on more recent budgets and forecast calculations, prepared separately for each Group cash generating unit to which individual assets are allocated. These budgets and forward-looking calculations generally cover a 5-year period. A long-term growth rate is calculated to project future cash flows beyond the fifth year.

Impairment losses of assets in operation are recognized in the profit and loss statement for the year in consistently with the destination of the asset that highlighted the impairment.

For assets other than goodwill and other intangible assets with an indefinite useful life, at each reporting date, the Group assesses the possible existence of indicators of the elimination (or reduction) of previously recognized impairment losses and, if such indicators exist, estimate the recoverable amount of the asset or CGU. The value of a previously written down asset can be restored only if there have been changes in the assumptions on which the calculation of the determined recoverable value was based, after the recognition of the last impairment loss. The recovery of value cannot exceed the carrying amount which would have been determined, net of depreciation, if no impairment had been recognized in previous years. This recovery is recognized in the profit and loss statement for the year unless the asset is not recognized at revalued value, in which case the recovery is treated as an increase from revaluation.

Goodwill and other intangible assets with indefinite useful life are subjected to impairment testing at least annually or more frequently if circumstances indicate that the carrying amount may be subject to impairment.

The impairment of goodwill is determined by evaluating the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill is attributable. If the recoverable amount of the cash generating unit is lower than the book value of the cash generating unit to which the goodwill has been allocated, an impairment loss is recognized. The reduction in the value of goodwill cannot be reversed in future years.

Intangible assets with an indefinite useful life are subject to impairment tests at least once a year with reference, at the level of the cash-generating unit and when circumstances indicate that there may be a loss in value.

4.3. INVENTORIES

The valuation of the various categories of goods was carried out according to the following criteria.

4.3.1. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

The materials in stock are valued at the lower of the purchase cost, determined with the weighted average cost method, and the presumed net realizable value that emerges from the market trend.

4.3.2. WORK IN PROGRESS AND SEMI-FINISHED PRODUCTS

Direct costs are considered in the valuation, according to the stage of processing achieved.

4.3.3. FINISHED PRODUCTS AND GOODS

The finished products in the warehouse are valued at the lower of the weighted average production cost (which includes the direct cost of materials and labor plus a share of the general production costs, based on normal production capacity, excluding financial charges) and the presumed net realizable value that emerges from market trends.

The goods are valued at the lower of the purchase cost, determined using the weighted average cost method of the year, and the presumed net realizable value that emerges from the market trend.

The market value is represented, as regards raw materials and products in progress, by the presumed net realizable value of the corresponding finished products less the completion costs, as regards the finished products by the presumed net realizable value.

The products considered obsolete, based on the age, the frequency of rotation, the possibility of use or realization are adjusted by the depreciation fund.

4.4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents and short-term deposits include cash on hand and sight and short-term deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of money and subject to a risk that is not significant changes in value.

4.5. PROVISIONS FOR RISKS AND CHARGES

Provisions for risks and charges are made when the Group has a present (legal or constructive) obligation resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made in the amount of the obligation. When the Group believes that a provision for risks and charges will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the compensation is recognized separately and separately in the assets if, and only if, it is virtually certain. In this case, the cost of any provision is presented in the profit and loss statement for the period net of the amount recognized for the reimbursement.

If the effect of the value of money over time is significant, the provisions are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognized as a financial charge.

4.6. PROVISIONS FOR SEVERANCE INDEMNITIES

The benefits paid to employees at or after the termination of the employment relationship are divided according to the economic nature into defined contribution plans and defined benefit plans. In defined contribution plans, the legal or implicit obligation of the company is limited to the amount of contributions to be paid. In defined benefit plans, the company's obligation is to grant and insure the agreed benefits to employees: consequently, the actuarial and investment risks fall on the company.

Until 31 December 2006, the severance indemnity fell within the scope of the plans following the employment relationship of the "defined benefit plans" type and was measured using the projected unit credit method carried out by independent actuaries. This calculation consists in estimating the amount of benefit that an employee will receive on the presumed termination date of employment using demographic assumptions (e.g. mortality rate and staff turnover rate) and financial assumptions (e.g. discount rate and increases future wages). The amount thus determined is discounted and re-proportioned based on the seniority accrued with respect to the total seniority.

Following the reform introduced with Law no. 296 of 27 December 2006, the portion of provisions for severance indemnities accrued 1 January 2007 is substantially similar to a "defined contribution plan." In particular, these modifications introduced the possibility for the worker to choose where to allocate his/her provisions for severance indemnities accruing: the new flows of severance indemnities can be, in companies with more than 50 employees, routed by the worker to selected pension schemes or transferred to the Treasury Fund at INPS.

With regard to the presentation in the profit and loss statement of the various cost components relating to the employee severance indemnities, it was decided to apply the accounting method allowed by IAS 19 which requires the separate recognition in the profit and loss statement of the cost components related to the work performance (classified under labor costs) and net financial charges (classified within the financial area), and the recognition of actuarial gains and losses that derive from the measurement in each financial year of the liability and asset among the components of the comprehensive income/(loss) statement. The profit or loss deriving from the actuarial calculation of the defined benefit plans (provision for severance indemnities) is fully recognized in the comprehensive income/(loss) statement.

4.7. RIGHTS OF USE

The Group assesses when signing a contract if it is, or contains, a lease. In other words, whether the contract confers the right to control the use of an identified asset for a period in exchange for a payment.

Except for contracts involving low unit value assets, all financial lease and rental contracts are capitalized in the "Right of use" item from the commencement date of the contract to the value of the liability, reduced by any incentives received and increased for any initial direct costs incurred and the estimate of restoration costs. A liability equal to the present value of the fixed payments over the duration of the contract as well as the payments for any purchase options for which the exercise is reasonably certain and any penalties for terminating the contract, where the duration of the contract, is entered in the liabilities. take this into account. The duration of the contract considers the period not cancelable as well as the extension options in the event of reasonable certainty of exercise of the same and the periods covered by the option to terminate the contract where there is reasonable certainty not to exercise the withdrawal. In calculating the present value of the payments due, the Group uses the marginal financing rate at the commencement date if the implicit interest rate cannot be easily determined.

The liability is progressively reduced based on the repayment plan of the portions of capital included in the lease payments. The installments are divided between the principal portion and the interest portion, in order to obtain the application of a constant interest rate on the residual balance of the debt (principal portion). Financial charges are charged to the profit and loss statement. Variable lease payments that do not depend on an index or rate are recognized as costs in the period (unless they have been incurred for the production of inventories) in which the event or condition that generated the payment occurs.

The right of use is amortized by applying the criterion indicated for tangible fixed assets over the duration of the contract, or on the basis of the rates indicated for tangible fixed assets if the exercise of any purchase option is reasonably certain. Depreciation and interest are shown separately. Right of use assets are subject to impairment.

For lease and rental contracts in which there is no purchase option and involving low unit value goods, the payments of the related charges are recognized as costs in the profit and loss statement on a straight-line basis over the duration of the contract.

Following the Covid-19 pandemic and the Amendment to IFRS 16 issued in May 2020, the Group elected to apply the practical expedient not to assess whether a Covid-19 related rent concession from a lessor is a lease modification: in particular, rent discount in the form of forgiveness of lease payment are accounted as a negative variable lease expense in the period when changes in facts and circumstances on which the variable lease payments are based occur. The Group applies this policy consistently to contracts with similar characteristics and in similar circumstances.

4.8. FINANCIAL INSTRUMENTS - RECOGNITION AND EVALUATION

A financial instrument is any contract that gives rise to a financial asset for an entity and to a financial liability or equity instrument for another entity.

4.9. FINANCIAL ASSETS

4.9.1. INITIAL RECOGNITION AND VALUATION

At the time of initial recognition, financial assets are classified, according to the cases, according to the subsequent measurement methods, that is, amortized cost, fair value through OCI and fair value through profit or loss.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that the Group uses for their management. Apart from trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially assesses a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction cost. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are valued at the transaction price as illustrated in the paragraph Revenue recognition.

In order for a financial asset to be classified and valued at the amortized cost or at fair value through OCI, it must generate cash flows that depend only on the principal and interest on the amount of principal to be repaid ('solely payments of principal and interest (SPPI)'). This assessment is referred as an SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (SPPI) are classified and measured at fair value through profit or loss.

The Group's business model for managing financial assets refers to the way in which it manages its financial assets in order to generate cash flows. The business model determines whether the cash flows will derive from the collection of contractual cash flows, from the sale of the financial assets or from both.

Financial assets classified and measured at amortized cost are owned within the framework of a business model whose objective is to own financial assets in order to collect contractual cash flows while financial assets that are classified and measured at fair value through are owned within the framework of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets.

The purchase or sale of a financial asset that requires its delivery within a period of time generally established by regulation or market conventions (a regular way trade) is recognized on the trade date, i.e. the date on which the Group undertook to buy or sell the asset.

4.9.2. SUBSEQUENT VALUATION

For the purpose of subsequent valuation, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through other comprehensive income/(loss) with reclassification of accumulated profits and losses (debt instruments);
- Financial assets at fair value through other comprehensive income/(loss) without reversing the accumulated profits and losses at the time of elimination (equity instruments);
- Financial assets at fair value through profit or loss

Financial assets at amortized cost (debt instruments)

Financial assets at amortized cost are subsequently valued using the effective interest criterion and are subject to impairment. Gains and losses are recognized in the profit and loss statement when the asset is eliminated, modified or revalued.

Financial assets at amortized cost of the Group include trade receivables and certain loans to directors and executives included in other non-current financial assets.

Financial assets at fair value through OCI (debt instruments)

For assets from debt instruments measured at fair value through OCI, interest income, changes due to exchange differences and impairment losses, together with write-backs, are recognized in the profit and loss statement and are calculated in the same way as the financial assets measured at amortized cost. The remaining changes in fair value are recognized in OCI. At the time of elimination, the cumulative change in fair value recognized in OCI is reclassified in the profit and loss statement.

At the reporting date and in the comparative periods shown, the Group had no activities included in this category.

Investments in equity instruments

Upon initial recognition, the Group may irrevocably choose to classify its equity investments as equity instruments recognized at fair value through OCI when they meet the definition of equity instruments pursuant to IAS 32 "Financial Instruments: Presentation" and are not held for trading. Classification is determined for each individual instrument.

The profits and losses achieved on these financial assets are never transferred to the profit and loss statement. Dividends are recognized as other income in the profit and loss statement when the right to payment has been approved, except when the Group benefits from such income as a recovery of part of the cost of the financial asset, in which case such profits are recognized in OCI. Equity instruments recognized at fair value through OCI are not subject to an impairment test.

At the reporting date and in the comparative periods shown, the Group had no activities included in this category.

Financial assets at fair value through profit or loss

Financial instruments at fair value with changes recognized through profit or loss are entered in the statement of financial position at fair value and net changes in fair value are recognized in the profit and loss statement for the year.

This category includes derivative instruments which have not been classified as hedging instruments.

The embedded derivative contained in a hybrid non-derivative contract, in a financial liability or in a main non-financial contract, is separated from the main contract and accounted for as a separate derivative, if: its economic characteristics and the risks associated with it are not strictly correlated to those of the main contract; a separate instrument with the same terms as the embedded derivative would satisfy the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value, with the changes in fair value recognized in the profit and loss statement. A recalculation takes place only if there is a change in the terms of the contract that significantly changes the cash flows otherwise expected or a reclassification of a financial asset to a category other than fair value through profit and loss.

4.9.3. DERECOGNITION

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized in the first place (e.g. removed from the statement of financial position of the Group) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Group has transferred the right to receive cash flows from the asset to a third party or has assumed a contractual obligation to pay them in full and without delay and (a) has substantially transferred all the risks and rewards of ownership of the financial asset, or (b) has not transferred or substantially retained all the risks and rewards of the asset, but has transferred control of it.

In cases where the Group has transferred the rights to receive cash flows from an asset or has signed an agreement under which it maintains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the financial flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and benefits inherent in possession. If it has neither transferred nor substantially retained all the risks and benefits or has not lost control over it, the asset continues to be recognized in the Group's financial statements to the extent of its residual involvement in the asset itself. In this case, the Group also recognizes an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that remain the Group's responsibility.

When the entity's residual involvement is a guarantee on the transferred asset, involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of the consideration received that the entity may have to repay.

4.9.4. IMPAIRMENT LOSSES

The Group recognizes an expected credit loss ('ECL') for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include the cash flows deriving from the enforcement of the collateral held or other credit guarantees which are an integral part of the contractual conditions.

The expected loss is detected in two phases. With regard to credit exposures for which there has not been a significant increase in credit risk since the initial recognition, it is necessary to recognize the credit losses that derive from the estimate of default events that are possible within the following 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, the expected losses that refer to the residual duration of the exposure must be recognized in full, regardless of when the default event is expected that occurs ("Lifetime ECL").

For trade receivables and contract assets, the Group applies a simplified approach in calculating expected losses. Therefore, the Group does not monitor changes in credit risk, but fully recognizes the expected loss at each reference date. The Group has defined a matrix system based on historical information, revised to consider prospective elements with reference to the specific types of debtors and their economic environment, as a tool for determining expected losses.

For assets represented by debt instruments measured at fair value through OCI, the Group applies the simplified approach allowed for low credit risk assets. At each reporting date, the Group assesses whether the debt instrument is deemed to have low credit risk using all available information that can be obtained without excessive costs or efforts. In making this assessment, the Group monitors the creditworthiness of the debt instrument. In addition, the Group assumes that there has been a significant increase in credit risk when contractual payments have past due for over 30 days.

The Group considers a financial asset in default when contractual payments have been past due for 90 days. In some cases, the Group may also consider that a financial asset is in default when internal or external information indicates that the Group is unlikely to recover the contractual amounts entirely before considering the credit guarantees held by the Group. A financial asset is eliminated when there is no reasonable expectation of recovery of the contractual cash flows.

4.10. FINANCIAL LIABILITIES

4.10.1. INITIAL RECOGNITION AND VALUATION

Financial liabilities are classified upon initial recognition under financial liabilities at fair value through profit or loss, under mortgages and loans, or among derivatives designated as hedging instruments.

All financial liabilities are initially recognized at fair value, to which, in the case of mortgages, loans and payables, the transaction costs directly attributable to them are added.

The Group's financial liabilities include trade and other payables, mortgages and loans, including bank overdrafts, reverse factoring liabilities and financial derivative instruments.

4.10.2. SUBSEQUENT VALUATION

For the purposes of subsequent valuation, financial liabilities are classified into two categories:

- → Financial liabilities at fair value through profit or loss
- → Financial liabilities at amortized cost (loans)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value with changes recognized through profit or loss include liabilities held for trading and financial liabilities initially recognized at fair value with changes recognized through profit or loss.

Liabilities held for trading are all those assumed with the intention of extinguishing or transferring them in the short term. This category also includes the derivative financial instruments subscribed by the Group which are not designated as hedging instruments in a hedging relationship defined by IFRS 9. Embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless are designated as effective hedging instruments.

Financial liabilities at amortized cost (loans)

This is the most relevant category for the Group. After initial recognition, loans are valued with the amortized cost criterion using the effective interest rate method. Gains and losses are recognized in the profit and loss statement when the liability is extinguished, as well as through the amortization process.

The amortized cost is calculated by recording the discount or premium on the acquisition and the fees or costs that form an integral part of the effective interest rate. Amortization at the effective interest rate is included in financial charges in the consolidated profit and loss statement.

This category generally includes interest-bearing loans.

4.10.3. DERECOGNITION

A financial liability is derecognized when the obligation underlying the liability is extinguished, canceled or fulfilled. If an existing financial liability is replaced by another of the same lender, at substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting derecognition of the original liability, accompanied by the recognition of a new liability, with recognition of any differences between book values in the consolidated profit and loss statement for the period.

4.10.4. OFFSETTING FINANCIAL INSTRUMENTS

A financial asset and liability can be offset, and the net balance shown in the statement of financial position, if there is a current legal right to offset the amounts recognized in the accounts and there is an intention to pay off the net residual or realize the assets and simultaneously extinguish the liability.

4.10.5. PRESENTATION

The Group presents liabilities that are part of a reverse factoring arrangement as part of trade payables only when those liabilities have a similar nature and function to trade payables. In assessing whether to present reverse factoring liabilities as trade receivables or financial liabilities the Group considers all relevant terms, including additional payment terms obtained with the reverse factoring agreement.

4.11. DIVIDENDS

The Parent recognizes a liability against the payment of a dividend when the distribution is properly authorized and is no longer at the discretion of the company. Under company law applicable in Italy, a distribution is authorized when it is approved by the shareholders. The corresponding amount is recognized directly in equity.

4.12. RECOGNITION OF REVENUES

The Group is engaged in the production, distribution and sale of men's, women's and children's footwear, clothing and accessories in the luxury fashion market.

Revenues from contracts with customers are recognized when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Group expects to receive in exchange for these goods or services. The Group generally concluded that it acts as Principal for most of the agreements that generate revenues.

Revenues from the sale of products are recognized when the control of the asset passes to the customer, which for wholesale sales generally coincides with shipping, while for retail sales it is contextual to the delivery of the asset. The usual terms of commercial payment extension average from 30 to 60 days from shipment. See Note 12.4.4 for further details.

The Group considers whether there are other promises in the contract that represent performance obligations on which a part of the consideration of the transaction must be allocated. In determining the price of the sales transaction, the Group considers the effects deriving from the presence of variable consideration, significant financing components, non-monetary considerations and considerations to be paid to the customer (if any).

If the consideration promised in the contract includes a variable amount, the Group estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the goods to the customer.

The variable consideration is estimated at the time of signing the contract and cannot be recognized until it is highly probable that, when the uncertainty associated with the variable consideration is subsequently resolved, there will be no significant downwards adjustment to the amount of the cumulative revenues that have been accounted for. Some wholesale contracts provide the customer with a right to return the goods within a certain period of time. As regards the right of return, the Group uses the expected value method to estimate the variable consideration in the presence of a large number of contracts that have similar characteristics. The Group therefore applies the requirements on binding estimates of the variable consideration in order to determine the amount of the variable consideration that can be included in the transaction price and recognized as revenue. The right to return an asset (and the corresponding adjustment of the cost of goods sold) is also recognized for the right to receive the goods from the customer. The right of return asset represents the right of the Group to recover the goods that are expected to be returned by customers. The asset is valued at the previous book value of inventories net of any recovery costs, including possible reduction in the value of the returned products. The Group periodically updates the estimate with reference to the expected amount of returns from customers, as well as any further reductions in value of the returned products. The liability for refunds represents the obligation to repay part or all of the consideration received (or to be received) from the customer and is assessed on the basis of the value that the Group expects to have to return to the customer. The Group updates its estimates of liabilities for refunds (and the corresponding change in the transaction price) at the end of each reporting period.

A receivable is recognized when the consideration is due unconditionally from the customer (i.e., it is only necessary for the time to elapse before payment of the consideration is obtained). Please refer to the paragraph Financial Instruments - Initial Recognition and Subsequent Valuation.

The contractual liability is an obligation to transfer to the customer goods or services for which the Group has already received the consideration (or for which a portion of the consideration is due). The contractual liability is recognized if the payment has been received or the payment is due (whichever comes first) from the customer before the Group has transferred control of the goods or services to him/her. Liabilities deriving from the contract are recognized as revenues when the Group satisfies the performance obligation in the related contract (i.e. control of the goods or services has been transferred to the customer).

4.13. INCOME TAXES

4.13.1. CURRENT TAXES

Current tax assets and liabilities for the year are recognized for the amount expected to be recovered or paid to the tax authorities. The tax rates and legislation used to calculate the amount are those issued, or substantially in force, at the reporting date in the countries where the Group operates and generates its taxable income.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in the profit and loss statement for the period. The Management periodically evaluates the position taken in the tax return in cases where the tax rules are subject to interpretation and, where appropriate, accrues a provision.

Direct taxes for the year are recorded based on the estimate of taxable income, in accordance with the provisions of the law and the tax rates in force, taking into account any applicable exemptions. The tax payable is recognized in the item Tax payables net of advances paid, withholdings and tax receivables.

4.13.2. DEFERRED TAX LIABILITIES

Deferred taxes are calculated by applying the liability method to the temporary differences at the reporting date between the tax values of the assets and liabilities and the corresponding book values.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the financial statement result or the tax result;
- the reversal of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it is likely that it will not occur in the foreseeable future.
- Deferred tax assets are recognized against all deductible temporary differences, unused tax credits and losses that can be carried forward, to the extent that it is probable that enough future taxable income will be available, which could allow the use of the deductible temporary differences and tax credits and losses carried forward, except in cases where: the deferred tax asset connected to the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the financial statement result, nor the tax result;
- in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that they will be reversed in the foreseeable future and that there will be enough taxable income that will allow the recovery of such temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable income will be available in the future to allow the use of this credit in whole or in part. Deferred tax assets not recognized are reviewed at each reporting date and are recognized to the extent that it becomes probable that the taxable income will be enough to allow for the recovery of these deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rates expected to be applied in the year in which these assets will be realized, or these liabilities will be extinguished, considering the rates in force and those already issued, or substantially in force, on the reporting date.

Deferred taxes relating to items recognized outside the profit and loss statement are also recognized outside the profit and loss statement and, therefore, in shareholders' equity or in the comprehensive income/(loss) statement, consistently with the element to which they refer.

Tax benefits acquired after a business combination, but which do not meet the criteria for separate recognition on the acquisition date, are eventually recognized subsequently, when new information is obtained on changes in facts and circumstances. The adjustment is recognized as a reduction in goodwill (up to the entire value of the goodwill), if it is recognized during the measurement period, or in the profit and loss statement, if recognized later.

The Group compensates deferred tax assets and deferred tax liabilities if and only if there is a legal right that allows to offset current tax assets and current tax liabilities and deferred tax assets and liabilities refer to income taxes due to the same tax authority by the same taxpayer or from different taxpayers who intend to pay the current tax assets and liabilities on a net basis or to realize the asset and pay the liability simultaneously, with reference to each future period in which the deferred tax assets and liabilities are expected to be paid or recovered.

4.13.3. INDIRECT TAXES

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the profit and loss statement;
- trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the statement of financial position under receivables or payables.

4.14. FOREIGN CURRENCIES

The consolidated financial statements are presented in euros, which is the functional and presentation currency adopted by the Parent. Each Group company defines its own functional currency, which is used to measure the items included in the individual financial statements. The Group uses the direct consolidation method; the profit or loss reclassified to the profit and loss statement at the time of the sale of a foreign subsidiary represents the amount that emerges from the use of this method.

4.14.1. TRANSACTIONS AND BALANCES

Foreign currency transactions are initially recognized in the functional currency, applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate at the reporting date.

The exchange differences realized or those deriving from the conversion of monetary items are recognized in the profit and loss statement, with the exception of the monetary elements which form part of the hedging of a net investment in a foreign operation. These differences are recognized in the statement of comprehensive income/(loss) up to the disposal of the net investment, and only then is the overall amount reclassified in the profit and loss statement. Taxes attributable to exchange rate differences on those monetary elements are also recognized in the statement of comprehensive income/(loss).

Non-monetary items valued at historical cost in foreign currency are converted at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recognized at fair value in foreign currency are converted at the exchange rate on the date of determination of this value. The profit or loss that emerges from the conversion of non-monetary items is treated consistently with the recognition of the gains and losses relating to the change in the fair value of the aforementioned items (i.e. the translation differences on the items whose change in the fair value is recognized in the statement of comprehensive income/(loss) or in the profit and loss statement are recognized in the statement of comprehensive income/(loss) or in the profit and loss statement, respectively).

In determining the spot exchange rate to be used at the time of initial recognition of the related asset, cost or revenue (or part of it) upon cancellation of a non-monetary asset or non-monetary liability relating to the advance payment, the date the transaction is the date on which the Group initially recognizes the non-monetary asset or the non-monetary liability resulting from the advance payment. If there are multiple payments or advances, the Group determines the transaction date for each payment or advance.

4.14.2. GROUP COMPANIES

At the reporting date, the assets and liabilities of the Group companies are converted into Euro at the exchange rate on that date, revenues and costs of each statement of comprehensive income/(loss) or profit and loss statement presented are converted at the exchange rates on the date of the transactions. The exchange differences arising from the conversion are recognized in the statement of comprehensive income/(loss). Upon the disposal of a foreign operation, the part of the statement of comprehensive income/(loss) referring to this foreign operation is reclassified to the consolidated profit and loss statement.

The goodwill deriving from the acquisition of a foreign operation and the adjustments to the fair value of the book values of assets and liabilities deriving from the acquisition of that foreign operation are accounted for as assets and liabilities of the foreign operation and therefore are expressed in the functional currency of the foreign operations and converted at the year-end exchange rate.

4.15. DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

4.15.1. INITIAL RECOGNITION AND SUBSEQUENT VALUATION

The Group uses derivative financial instruments including forward currency contracts, interest rate swaps and forward contracts to hedge their currency exchange rate risks and interest rate risks. These derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is signed and, subsequently, they are measured again at fair value. Derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For hedge accounting purposes, there are three types of hedges:

- fair value hedge to hedge the exposure against changes in the fair value of the recognized asset or liability or irrevocable commitment not entered;
- cash flow hedge to hedge the exposure against the variability of the cash flows attributable to a particular risk associated with all the assets or liabilities recognized or to a highly probable planned transaction or the risk of foreign currency on an irrevocable commitment not entered;
- hedge of net investment in a foreign operation.

At the start of a hedging transaction, the Group formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its objectives in risk management and the strategy pursued.

The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and the ways in which the Group will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of the sources of ineffectiveness of the coverage and how the coverage ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over the changes in value resulting from the aforementioned economic relationship;
- the coverage ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and from the quantity of the hedging instrument that the Group actually uses to hedge this quantity of hedged items.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

Fair value hedges

The change in the fair value of hedging derivatives is recognized in the consolidated profit and loss statement for the period among other costs. The change in the fair value of the hedged item attributable to the hedged risk is recognized as part of the carrying amount of the hedged item and is also recognized in the consolidated profit and loss statement for the period in other costs.

As regards fair value hedges referring to elements accounted for according to the amortized cost criterion, each adjustment of the book value is amortized in the consolidated profit and loss statement for the period along the residual period of the hedge using the effective interest rate method. The amortization thus determined can begin as soon as an adjustment exists but cannot extend beyond the date on which the hedged item ceases to be adjusted due to the changes in fair value attributable to the hedged risk.

If the hedged item is derecognized, the unamortized fair value is immediately recognized in the consolidated profit and loss statement for the period.

When an irrevocable unrecorded commitment is designated as a hedged item, subsequent cumulative changes in its fair value attributable to the hedged risk are accounted for as assets or liabilities and the corresponding profits or losses recognized in the consolidated profit and loss statement for the period.

Cash flow hedging

The portion of profit or loss on the hedged instrument, relating to the portion of effective hedging, is recognized in the statement of comprehensive income/(loss) in the cash flow hedge reserve, while the non-effective part is recognized directly in the consolidated profit and loss statement for the period. The cash flow hedge reserve is adjusted to the lesser of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

The Group uses forward currency contracts to hedge its exposure to exchange rate risk relating to both expected transactions and already established commitments. The ineffective part of the forward currency contracts is recognized among Selling and distribution expenses. Please refer to Note chapter 03.5.8.4 for further details.

The Group only designates the spot component of forward contracts as a hedging instrument. The forward component is cumulatively recognized in OCI in a separate item.

The amounts accumulated among other components of comprehensive income/(loss) are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently involves the recognition of a non-financial component, the amount accumulated in equity is removed from the separate component of equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of the items recognized in OCI for the period. This also applies in the case of a scheduled hedged transaction of a non-financial asset or a non-financial liability which subsequently becomes an irrevocable commitment to which the accounting for fair value hedging transactions is applied.

For any other cash flow hedge, the amount accumulated in OCI is reclassified in the profit and loss statement as a reclassification adjustment in the same period or in the periods during which the hedged cash flows impact the profit and loss statement.

If cash flow hedge accounting is interrupted, the amount accumulated in OCI must remain that amount if it is expected that future cash flow hedges will occur. Otherwise, the amount must be immediately reclassified to the profit and loss statement for the period as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any remaining accumulated amount in OCI must be accounted for according to the nature of the underlying transaction as previously described.

Hedging a net investment in a foreign operation

The hedges of a net investment in a foreign operation, including the hedges of a monetary item accounted for as part of a net investment, are accounted for in a similar way to the cash flow hedges. The gains or losses of the hedging instrument are recorded among the other components of the comprehensive income/(loss) statement for the effective portion of the hedge, while the remaining (non-effective) portion is recognized in the profit and loss statement for the period. Upon disposal of the foreign business, the cumulative value of these total profits or losses is transferred to the profit and loss statement for the period.

4.15.2. DETERMINATION OF FAIR VALUE

The Group measures financial instruments such as derivatives at fair value at each reporting date.

The fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in a regular transaction between market participants at the measurement date. Fair value measurement assumes that the sale of the asset or the transfer of the liability takes place:

- in the main market of the asset or liability; or
- in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible for the Group.

The fair value of an asset or liability is measured by adopting the assumptions that market operators would use in determining the price of the asset or liability, assuming that they act to best satisfy their economic interest.

An assessment of the fair value of a non-financial asset considers the ability of a market operator to generate economic benefits by using the asset in its maximum and best use or by selling it to another market operator who would use it in its maximum and best use.

The Group uses valuation techniques that are suitable for the circumstances and for which there is sufficient data available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All the assets and liabilities for which the fair value is valued or shown in the financial statements are categorized according to the fair value hierarchy, as described below:

- Level 1 - prices quoted (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date;
- Level 2 - inputs other than the quoted prices included in Level 1, observable directly or indirectly for the asset or liability;
- Level 3 - valuation techniques for which the input data is not observable for the asset or liability.

The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the lowest level hierarchy input used for the measurement is classified.

For the assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between the levels of the hierarchy by reviewing the categorization (based on the lowest level input, which is significant for the purposes of measuring fair value in its entirety) at each reporting date.

The Group's Management determines the criteria and procedures for measuring fair value.

External experts are involved in the valuation of significant assets and liabilities. The selection criteria include knowledge of the market, reputation, independence and compliance with professional standards.

At each reporting date, the Group's Management analyzes the changes in the values of assets and liabilities for which, based on the Group's accounting standards, remeasurement or re-assessment is required.

For this analysis, the main inputs applied in the most recent valuation are verified, linking the information used in the valuation to contracts and other relevant documents.

The Group's Management compares each change in the fair of each asset and liability and the relevant external sources, in order to determine whether the change is reasonable.

For the purposes of disclosure relating to fair value, the Group determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as previously illustrated.

4.16. ACCOUNTING STANDARDS AND INTERPRETATIONS WITH APPLICATION FROM 1 JANUARY 2021

The following changes apply from 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Amendment to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The changes include the temporary relaxation of the requirements with respect to the effects on the financial statements at the time when the interest rate offered on the interbank market (IBOR) was replaced by an alternative substantially risk-free rate (Risk Free Rate - RFR):

The changes include the following practical expedients:

- A practical expedient that allows contractual changes, or changes in cash flows that are directly required by the reform, to be considered and treated as changes in a variable interest rate, equivalent to a change in a market interest rate;
- Allow the changes required by the IBOR reform to be made to the documentation of the designation of the hedging relationship without such relationship having to be discontinued;
- Provide temporary relief to entities in having to comply with separate identification requirements when an RFR is designated as a hedge of a risk component.

These changes had no impact on the Group's financial statements.

Amendment to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021

On 28 May 2020 the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of contractual changes for lease reductions granted by lessors that are a direct consequence of the Covid-19 pandemic. The amendment introduces a practical expedient whereby a lessee may choose not to assess whether the reductions in lease payments represent a change in contract. A lessee that chooses to use this expedient accounts for these reductions as if they were not contractual changes for the purpose of IFRS 16.

The changes were to be applicable until 30 June 2021, but as the impact of the Covid-19 pandemic continues, on 31 March 2021 the IASB extended the period of application of the practical expedient until 30 June 2022.

The amendments apply to financial years beginning on or after 1 April 2021. The Group has therefore continued to make use of this practical expedient.

4.17. ACCOUNTING STANDARDS ISSUED BUT NOT YET IN FORCE

The standards and interpretations which, at the date of preparation of these financial statements, had already been issued but were not yet in force, are illustrated below. The Group intends to adopt these standards and interpretations, if applicable, when they come into force.

4.17.1. AMENDMENTS TO IAS 1: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments will be effective for the years starting on or after 1 January 2023, and must be applied retrospectively. The Group is currently evaluating the impact that the changes will have on the current situation and if renegotiation of the existing loan contracts is necessary.

4.17.2. REFERENCE TO THE CONCEPTUAL FRAMEWORK – AMENDMENTS TO IFRS 3

In May 2020, the IASB published the changes to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments seek to replace the references to the Framework for the Preparation and Presentation of Financial Statements, published in 1989, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change in the requirements of the principle.

The Board also added an exception to the IFRS 3 valuation principles to avoid the risk of potential "day-after" losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies if contracted separately.

At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for contingent assets will not be impacted by the updated references to the Framework for the Preparation and Presentation of Financial Statements.

The amendments will be effective for the years starting on or after 1 January 2022 and apply prospectively.

4.17.3. PROPERTY, PLANT AND EQUIPMENT; PROCEEDS BEFORE INTENDED USE – AMENDMENTS TO IAS 16

In May 2020 the IASB published Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products sold during the period in which this activity is carried out at the place or the conditions necessary for it to be able to operate in the manner in which it was designed by management. Instead, an entity recognizes the revenue from the sale of those products and the costs of producing them in the profit and loss statement.

The amendment will be effective for years starting on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the commencement date of the period prior to the period in which the entity first applies such amendment. No material impacts are expected with regard to these changes.

4.17.4. ONEROUS CONTRACTS – COSTS OF FULFILLING A CONTRACT – AMENDMENTS TO IAS 37

In May 2020 the IASB published amendments to IAS 37 to specify which costs should be considered by an entity when assessing whether a contract is onerous or loss-making.

The amendment provides for the application of an approach called "directly related cost approach". Costs that relate directly to a contract for the supply of goods or services include both incremental costs and costs directly attributed to the contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they can be explicitly charged to the counterparty based on the contract.

The amendments will be effective for the years starting on or after 1 January 2022. The Group will apply these changes to contracts for which it has not yet fulfilled all its obligations at the beginning of the year in which it applies these changes for the first time.

4.17.5. IFRS 9 FINANCIAL INSTRUMENTS – FEES IN THE “10 PER CENT” TEST FOR DERECOGNITION OF FINANCIAL LIABILITIES

As part of the 2018-2020 process of annually improving the IFRS standards, the IASB published an amendment to IFRS 9. This amendment clarifies the fees that an entity includes in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or the lender on behalf of others. An entity applies this amendment to financial liabilities that are amended or exchanged after the date of the first financial year in which the entity applies the amendment for the first time.

The amendment will be effective for years starting on or after 1 January 2022, and early application is permitted. The Group will apply such amendment to financial liabilities that are subsequently amended or exchanged or on the date of the first period in which the entity first applies such amendment. No material impacts are expected for the Company with regard to this change.

4.17.6. DEFINITION OF ACCOUNTING ESTIMATE - AMENDMENTS TO IAS 8

In February 2021, the IASB issued amendments to IAS 8, introducing a definition of “accounting estimates.” These amendments clarify the distinction between changes in accounting estimates and changes in accounting standards and correction of errors. Moreover, they clarify how entities use measurement and input techniques to develop accounting estimates.

The amendments are effective for fiscal years 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 beginning of that period. Early application is permitted provided that this fact is disclosed.

The changes are not expected to have a significant impact on the Group's financial statements.

4.17.7. DISCLOSURE ON ACCOUNTING STANDARDS - 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 accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to provide their "significant" accounting policies with a requirement to provide disclosures about their "material" accounting policies. Furthermore, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.

Amendments to IAS 1 shall apply from financial years starting on or after 1 January 2023, early application shall be permitted. Since the amendments to PS 2 provide 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 evaluating the impact of these amendments to determine the effect they will have on the Group's accounting policy disclosures.

4.18. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

4.18.1. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Group checks whether there are indicators of impairment for all non-financial assets that require an impairment test; in any case, at least annually, goodwill and intangible assets with an indefinite useful life are subjected to impairment tests. If the asset is impaired, the book value is aligned with the recoverable amount. An impairment occurs when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset or a cash-generating unit in a free transaction between knowledgeable and willing parties, less the costs of the disposal. The calculation of the value in use is based on a model of discounting of cash flows. Cash flows are derived from the budget of the following 5 years and do not include restructuring activities for which the Group has not yet committed or significant future investments which will increase the results of the activity included in the cash flow generating unit subject to rating. The recoverable amount depends significantly on the discount rate used in the discounting model of the cash flows, as well as on the cash flows expected in the future and on the growth rate used for the extrapolation.

4.18.2. LEASES - ESTIMATE OF THE INCREMENTAL BORROWING RATE

The Group cannot easily determine the implicit interest rate of most lease contracts and therefore uses the incremental borrowing rate (IBR) to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee should pay for a loan, with a duration and with a similar surety, necessary to obtain an asset of similar value to the asset consisting of the right of use in a similar economic context. The IBR therefore reflects the rate that the Group would have to pay, and this requires the company to estimate when data are not observable or when rates need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable data (such as market interest rates), if available, and making entity-specific estimates on credit ratings.

4.18.3. SIGNIFICANT JUDGMENT IN DETERMINING THE LEASE TERM OF CONTRACTS THAT CONTAIN AN EXTENSION OPTION

The Group determines the duration of the lease as the non-cancellable period of the lease to which must be added both the periods covered by the lease extension option, if there is reasonable certainty to exercise this option, and the periods covered by the lease option termination of the lease if there is reasonable certainty not to exercise this option. The Group has the possibility, for some of its leases, to extend the lease for a further period mostly between three to five years. The Group applies its judgment in assessing whether there is reasonable certainty to exercise the renewal. Having said that, the Group considers all the factors identified that may entail an economic incentive to exercise the renewal. After the commencement date, the Group re-evaluates the duration of the lease in the event that a significant event or significant change occurs in circumstances that are under its control and which may affect the ability to exercise (or not to exercise) the renewal option (for example, a change in business strategy). The Group included the renewal period as part of the duration of the property lease rentals given the significance of these activities in its operations. These leases have a relatively short non-cancellable period (three to six years), and in the case of replacement of assets not immediately available, there will be a significantly negative effect on the Group's operations. The renewal options for vehicle leases have not been included in the determination of the duration of the lease, as the Group has a lease policy for vehicles for a period not exceeding five years and therefore will not exercise any renewal option.

Application of the amortized cost method

Financial instruments measured using the amortized cost method require that the Group periodically review its estimates of future cash flows, for example in the event that a loan is expected to be repaid earlier than the due date. This revision of the estimate involves the recalculation of the book value of the financial instrument based on the discounted cash flows redetermined using the effective interest rate calculated on initial recognition. The difference that arises from the change in the value of the liability due to the revision of the estimate is recognized in the profit and loss statement for the year.

4.18.4. DEFERRED TAX ASSETS

Deferred tax assets are recognized in accordance with IAS 12. A discretionary assessment is required from the Directors to determine the amount of deferred tax assets that can be accounted for. They must estimate the probable temporal manifestation and the amount of future tax profits, as well as a planning strategy for future taxes. The book value of deferred tax assets is provided in Note no. 03.6.9.

4.18.5. PROVISIONS FOR RISKS AND CHARGES

The Directors make estimates for the valuation of risks and charges. In particular, the Directors made use of estimates and assumptions in determining the degree of probability of occurrence of an effective liability and, in the event that the risk was assessed as probable, in determining the amount to be set aside for the identified risks.

4.18.6. REVENUE RECOGNITION - ESTIMATE OF THE VARIABLE FEE FOR RETURNS

The Group has developed a statistical model for expected returns on sales. The model uses the historical return data by season in order to quantify the expected return percentages. These percentages are then applied to determine the expected value of the variable consideration. Any significant change compared to the historical model will affect the expected return percentages estimated by the Group.

4.18.7. EMPLOYEE BENEFITS

The book value of the defined benefit plans in the financial statements is determined using actuarial valuations, which require the development of assumptions about the discount rates, the expected rate of return on loans, future salary increases, mortality rates and the future increase in pensions. The Group believes that the rates estimated by the actuaries for the valuations at the year-end date are reasonable, but it cannot be excluded that future significant changes in rates may have significant effects on the liability recorded in the financial statements. Further details are provided in Note no. 03.5.17.

4.18.8. INVENTORY WRITE-DOWN PROVISION

The value of inventories is adjusted for the risks associated with the slow turnover of some types of raw materials and consumables.

4.18.9. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts reflects the estimate of Expected Credit Loss over the entire life of the trade receivables recorded in the financial statements and not covered by any credit insurance. This estimate considers the historical information available to the Group and the expectations on future economic conditions.

The matrix is based initially on the Group's observed historical default rates. The Group will calibrate the matrix to refine the historical data on credit losses with forecast elements. For example, if the expected economic conditions (e.g. gross domestic product) are expected to deteriorate the following year, this may lead to an increase in the number of defaults in a given geographic market, historical default rates are therefore adjusted. At each reporting date, historical default rates are updated and changes in estimates on forecast items are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in the circumstances and expected economic conditions. The historical experience of the Group's credit losses and the forecast of future economic conditions may also not be representative of the customer's actual insolvency in the future. Information on the ECL on trade receivables and on the Group's contract assets is given in Note 03.5.12.

5. Main items of the consolidated statement of financial position

5.1. INTANGIBLE FIXED ASSETS

The breakdown and movements of intangible assets for the year are as follows.

Description	Cost 01.01.2021	Accumulated amortization 01.01.2021	01.01.2021 Net Value	Increases	Depreciation	FX Changes	Cost 31.12.2021	Accumulated depreciation 31.12.2021	31.12.2021 Net value
Trademarks and patents	703,798	[156]	703,643	104	[45]	11	703,914	[200]	703,713
Concessions, licenses, software and similar rights	13,267	[5,334]	7,933	2,971	[4,492]	[17]	16,214	[9,820]	6,394
Key Money	8,581	[3,978]	4,603	[76]	[923]	40	8,717	[5,074]	3,643
Goodwill	548,084	0	548,084	0		0	548,084		548,084
Backlog	11,900	[11,900]	0	0		0	11,900	[11,900]	0
Customer relationships	182,100	[6,106]	175,994	2,850	[12,268]	0	184,950	[18,374]	166,576
Intangible assets in progress and payments on account	4,294	0	4,294	470		45	4,809		4,809
Other intangible assets	135	[100]	36	382	[227]	25	350	[134]	215
Total	**1,472,159**	**[27,574]**	**1,444,585**	**6,702**	**[17,956]**	**103**	**1,478,937**	**[45,502]**	**1,433,434**

5.1.1. TRADEMARKS AND PATENTS

he amount mainly relates to the value relating to the "Golden Goose Deluxe Brand" trademark, recognized in the price allocation following the Group acquisition occurred during the year 2020. The value attributed to the brand, equal to Euro 702,900 thousand, was assigned by the Directors on the basis of an appraisal carried out by an independent firm which applied the royalty relief method using a royalty rate of 11.5%, consistent with a panel of comparable brands, and using a discount rate (WACC) of 9.9% and taking into account the tax amortization benefit.

The useful life of such asset has been identified as indefinite.

As of 31 December 2021, the Group carried out an impairment test for the brand value, and the recoverable amount was estimated determining the brand fair value using a WACC of 9.8% and a royalty rate of 11.5%. No impairment loss was identified.The increase in this category relates to patents acquired during the year.

5.1.2. CONCESSIONS, LICENSES, SOFTWARE AND SIMILAR RIGHTS

This category mainly includes the costs incurred for the acquisition and implementation of company information systems and the website for e-commerce. The increases refer to licenses on software programs related to upgrading and customizing the company's ERP software.

5.1.3. KEY MONEY

This item has a net book value as of 31 December 2021 of Euro 3,643 thousand and includes consideration (Key Money) paid by Group companies to take over contracts referred to commercial real estate located in prestigious places within the opening of owned stores. These amounts also include the initial direct costs incurred for the negotiation and finalization of property lease contracts. These costs are capitalized because of the expected incremental revenues deriving from the possibility of specifically operating in prestigious locations. Key money is amortized over the lease term, taking account of the possibility of renewal. At the reporting date, no impairment indicators were identified for key money.

5.1.4. INTANGIBLE ASSETS UNDER DEVELOPMENT AND ADVANCES

The item mainly includes expenses incurred by the Parent Golden Goose S.p.A. for the redevelopment costs of the properties as of 31 December 2021. The assets still in progress are expected to be ready for the intended use in 2022.

5.1.5. CUSTOMER RELATIONSHIPS

Customer relationships were recognized following the purchase price allocation after the acquisition of Golden Goose occurred during the year 2020. The asset value (Euro 182,100 thousand gross) was assigned by the Directors on the basis of an appraisal carried out by an independent firm which estimated the value applying the attrition rate (6.7%, based on the average loss rate per year of wholesale customers served by Golden Goose five years ago) and considering a 15-year period, using 10.9% as discount rate (equal to the WACC, used for the trademark appraisal, increased by an additional premium of 1%) and considering the tax amortization benefit. The asset is amortized over a 15-year period.

The increase of Euro 2,850 thousand arose as a result of the agreement with distributors, with which Golden Goose acquired the customer list of distributors – with their further commitment to refrain from making further direct or indirect sales – in South Korea or in non-EU territories. It was considered as having a finite useful life, and amortized over 10 years.

5.1.6. BACKLOG

The backlog was recognized in 2020 following the allocation of the price paid following the acquisition of Golden Goose. The entire value was fully amortized as of 31 December 2021.

5.1.7. GOODWILL – IMPAIRMENT TEST

Goodwill, referring to the acquisition in 2020, was determined as the residual value after allocating the consideration paid for the acquisition of the Golden Goose Group to all identifiable assets and liabilities, for a value of Euro 548,084 thousand.

The recoverable value of the single cash generating unit was determined based on a calculation of the value in use. On 31 December 2021 the impairment test was performed using the latest available business plan, as updated for 2022 by the budget; the WACC applied was 9.8%, with a G rate of 2.0%, equal to the expected weighted long-term inflation rate.

No impairment loss has been identified for the goodwill. Below are the financial parameters that would reduce the Enterprise Value to align it with the Group's net invested capital at the reporting date:

- Operating cash flows, including terminal value: -19.4%
- Increase in the WACC: +166 bps;
- Decrease of the growth rate: -247 bps.

5.2. RIGHTS OF USE

The breakdown and movements of right of use assets and the related liabilities for the year are as follows.

	Buildings	Motor vehicles	Electronic machines	Total Rights of use	Right-of-use liabilities
Book value as of 31 December 2020	**93,875**	**305**	**9**	**94,189**	**(98,675)**
Increases for new contracts	40,298	247		40,544	(40,544)
Depreciation for the period	(22,344)	(216)	(5)	(22,564)	
Write-ups	2,212			2,212	
Contractual amendments and early terminations	888	(20)		868	(834)
Accrued interest				0	(5,208)
Rent relief accounted as negative variable lease payments				0	1,155
Repayments				0	22,152
Exchange rate effect	4,514	(0)		4,514	(5,222)
Book value as of 31 December 2021	**119,442**	**316**	**4**	**119,762**	**(127,177)**

These changes in rights of use mainly relate to the new property lease contracts entered, and the depreciation for the year of Euro 22,564 thousand. Lease liabilities increased by Euro 40,544 in relation to new leases and by Euro 5,208 thousand for interest expense accrued. New contracts comprise Euro 32,149 thousand referring to contracts entered into for stores opened during the year. Repayments for the year amounted to Euro 22,152 thousand. During the year, lessors granted to the Group rent relief in form of payment forgiveness for Euro 1,155 thousand, accounted for as a negative variable lease payment, according to the Amendment to IFRS 16.

Write-backs refer mainly to two stores in Asia which had been written down in the previous year.

Many lease contracts related to commercial buildings provide variable payments linked to the turnover of the stores. At the reporting date, there are no contracts in existence that offer guarantees for the residual value or commitments for contracts that have not yet started.

The Group makes use of property rental contracts in order to obtain the availability of the premises where its business is carried out; these contracts provide for extension and termination options in accordance with what is normally applied in commercial practice. At the reporting date, none of the assets consisting of the rights of use meets the definition of real estate investment.

The Group has no sub-lease contracts in place. During the year, no sales or leaseback transactions were carried out.

Amounts recognized in the profit and loss statement for the year are as follows:

Euro (thousand)	For the year ended 31 December 2021
Depreciation of right of use assets	22,564
Write-ups of the value of right-of-use assets	(2,221)
Interest expense on leases	5,208
Rent relief accounted as negative variable lease payments	(1,155)
Rental costs - variable rents	11,307
Total effects recorded in the profit and loss statement	**35,703**

The total outgoing cash flows relating to the leasing of the Group is Euro 33,459 thousand for the year ended 31 December 2021. In addition, new contracts entered into by the Group during the year originated an increase in rights of use assets for Euro 40,544 thousand for the year ended 31 December 2021 and of right of use liabilities for Euro 40,544 thousand for the year ended 31 December 2021.

5.3. TANGIBLE FIXED ASSETS

The breakdown and movements in tangible assets for the year are as follows.

Description	Cost 01.01.2021	Accumulated depreciation 01.01.2021	01.01.2021 Net Value	Increases	Decreases	Depreciation	Write-ups	FX Changes	Cost 31.12.2021	Accumulated depreciation 31.12.2021	31.12.2021 Net value
Land and buildings	502	[45]	457	0	0	[15]	0	0	502	[60]	441
Plant and machinery	745	[382]	362	73	0	[79]	0	0	798	[442]	355
Industrial and commercial equipment	2,221	[1,047]	1,172	478	[6]	[395]	0	[93]	2,482	[1,324]	1,159
Other tangible assets	49,211	[15,916]	33,295	19,653	[250]	[10,315]	48	1,293	69,102	[25,379]	43,723
Assets in progress and advance payments	1,785	0	1,785		[808]	0	0	23	999		999
Total	**54,462**	**[17,390]**	**37,073**	**20,203**	**[1,064]**	**[10,804]**	**48**	**1,223**	**73,883**	**[27,205]**	**46,677**

"Land and Buildings" refer to a property owned by the Group used as a company guesthouse.

The item "Plant and Machinery" contains the values relating to investments in air conditioning and lighting systems for the Marghera offices.

"Industrial and commercial equipment" refer mainly to the purchase of forms and molds to produce footwear, commercial equipment for the Milan store, equipment and fittings for trade shows and photo shoots and fittings for corner shops and showrooms.

The item "Other tangible assets" includes office and store furniture, motor vehicles, electronic office machines and leasehold improvements. In particular, the leasehold improvements increased at 31 December 2021, amounting to Euro 11,017 thousand and mainly refer to the costs incurred for the renovation of the buildings where the Group carries out its main activity in Marghera (Via dell'Atomo 8 and Via dell'Elettricità 6), the relocation of the headquarter in Milan (Via Marelli 10) and the charges deriving from the renovation of the premises of stores and showrooms.

The item "Assets in progress and payments on account" refer to advances on renovations of the aforementioned offices.

Impairment recorded during the year refers to the nine stores that the Group is deciding whether to close.

5.4. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The breakdown of the financial instruments as of 31 December 2021 is as follows.

FINANCIAL ASSETS			
Euro (thousand)		31 December 2021	31 December 2020
Financial assets at fair value with changes recognized in the Profit and Loss Statement			
	Derivatives- non-hedging component		
Derivatives designated as hedging instruments	Forward foreign exchange contracts (see Note 5.5)	22	915
Financial assets measured at amortized cost	Trade receivables (see Note 5.12)	36,642	33,707
	Other current financial assets (see Note 5.6)	1,144	4,879
	Other non-current financial assets (see Note 5.6)	211	54
	Loans to employees (see Note 5.6)	34	667
	Total financial assets *	38,054	40,222
*** Financial assets other than cash and short-term deposits**	Total current portion	37,808	39,501
	Total non-current portion	245	721

FINANCIAL LIABILITIES			
Euro (thousand)		31 December 2021	31 December 2020
Financial liabilities at fair value with			
changes recognized in the profit and loss statement	Contingent consideration from the business combination - current	1000	994
	Contingent consideration from the business combination – non-current	2,402	2,321
Derivatives designated as hedging instruments	Forward foreign exchange contracts (see Note 5.5)	2,780	
Financial liabilities measured at amortized cost	Trade payables (see Note 5.20)	76,880	64,338
	Reverse factoring liabilities (see Note 5.8.7)	13,135	13,172
	Payables to banks - current	162	26,137
	Payables to banks - non-current	0	458,757
	Payables to bondholders - current	2,990	0
	Payables to bondholders – non-current	462,096	0
	Current lease liabilities	18,928	15,350
	Non-current lease liabilities	108,249	83,327
	Other financial liabilities - current		128
Total financial liabilities		688,622	664,524
Total current portion		115,874	120,118
Total non-current portion		572,748	544,405

The classification of financial instruments from the perspective of IFRS 9 is transversal to various items of the consolidated statement of financial position.

5.4.1. FAIR VALUE MEASUREMENT AND RELATED HIERARCHICAL VALUATION LEVELS

The main financial liability as of 31 December 2021 was the bond loan having a nominal amount of Euro 480 million, issued in 2021. These bonds are traded on the LuxSE (Luxembourg Stock Exchange) and the MTF market of the Vienna Stock Exchange (respectively with ISIN codes XS2342638033 and XS2342638033). As of 31 December 2021, the fair value of the bond loan (derived directly from the stock market price at the end of the year) amounted to Euro 482,476 thousand (compared with the book value of the debt valued at amortized cost and equal to Euro 465,086 thousand). All other existing assets and most of the financial assets and liabilities are short-term items or medium-term liabilities recorded during 2021: due to this the book value is considered a reasonable approximation of the fair value.

Management has verified that the fair value of cash and cash equivalents and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates the book value as a consequence of the short-term maturities of these instruments.

The following methods and assumptions have been used to estimate fair value:

- Long-term loans and receivables, both fixed and floating rate, are assessed by the Group on the basis of parameters such as interest rates, country-specific risk factors, the individual creditworthiness of each customer and the characteristic risk of the financial project. Based on this valuation, the allowances for estimated losses on these credits are recorded in the accounts.
- The Group enters derivative financial instruments with various counterparties, mainly financial institutions with an assigned credit rating. Derivatives valued using valuation techniques with detectable market data mainly consist of interest rate swaps and forward currency contracts. The valuation techniques applied most frequently include the forward pricing and swaps models, which use the calculation of the present value. The models consider different inputs, including the credit quality of the counterparty, the spot foreign currency and forward rates, the interest rate curves and the forward rate curves of the underlying commodities, the yield curves of the respective currencies, the base spread between their currencies.
- The fair value of Group loans that accrue interest is determined using the discounted cash flow method and using a discount rate that reflects the interest rate of the issuer at the end of the year. The Group's default risk as of 31 December 2021 was assessed as insignificant.

In relation to the financial instruments recognized in the statement of financial position at fair value, IFRS 13 requires that these values to be classified in accordance with a hierarchy of levels that reflects the significance of the inputs used in determining the fair value.

The following levels are distinguished:

- Level 1 - prices recorded on an active market for assets or liabilities being valued;
- Level 2 - inputs other than the quoted prices referred to in the previous point, which are observable directly (prices) or indirectly (derived from prices) on the market;
- Level 3 - inputs that are not based on observable market data.

Please note that, with the exception to the business combination liabilities, all assets and liabilities that are measured at fair value as of 31 December 2020 can be classified in the fair value hierarchy in level 2 as defined by IFRS 13. Furthermore, during the period ended 31 December 2021 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.

5.5. DERIVATIVE FINANCIAL INSTRUMENTS

The breakdown of derivative financial instruments by category and maturity as of 31 December 2021 is the following:

Euro (thousand)		Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 5 years	Total
As of 31 December 2021 Forward foreign exchange contracts (highly probable expected sales)	Notional amount (in Euro thousand)	12,701	12,762	12,715	12,719		50,898
	Average forward rate (EUR/USD)	1.1810	1.1754	1.1797	1.1793		1.1788
	Notional amount (in Euro thousand)	3,908	3,896	2,770	2,759		13,332
	Average forward rate (EUR/KRW)	1,381.88	1,386.11	1,353.80	1,359.34		1,372.62
	Notional amount (in Euro thousand)	3,161	3,133	4,275	4,235		14,804
	Average forward rate (EUR/CNY)	7.594	7.659	7.720	7.792		7.701
As of 31 December 2020 Forward foreign exchange contracts (highly probable expected sales)	Notional amount (in Euro thousand)	12,640					12,640
	Average forward rate (EUR/USD)	1.1867					1.1867
	Notional amount (in Euro thousand)	13,247	2,726				15,973
	Average forward rate (EUR/KRW)	1,322.00	1,320.60				1,321.76
	Notional amount (in Euro thousand)	13,706					13,706
	Average forward rate (EUR/CNY)	7.879					7.879

Derivatives designated as hedging instruments reflect the positive changes in the fair value of these forward contracts on currencies, which are not designated as hedging contracts, but the aim is still to reduce the risk on sales and purchases envisaged.

The Group's policy is not to carry out derivative transactions for speculative purposes.

Derivatives designated as hedging instruments reflect the positive changes in the fair value of forward foreign exchange contracts designated as hedges contracts of highly probable cash flows.

As of 31 December 2021, the Group holds forward foreign exchange contracts to hedge sales which have been designated as hedging instruments for sales in future seasons.

These derivatives are represented by the forward sale of currency through which the Group undertakes to sell the underlying currency at a specific maturity and at a predetermined exchange rate.

As the characteristics of the derivative contracts entered into are closely related to the underlying element (specifically, expected sales in the United States, Korea and China), they are accounted for on the basis of hedge accounting, with the fair value of the derivative accounted for, net of the tax effect, directly in equity.

The statement of financial position items which include the fair value of derivatives outstanding as of 31 December 2021 are "Current financial assets" and "Current financial liabilities" depending on whether the fair value at the end of the period is positive or negative.

The impact and classification of hedging instruments are represented as follows:

	Notional amount	Book value (thousands euros)	Statement of financial position item
As of 31 December 2021			
Forward foreign exchange contracts	USD 60,000,000/KRW 18,300,000,000/CNY 114,000,000	-2.758	Other current financial assets/ Current financial debt
As of 31 December 2020			
Forward foreign exchange contracts	USD 15,000,000/KRW 21,112,000,000/CNY 108,000,000	915	Other current financial assets/ Current financial debt

Currency hedging contracts outstanding as of 31 December 2021 with positive mark to market value amount to Euro 22 thousand, while those with negative market to market have a value of Euro 2,780 thousand.

These are broken down by bank below:

Bank	Expiry	Notional	Mark to Market 31 December 2021 (Euro)
Friuladria-Credit Agricole	13/07/2022	KRW 1250000000	3
Friuladria-Credit Agricole	03/08/2022	KRW 1250000000	4
Friuladria-Credit Agricole	08/09/2022	KRW 1250000000	4
Friuladria-Credit Agricole	12/10/2022	KRW 1250000000	4
Friuladria-Credit Agricole	14/11/2022	KRW 1250000000	4
Friuladria-Credit Agricole	12-Dec-22	KRW 1250000000	4
		Total gains on derivatives	**22**
Bank	**Expiry**	**Notional**	**Mark to Market 31 December 2021**
Friuladria-Credit Agricole	21/01/2022	CNY 8000000	[53]
Friuladria-Credit Agricole	23/02/2022	CNY 8000000	[52]
Friuladria-Credit Agricole	23/03/2022	CNY 8000000	[51]
Friuladria-Credit Agricole	20/04/2022	CNY 8000000	[52]
Friuladria-Credit Agricole	20/05/2022	CNY 8000000	[52]
Friuladria-Credit Agricole	21/06/2022	CNY 8000000	[51]
Friuladria-Credit Agricole	15/07/2022	CNY 11000000	[71]
Friuladria-Credit Agricole	05/08/2022	CNY 11000000	[71]
Friuladria-Credit Agricole	14/09/2022	CNY 11000000	[70]
Friuladria-Credit Agricole	14/10/2022	CNY 11000000	[70]
Friuladria-Credit Agricole	16/11/2022	CNY 11000000	[70]
Friuladria-Credit Agricole	14/12/2022	CNY 11000000	[70]
Friuladria-Credit Agricole	19/01/2022	KRW 1800000000	[32]
Friuladria-Credit Agricole	21/02/2022	KRW 1800000000	[31]
Friuladria-Credit Agricole	21/03/2022	KRW 1800000000	[31]
Friuladria-Credit Agricole	14/04/2022	KRW 1800000000	[31]

Friuladria-Credit Agricole	18/05/2022	KRW 1800000000	[31]
Friuladria-Credit Agricole	17/06/2022	KRW 1800000000	[30]
Friuladria-Credit Agricole	14/01/2022	USD 5000000	[180]
Friuladria-Credit Agricole	14/02/2022	USD 5000000	[177]
Friuladria-Credit Agricole	14/03/2022	USD 5000000	[175]
Friuladria-Credit Agricole	14/04/2022	USD 5000000	[150]
Friuladria-Credit Agricole	13/05/2022	USD 5000000	[150]
Friuladria-Credit Agricole	15/06/2022	USD 5000000	[147]
Friuladria-Credit Agricole	15/07/2022	USD 5000000	[156]
Friuladria-Credit Agricole	11/08/2022	USD 5000000	[155]
Friuladria-Credit Agricole	15/09/2022	USD 5000000	[151]
Friuladria-Credit Agricole	14/10/2022	USD 5000000	[142]
Friuladria-Credit Agricole	15/11/2022	USD 5000000	[141]
Friuladria-Credit Agricole	07/12/2022	USD 5000000	[140]
		Total losses on derivatives	**[2,780]**
NET TOTAL			**[2,758]**
Bank	**Expiry**	**Notional**	**Mark to Market 31 December 2020**
			(Euro)
Friuladria-Credit Agricole	29/01/2021	USD 5000000	134
Friuladria-Credit Agricole	29/01/2021	USD 5000000	145
Friuladria-Credit Agricole	12/02/2021	USD 5000000	145
Friuladria-Credit Agricole	21/01/2021	KRW 4004000000	34
Friuladria-Credit Agricole	21/01/2021	KRW 4004000000	34
Friuladria-Credit Agricole	24/02/2021	KRW 4004000000	34
Friuladria-Credit Agricole	16/02/2021	KRW 2000000000	17
Friuladria-Credit Agricole	12/03/2021	KRW 3500000000	31
Friuladria-Credit Agricole	15/04/2021	KRW 1600000000	18
Friuladria-Credit Agricole	16/05/2021	KRW 1000000000	11
Friuladria-Credit Agricole	**17/06/2021**	**KRW 1000000000**	11
Friuladria-Credit Agricole	21/01/2021	CNY 36000000	103
Friuladria-Credit Agricole	24/02/2021	CNY 36000000	99
Friuladria-Credit Agricole	**26/03/2021**	**CNY 36000000**	99
		Total gains on derivatives	915
Bank	**Expiry**	**Notional**	**Mark to Market 31 December 2020**
			(Euro)
n/a	n/a	n/a	n/a
		Total losses on derivatives	0
NET TOTAL			915

5.6. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Financial assets at amortized cost include trade receivables, receivables from related parties (loans to employees) and other current financial assets.

"Other current financial assets" (this financial statement item also includes the fair value of derivatives) include the balances of the Paypal and Adyen accounts, which are payment platforms used for retail collections, mainly e-commerce, for Euro 805 thousand.

Loans to employees, included in the financial statement item "Other non-current financial assets" mainly include loans granted during the year to some employees for the purchase of Company shares for a total of Euro 34 thousand.

The item "Other non-current financial assets" also includes deposits paid for the establishment of new group companies for Euro 14 thousand as well as Euro 200 thousand registered as a joint venture for the production of a film.

5.7. FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

5.7.1. LOANS AND FINANCING

IFRS 7.7 requires supplementary information that allows users of the financial statements to assess the relevance of the financial instruments with reference to the statement of financial position and profit/loss for the year. Since the Group has a significant amount of loans in its statement of financial position, detailed information to users of the financial statements is provided here below, both regarding the effective interest rate and the maturity of the loans.

Euro (thousand)		Interest rate	Expiry	31.12.2021	31.12.2020
Current loans and financing	**Lease liabilities**	2.97% - 8.43%	2020-2039	18,928	15,350
	Reverse factoring liabilities	0.00%		13,135	13,172
	Revolving Facility liabilities	EURIBOR +3.50%	Cut-off date 2026	162	25,035
	Bridge Facility liabilities	EURIBOR + margin from 4.25% to 5.75%	2027	0	1,101
	Floating Rate Senior Secured Note	EURIBOR + margin of 4.875%		2,990	0
	Other financial liabilities				128
	Total current loans and financing			**35,214**	**54,787**
Non-current loans and financing	Lease liabilities	2.97% - 8.43%	2020-2039	108,249	83,327
	Bridge Facility liabilities	EURIBOR + margin from 4.25% to 5.75%	2027	0	458,757
	Floating Rate Senior Secured Note	EURIBOR + margin of 4.875%		462,096	0
	Total non-current loans and financing			**570,346**	**542,084**
	Total loans and financing to customers designated at amortized cost			**605,559**	**596,871**

5.7.2. OTHER FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

The terms and conditions of financial liabilities are:

- trade payables do not generate interest expense and are normally settled with maturity between 30 and 150 days (average 90 days);
- for the terms and conditions relating to related parties, see the specific Note "Information relating to transactions carried out with related parties".

5.8. RISK MANAGEMENT: OBJECTIVES AND CRITERIA

The Group is exposed to risks associated with existing business activities.

5.8.1. FINANCIAL RISK

The main financial liabilities of the Group, other than derivatives, include bank loans and financing, and trade and other payables. The main objective of these liabilities is to finance the Group's operating activities. The Group has financial receivables and other trade and non-trade receivables, cash and cash equivalents and short-term deposits that directly originate from operating activities. The Group also holds derivative contracts.

The Group is exposed to market risk, credit risk and liquidity risk. Group Management is responsible for managing these risks; in this activity, the Management is supported by the Financial Department, which provides information on financial risks and suggests an appropriate risk management policy at Group level. The Financial Department provide assurance to Group Management that the activities involving financial risk are governed with appropriate corporate policies and with appropriate procedures and that financial risks are identified, assessed and managed in accordance with the requirements of the Group's policies and procedures. All activities derived for risk management purposes are directed and supervised by a team of specialists with adequate knowledge and experience. Group's policy does not permit the subscription of derivatives for trading or speculative purposes.

The Board of Directors reviews and approves the management policies for each of the risks set out below.

5.8.2. INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

The Group manages its interest rate risk through a balanced portfolio of loans and financing at fixed and variable interest rates. The main loans as of 31 December 2021 are indexed to the Euribor with a 0% floor and the Group has not entered to any hedging contracts.

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5.8.3. INTEREST RATE SENSITIVITY

The Group's exposure to the risk of changes in market rates is connected only to the Bridge Facility Agreement and the Revolving Credit Facility Agreement.

Given the level of the EURIBOR rates at the reporting dates (negative), the presence of the 0% floor on the loans, the effect of reasonably possible changes in the EURIBOR rates would result in an immaterial economic impact.

5.8.4. EXCHANGE RATE RISK

Exchange rate risk is the risk that the fair value or future cash flows of an exposure will change as a result of changes in exchange rates. The Group's exposure to the risk of exchange rate changes mainly refers to the Group's operating activities (when revenues or costs are denominated in a foreign currency) and to the Group's net investments in foreign subsidiaries.

The Group manages its currency exchange risk by hedging the transactions that are expected to take place within a maximum period of 12 months for hedges of expected sales.

When derivatives are entered into for hedging purposes, the Group negotiates the terms of these derivatives so as to match them with the terms of the hedged exposure. As regards the hedging of expected transactions, derivatives cover the exposure period from the moment in which the cash flows of the transactions are expected to the time of payment of the resulting credit or debt denominated in foreign currency.

The performance by the Group of its activities also in countries outside the Euro area makes the exchange rate factor relevant.

The Group preliminarily defines the amount of the exchange risk on the basis of the budget for the period and subsequently hedges this risk gradually, along the order acquisition process, to the extent that the orders correspond to the budget forecasts. The hedging is carried out through specific forward currency sales contracts.

The management believes that the risk management policies adopted by the Group are adequate.

Forward foreign exchange contracts are designated as expected sales hedges in US dollars, Chinese renminbi and South Korean won. These future transactions are highly probable and involve approximately 27% of total sales in US dollars, 26% of total sales in South Korean won and 36% of total sales in Chinese renminbi, expected to occur in the 12 months following the reporting date.

The balance of forward currency contracts varies with the change in the volume of sales expected in foreign currency and with the change in the forward exchange rates.

There is an economic relationship between the elements hedged and the hedging instruments since the terms of the exchange rate mirror of the terms of the highly probable future transactions (i.e. the notional amount and the expected payment date). To test the effectiveness of the hedge, the Group uses a method based on the determination of a hypothetical derivative that compares the changes in the fair value of the hedging instruments to changes in the fair value of the hedged instruments deriving from the hedged risk.

The ineffectiveness of the hedge can occur due to:

- → Differences in the timing of the cash flows generated by the underlying hedges and the hedging instruments;
- → Different indices (and different curves) related to the hedged risk of the underlying and hedging instruments;
- → Different impact that the counterparty risk has on the fair value change in the hedging instruments and of the underlying;
- → Changes in the expected amounts of the cash flows of the underlying hedged items and of the hedging instruments.

5.8.5. EXCHANGE RATE SENSITIVITY

Exposure to the risk of changes in exchange rates derives from operations in currencies other than the currency in which the account is denominated. The following table illustrates the sensitivity to a reasonably possible change in the exchange rate of the currencies to which the Company is exposed, with all other variables kept constant.

The effect on the Company profit/loss before taxes is due to changes in the fair value of monetary assets and liabilities, including any derivatives in foreign currency not designated as hedging instruments. The pre-tax impact on the other items of the Company's shareholders' equity is attributable to changes in the fair value of the forward exchange contracts designated as cash flow hedges. The Company's exposure to changes in exchange rates for all other foreign currencies is not material.

Currency (thousand euros)	euro appreciation scenario			euro depreciation scenario		
	Effect on pre-tax profit	Pre-tax effect on other shareholders' equity items	Total pre-tax effect on equity	Effect on pre-tax profit	Pre-tax effect on other shareholders' equity items	Total pre-tax effect on equity
AED	[153]	0	[153]	153	0	153
AUD	[258]	0	[258]	258	0	258
CHF	[50]	0	[50]	50	0	50
CAD	[99]	0	[99]	99	0	99
CNY	[955]	836	[118]	955	[836]	118
GBP	[156]	0	[156]	156	0	156
HKD	**[195]**	**0**	**[195]**	**195**	**0**	**195**
JPY	[210]	0	[210]	210	0	210
KRW	[267]	352	85	267	[352]	[85]
MOP	[87]	0	[87]	87	0	87
RUB	[1]	0	[1]	1	0	1
TRY	[1,674]	0	[1,674]	1,674	0	1,674
TWD	[140]	0	[140]	140	0	140
USD	[2,544]	2,535	[8]	2,544	[2,535]	8
SGD	[12]	0	[12]	12	0	12

Below is the fluctuation range considered for each currency, determined on the basis of the minimum and maximum values reached during the year by the exchange rate in question:

Currency	31.12.2021
AED	+/-4.8%
AUD	+/-3.4%
CHF	+/-3.6%
CAD	+/-4.9%
CNY	+/-5.3%
GBP	+/-3.9%
HKD	+/-4.5%
JPY	+/-3.4%
KRW	+/-2.6%
MOP	+/-4.5%
RUB	+/-6.7%
TRY	+/-55.4%
TWD	+/-5.1%
USD	+/-4.8%
SGD	+/-3.1%

5.8.6. CREDIT RISK

Credit risk is the risk that a counterparty will not fulfill its obligations related to a financial instrument or to a commercial contract, thus leading to a financial loss. The Group is exposed to credit risk deriving from its operating activities (especially for trade receivables) and from its financing activities, including deposits with banks and financial institutions, operations in foreign currency and other financial instruments.

Trade receivables

Trade credit risk is managed by the policy established by the Group and according to the procedures and controls established for the management of credit risk. The credit quality of customers is assessed on the basis of an analytical credit rating sheet; individual credit limits are also established for all customers based on this assessment.

The Group's credit management strategy applies conditions requiring customers to pay 30% on order confirmation and the remaining 70% upfront. These payment terms are maintained for the supply of at least two seasons and then move to an average deferred payment by 30-60 days. For US customers not part of the Wholesession program, full coverage of the factor is requested directly. At each reporting date, an impairment analysis is carried out on trade receivables, using a matrix for measuring expected losses. The write-down percentages are determined based on the number of days past due and by grouping the receivables from customers which are characterized by similar causes of impairment (geographical area, presence of guarantees or other type of insurance). The calculation is based on the probability of credit recovery, and information on past events that are available on the reporting date, current conditions and expected market scenarios.

As of 31 December 2021, the Group has 23 customers with a balance greater than Euro 200 thousand each (19 in 2020), which together represent around 49% of all trade receivables (42% in 2020).

The Group makes use of insurance and credit factoring instruments, without advances and solely for the purpose of credit management and insurance. As of 31 December 2021, the receivable transferred for factoring related to three distributing customers of Golden Goose S.pa for Euro 2,684 thousand (Euro 3,239 thousand in 2020). As regards the receivables deriving from the supply to the US market, the factoring company approves each individual order and manages its collection.

As of 31 December 2021, 43.4% (50% in 2020) of the Group's trade receivables are covered by forms of insurance.

The Group believes that the risk associated with the concentration of trade receivables and contract activities is low, as its customers are located in different countries and operate in largely independent markets.

Below is the information on the exposure to credit risk on trade receivables and on the activities deriving from the Group contract, using a write-down matrix:

31 December 2021	Days past due					
(in thousands of euros)	Current	<30 days	30–60 days	61–90 days	> 91 days	Total
Expected loss rate	2.9%	5.0%	9.2%	9.9%	88.4%	
Estimated gross book value at risk	32,750	3,213	507	1,236	1,789	39,495
Expected credit loss	941	161	47	122	1,582	2,853
31 December 2020	**Days past due**					
(in thousands of euros)	Current	<30 days	30–60 days	61–90 days	> 91 days	Total
Expected loss rate	1.1%	6.9%	6.0%	0.0%	81.5%	
Estimated gross book value at risk	30,547	2,647	457	- 37	3,403	37,016
Expected credit loss	325	184	27	-	2,773	3,309

Financial instruments and bank deposits

Credit risk relating to relations with banks and financial institutions is managed by the Group treasury in accordance with the Group's policy. The Group operates exclusively with leading banks and therefore considers the credit risk relating to balances to financial counterparties to be insignificant.

5.8.7. LIQUIDITY RISK

The Group monitors the risk of a liquidity shortage by using a liquidity planning tool.

The Group's objective is to maintain a balance between continuity in the availability of funds and flexibility through instruments such as bank overdrafts, bank loans, bonds and lease contracts.

As of 31 December 2021, 16% of the Group's liabilities mature in less than one year, calculated on undiscounted liabilities as shown in the table below.

Reverse factoring liabilities relates to few key suppliers of the Parent Golden Goose S.p.A. (as of 31 December 2021 reverse factoring arrangements were in place for the top five suppliers in terms of outstanding payables, plus other minor suppliers) agreements stipulated with few primary financial institutions. These agreements, called 210 For Golden, entered into with Intesa and Illimity, as well as an agreement with Credemfactor, provide an additional payment term (respectively, 30 and 90 days) without explicit financial charges for the Group. On the maturity date of the original debt, the supplier receives payment from the financial institution; the supplier has the right to request an advance payment from the financial institution, assuming the related financial charges. Reverse factoring agreements are not encumbered by guarantees to financial institutions. Payables are classified as financial liabilities when the payable reaches the additional payment term.

The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual payments not discounted.

As of 31 December 2021	on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Financing and loans		5,980	17,745	94,965	491,700	610,390
Lease liabilities		6,336	18,462	75,204	53,675	153,677
Other financial liabilities		1,000		2,500		3,500
Reverse factoring financial liabilities		13,135				13,135
Trade payables	7,651	38,093	31,137			76,880
Total	7,651	64,544	67,344	172,669	545,375	857,582

Guarantees

The Group does not hold restricted cash or cash guarantees. The deposit accounts guaranteeing lease agreements amount to Euro 1,579 thousand on 31 December 2021 and are classified under "Other non-current assets."

Changes in liabilities deriving from financing activities

The changes in financial liabilities for the year ended 31 December 2021 are shown below.

	Euro (thousand)	31 December 2020	New loans	Repayments	Change in exchange rates	Non-monetary IFRS16 changes	Fair value changes	Reclass.	Other	31 December 2021
Current loans and financing	Lease liabilities	15,350		(16,944)	812	(1,155)		20,864		18,928
	Bridge facility agreement	1,101		(1,101)						0
	Revolving credit facility	25,035		(25,000)				129	(2)	162
	Senior notes	0							2,990	2,990
	Reverse factoring financial liabilities	13,172							(37)	13,135
	Contingent consideration from business combination	994							6	1,000
	Other current financial liabilities	128					2,780	(129)	1	2,781
	Total current financial liabilities	**55,780**	**0**	**(43,045)**	**812**	**(1,155)**	**2,780**	**20,864**	**2,958**	**38,994**
Non-current loans and financing	Lease liabilities	83,327			4,410	41,461		(20,864)	(84)	108,250
	Bridge facility agreement	458,757		(458,757)						0
	Senior notes	0	460,323						1,773	462,096
	Contingent consideration from business combination	2,321							81	2,402
	Total non-current financial liabilities	544,405	460,323	(458,757)	4,410	41,461	0	(20,864)	1,771	572,748
	Total financial liabilities	600,185	460,323	(501,802)	5,222	40,306	2,780	0	4,728	611,742

During 2021, the company repaid the Bridge Facility in advance, with a nominal and repayment value of Euro 470 million, while at the same time issuing a Floating Rate Senior Secured Note bond loan for Euro 480 million. The amount of Euro 460,323 thousand represents the nominal amount net of the 2% discount and transaction charges.

The column "Reclassification" includes the effects of the reclassification from "non-current" to "current" of some of the financing and interest-bearing loans, including lease obligations, related to the passage of time.

The column "Other" includes interest accrued on lease liabilities and the reclassification from trade payables to reverse factoring financial liabilities recorded when the original payment term granted by the supplier elapsed from the invoice date, the date on which the supplier receives the payment (with the exception of the instances when the supplier received an advance on the invoice from the factor, in which case any financial charges are borne by the supplier). The column "Other" of reverse factoring payables also includes payments made by the Group to the financial intermediary.

The breakdown of payables for reverse factors at 31 December 2021 and 31 December 2020 is as follows:

Euro (thousand)		31 December 2021			31 December 2020		
		Trade payables	Financial liabilities	Payment Terms	Trade payables	Financial liabilities	Payment Terms
Payables for reverse factoring	210 For Golden - Intesa	19,013	3,399	240 days from the invoice date	17,234	3,002	240 days from the invoice date
	210 For Golden - Illimity	15,837	9,305	120 to 210 days from the invoice date	15,887	10,170	120 to 210 days from the invoice date
	Credemfactor	196	430	120 days from the invoice date eom	-	-	-
Total payables for reverse factoring		**35,045**	**13,135**	-	**33,121**	**13,172**	-

In comparison, as of 31 December 2021 the payment terms of most of the Trade Payables not covered by reverse factoring agreements provide for payment from 30 to 150 days from the invoice date (as of 31 December 2020: from 30 to 150 days from the invoice date).

The Group classifies interest paid as cash flows from operating activities.

5.9. DEFERRED TAX ASSETS

With regard to the breakdown and changes in deferred tax assets, please refer below to the income taxes note of the consolidated profit and loss statement.

5.10. OTHER NON-CURRENT ASSETS

"Other non-current assets" mainly include guarantee deposits paid at the time of store openings, to guarantee the lease or its utilities. The most significant deposits include those relating to stores in China, Hong Kong, Korea, Australia, Canada and the US.

5.11. INVENTORIES

The breakdown of inventories is as follows:

Euro (thousand)	31 December 2021	31 December 2020
Raw and ancillary materials and consumables	973	904
Finished products and goods	54,764	48,835
Total inventories	**55,737**	**49,739**

The values of inventories expressed in the financial statements do not differ appreciably compared to a valuation at current costs.

Inventories are net of the inventory write-down provision deemed appropriate for the purpose of a prudent evaluation of the finished products of previous collections and of the raw materials no longer used. The changes in the inventory write-down provision are shown below.

The obsolescence allowance on inventories at the reporting date amounts to Euro 21,368 thousand.

Euro (thousand)	31 December 2021	31 December 2020
Opening balance of provisions	11,547	0
Business combinations		8,026
Provisions	11,424	5,965
Uses	(1,603)	(2,227)
Other		(217)
Closing balance of provisions	**21,368**	**11,547**

During the year, new provisions were added for a total value of Euro 11,424 thousand.

5.12. TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

Euro (thousand)	31 December 2021	31 December 2020
Trade receivables, gross	39,495	37,015
Allowance for doubtful accounts	(2,853)	(3,309)
Trade receivables, net	**36,642**	**33,707**

"Trade receivables" include all trade receivables for a total of Euro 39,495 thousand, accounted for at their nominal value and presented in the financial statements net of the allowance for doubtful accounts, which amounts to Euro 2,853 thousand.

The adjustment of the receivables to their presumed realizable value is obtained by allocating a special provision calculated on the basis of the examination of the individual credit positions and with the criterion of expected credit losses as required by IFRS 9. The provision is related to the part of receivables not covered by insurance, considering the credit cap and deductible of the receivables covered by insurance, and considering receivables related to litigation.

The existing provision year-end represents a prudential estimate of the existing risk. The movement in provisions is shown below:

Euro (thousand)	31 December 2021	31 December 2020
Opening balance of provisions	3,309	0
Business combinations		3,280
Provisions	264	100
Uses	(733)	(71)
Exchange rate effect	13	
Closing balance of provisions	**2,853**	**3,309**

5.13. CURRENT TAX ASSETS

"Current tax assets", for Euro 120 thousand, include advance tax disbursement paid by the Group and other income tax receivables.

5.14. OTHER CURRENT NON-FINANCIAL ASSETS

The breakdown of other current non-financial assets is as follows:

Euro (thousand)	31 December 2021	31 December 2020
Prepaid expenses	4,208	4,513
Sundry receivables	2,699	2,823
VAT receivable	5,599	1,293
Advances to suppliers	2,370	774
Total Other current non-financial assets	**14,877**	**9,403**

The item "VAT receivable" mainly includes the credit balance of Asian companies.

"Sundry receivables" mainly include transitional accounts linked to collection with payment instruments such as Paypal, Adyen and credit cards, receivables from L'Ermitage for grants to renovate a building (Euro 642 thousand) and VAT receivable of the Korean company.

Accrued income and prepaid expenses measure income and charges whose competence is advanced or postponed with respect to the numerical and/or documentary event; they disregard the date of payment or collection of the related income and charges, common to two or more financial years and spread over time. Prepaid include Euro 1,554 thousand relating to the non-competition agreement signed in 2020.

The criteria adopted in the valuation and conversion of the amounts expressed in foreign currency are reported in the first part of these explanatory notes.

5.15. CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows:

Euro (thousand)	31 December 2021	31 December 2020
Bank deposits	98,949	77,726
Cash in hand	843	562
Total cash and cash equivalents	99,793	78,288

At 31 December 2021 the cash and cash equivalents amount to Euro 99,793 thousand and are mainly represented by bank deposits. Please refer to the cash flow statement for the analysis of events that led to changes in cash and cash equivalents.

5.16. SHAREHOLDERS' EQUITY

Authorized, issued and fully released shares (number of shares)	31 December 2021
At the start of the year	1,004,341
At the end of the year	1,004,341

The number of shares did not change during the financial year.

5.16.1. DISTRIBUTION OF DIVIDENDS MADE AND PROPOSALS

No dividends were paid during the year.

As of 31 December 2021 there are no stock incentive plans. Moreover, the Group did not t grant any stock options during the year and no stock options were bought back.

5.17. PROVISIONS FOR PENSIONS

The movements in the provisions for pensions during the year are as follows:

(Euro)	31 December 2021	31 December 2020
Opening value	1,710	1,368
Service cost	614	239
Interest cost	5	3
Benefits paid	[268]	[38]
Actuarial (gains)/losses	114	138
Closing value	2,175	1,710

Liabilities for **defined benefit plans** (provision for severance indemnities) were assessed with the support of actuarial experts and carried out on the basis of the "accrued benefits" methodology through the Project Unit Credit Method as required by IAS 19. This method is substantiated in assessments that express the average present value of the pension obligations accrued based on the service that the worker has provided up to the time when the assessment itself is carried out, not projecting the employee's wages according to the regulatory changes introduced by the recent Social Security Reform. The calculation methodology can be broken down into the following phases:

- projection for each employee in service on the valuation date, of the severance indemnities already set up to the random future time of payment;
- determination for each employee of the probable severance indemnity payments to be made by the company in the event that the employee leaves the company because of dismissal, resignation, incapacity, death and retirement as well as in relation to requests for advances;
- discounting, at the valuation date, of each probable payment.

The actuarial model for the valuation of the provision for severance indemnities is based on various hypotheses, both demographic and economic - financial. The hypotheses of the model are:

Technical economic assumptions	31 December 2021	31 December 2020
Annual discount rate	0.98%	0.34%
Annual inflation rate	1.75%	0.80%
Annual rate of TFR increase	2.81%	2.10%
Annual rate of wage increase	0.50%	0.50%

Technical demographic assumptions	
Death	RG48 tables published by the State General Accounting Office
Disability	INPS tables by age and gender
Retirement	100% upon reaching the AGO requirements adjusted to Decree no. 4/2020

Annual frequency of turnover and severance indemnity advances	
Frequency of advances	0.5%
Frequency of turnover	5.0%

The provision does not include the indemnities accrued since 1 January 2007, intended for supplementary pension schemes pursuant to Legislative Decree no. 252 of 5 December 2005 (or transferred to the INPS treasury). The following table highlights the effects that would have occurred on the defined benefit obligation following the reasonably possible changes in the actuarial assumptions relevant at the end of the year:

Sensitivity analysis of the main valuation parameters as of 31 December 2021	
Turnover rate + 1.00%	39
Turnover rate - 1.00%	[47]
Inflation rate + 0.25%	[62]
Inflation rate - 0.25%	60
Discount rate + 0.25%	74
Discount rate - 0.25%	[78]

5.18. DEFERRED TAX LIABILITIES

With regard to the breakdown and changes in deferred tax liabilities, please refer below to the income taxes note of the consolidated profit and loss statement.

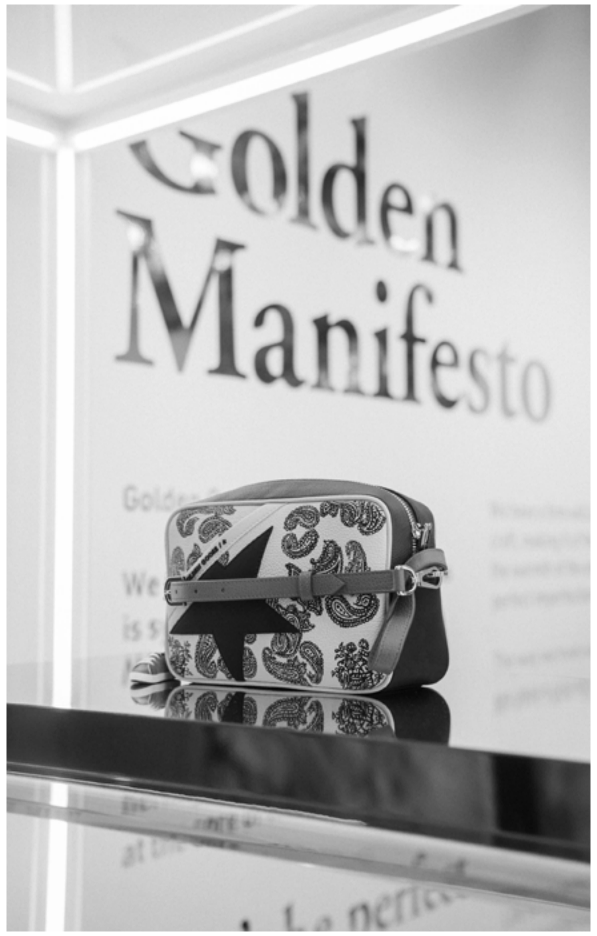
5.19. PROVISIONS FOR RISKS AND CHARGES (CURRENT AND NON-CURRENT)

Among the provisions for non-current risks and charges, the Group allocates the "provisions for agents' leaving indemnities". The provisions include allocations made for leaving indemnities and termination of agency relations; it is intended to cover the indemnity due to agents when the mandate is terminated.

The provisions for agents' leaving indemnities are set aside on the basis of regulatory provisions and collective economic agreements regarding situations of probable interruption of the mandate given to agents for reasons attributable to the principal.

The provisions are entered at the value representative of the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the end of the year.

The table below shows a breakdown of and changes in provisions for non-current risks and charges.



Description	31 December 2020	Business combination	Increases	Decreases	31 December 2021
Euro (thousand)					
Agents' leaving indemnities	136	0	0	(13)	123
Other provisions for non-current risks	174	0	1,079	0	1,253
TOTAL	**310**	**0**	**1,253**	**(13)**	**1,376**

The item "Provisions for non-current risks and charges" includes the estimate of future liabilities deemed probable and whose amount can be estimated. As of 31 December 2021, this item amounted to Euro 1,376 thousand. The current provision for risks and charges includes the return liability which is an estimate of the returns on products sold during the year, inexistent during the year but which could be returned by customers in the following years. The Returns Provision as of 31 December 2021 amounts to Euro 8,260 thousand.

5.20. TRADE PAYABLES

The breakdown of trade payables is as follows:

Euro (thousand)	31 December 2021	31 December 2020
Trade payables	76,880	64,338
Total trade payables	76,880	64,338

Trade payables are recorded net of commercial discounts; cash discounts are instead recognized at the time of payment. The nominal value of these trade payables was adjusted to reflect returns or allowances (invoicing adjustments), to an extent corresponding to the amount agreed with the counterparty.

5.21. OTHER CURRENT NON-FINANCIAL LIABILITIES

The breakdown of other current non-financial liabilities is as follows:

Euro (thousand)	31 December 2021	31 December 2020
Payables due to employees	6,184	5,304
Miscellaneous payables	2,388	2,954
Tax payables	5,836	1,596
Advances from clients	3,064	1,262
Payables to social security institutions	1,712	1,132
Accrued liabilities and deferred income	1,721	724
Total Other current non-financial liabilities	**20,905**	**12,972**

Payables to social security institutions mainly refer to payables for social security contributions, both for Golden Goose and for the other companies. The item Advances from customers includes advances received from customers for the supply of goods and services not yet performed. These advances are recognized as revenue when control of the assets is transferred to customers. The item "Miscellaneous payables" mainly refers (Euro 1,554 thousand) to payables for the non-competition agreement.

5.22. TAX PAYABLES

Tax liabilities amount to Euro 15,655 thousand as of 31 December 2021 and they refer to IRES and IRAP payables as well as current taxes payables of foreign subsidiaries for Euro 8,111 thousand, and to the tax payable for tax alignment for Euro 7,543 thousand.

5.23. COMMITMENTS AND GUARANTEES

The breakdown of commitments and guarantees is as follows:

Guarantees and sureties given		
(Euro)	31 December 2021	31 December 2020
Sureties in favor of third parties and companies	10,931	7,990
Total	**10,931**	**7,990**

Guarantees mainly refer to lease agreements for stores in the US, Italy and in other countries where the Group operates.

6. Main Items of the consolidated profit and loss statement

6.1. NET TURNOVER

The tables listed below show the net revenue for the year ended 31 December 2021 analyzed by product type, by category, by distribution channel and by geographic area.

6.1.1. REVENUE BY DISTRIBUTION CHANNEL

(Euro thousand)	2021	2020
Wholesale	153,014	88,174
Retail	163,107	49,386
Web	64,197	17,865
Other	5,283	871
Total	**385,601**	**156,296**

6.1.2. REVENUE BY GEOGRAPHICAL AREA

Referring to the characteristic revenues, that is the sale of finished products, the following is an breakdown of the geographical segments that represent the Group's main revenue lines:

Euro (thousand)	2021	2020
EMEA	148,859	59,066
USA	145,569	59,571
Apac	85,889	36,788
Other	5,283	871
Total	**385,601**	**156,296**

6.1.3. RETURN RIGHTS ASSETS AND REFUND LIABILITIES

Return assets related to the goods expected to be returned by customers, accounted for within inventories at cost, amount to Euro 2,436 thousand as of 31 December 2020.

The refund liabilities related to the obligation to refund customers for returns on products sold during the year, but which could be returned by customers in the following years, is accounted for within current provisions for risks and charges and amounts to Euro 8,261 thousand as of 31 December 2021.

6.2. COST OF GOODS SOLD

The breakdown of cost of goods sold is as follows:

Euro (thousand)	31 December 2021	31 December 2020
Consumption of raw materials and finished products	106,948	47,316
Personnel costs	6,250	2,795
Other production costs	2,854	2,442
Logistics costs	12,943	1,267
Cost for samples	1,821	5,892
Industrial depreciation and amortization	373	132
Total cost of goods sold	**131,190**	**59,844**

6.3. GENERAL AND ADMINISTRATIVE EXPENSES

The breakdown of general and administrative expenses is as follows:

Euro (thousand)	31 December 2021	31 December 2020
General and administrative expenses		
Non-industrial depreciation and amortization	17,397	20,967
Non-Industrial ROU depreciation	2,720	555
Cost of G&A personnel	14,732	5,119
Other operating costs	26,024	30,918
Other operating income		[1,044]
Total	**60,873**	**56,515**

Non-industrial depreciation includes Euro 1,357 thousand of depreciation of tangible assets and Euro 16,040 thousand of amortization of intangible assets, for which the customer relationship (acquired in the business combination) amounts to Euro 12,268 thousand.

The item Other operating costs consists primarily of consulting, IT costs and costs for transfers. The residual amount mainly includes bank fees, utilities, condominium expenses, maintenance, charges incurred for taxes, levies and duties not related to business income, gifts to customers, surveillance, staff training and entertainment expenses.

6.4. SELLING AND DISTRIBUTION EXPENSES

The breakdown of selling and distribution expenses is as follows:

Euro (thousand)	2021	2020
Selling and distribution expenses		
Depreciation and write-down of stores	28,522	16,814
Cost of store staff	29,532	11,421
Variable commissions on sales	15,333	4,806
Distribution logistics	10,408	3,855
Credit management costs	553	2,011
Other commercial expenses	8,802	420
Wholesession	7,608	67
Total	**100,758**	**39,394**

Selling and distribution expenses mainly relate to depreciation expenses related to stores of Euro 28,522 thousand (inclusive of Euro 2,247 thousand of write-backs of stores), cost of stores' staff of Euro 29,532 thousand, variable commissions on sales of Euro 15,332 thousand and Wholesession commissions of 7,608 thousand.

6.5. MARKETING EXPENSES

The breakdown of marketing and advertising expenses is as follows:

Euro (thousand)	2021	2020
Marketing and advertising		
Marketing and advertising	14,534	4,905
Amortization	65	0
Personnel costs	3,169	1,004
Total	**17,769**	**5,909**

6.6. SUMMARY OF COSTS BY NATURE

The following are details of the nature of the total of personnel costs and of the total cost of depreciation with indication of the item in the profit and loss statement account of destination:

Euro (thousand)	2021	2020
Included in the cost of goods sold	6,250	2,795
Included in general and administrative expenses	14,732	5,119
Included in marketing expenses	3,169	1,004
Included in selling and distribution expenses	29,532	11,421
Total personnel costs	**53,684**	**20,338**

The item includes the entire expense for employees including raised based on merit, promotions, automatic cost-of-living increases, cost of unused vacation days, performance bonuses, provisions required by law and those relating to collective agreements. Details of the composition of personnel costs are given below:

Euro (thousand)	2021	2020
Wages and salaries	43,769	17,941
Social security contributions	7,371	1,613
Other personnel costs	1,398	179
Employee severance indemnities	1,145	605
Total personnel costs	**53,684**	**20,338**

The Group workforce, broken down by category as of 31 December 2021, was as follows:

Workforce	2021	2020
Senior managers	21	17
Headquarters employees	298	234
Showroom employees	11	11
Direct store employees	650	498
Total workforce	**980**	**760**

The national Italian employment contracts applied are those of the textile and clothing sector and that of the commerce sector.

Euro (thousand)		2021	2020
Included in the cost of goods sold:	Amortization of intangible assets	75	0
	Depreciation of Right of Use	148	0
	Depreciation of tangible assets	151	132
Included in general and administrative expenses:	Depreciation of tangible assets	1,357	931
	Amortization of intangible assets	16,040	20,036
	Depreciation of Right of Use	2,720	555
Included in selling and distribution expenses:	Depreciation of tangible assets	9,278	3,264
	Amortization of intangible assets	1,836	377
	Depreciation of Right of Use	19,666	8,617
	Write-down/Write-back of tangible assets	[48]	912
	Write-down/Write-back of intangible assets	0	36
	Write-down/Write-back of right of use assets	[2,200]	3,609
Included in marketing expenses:	Depreciation of tangible assets	19	0
	Amortization of intangible assets	5	0
	Depreciation of Right of Use	41	0
Total amortization, depreciation and write-downs of fixed assets included in the profit and loss statement		**49,077**	**38,469**

6.7. FINANCIAL INCOME AND EXPENSES

The breakdown of financial income and expenses is as follows:

Euro (thousand)	2021	2020
Interest expense and bank charges	(39,009)	(16,614)
Exchange losses	(5,062)	(7,694)
IFRS16 financial charges	(5,208)	(1,537)
Other charges	(53)	(11)
Total financial expenses	(49,332)	(25,856)
Exchange gains	9,292	1,508
Other financial income	567	1,000
Total financial income	9,858	2,508
Net balance of financial charges and income	**(39,474)**	**(23,348)**

In 2021 the net balance of financial charges had a net negative result of Euro 39.5 million, of which:

- Euro 27.8 million in interest on financial debt, mainly attributable to the Bridge Facility of Euro 470 million outstanding up to May 2021, the bond of Euro 480 million issued as part of the refinancing operation completed in May 2021 and the RCF, whose unused amount is Euro 63.75 million as of 31 December 2021;
- Euro 11.2 million in amortized cost following the cancellation of the Bridge Facility as part of the refinancing operation completed in May 2021;
- Euro 5.2 million in financial interest connected with lease payables;
- Euro 4.2 million in net exchange gains
- Euro 0.6 million in other financial income

6.8. EXCHANGE GAINS AND LOSSES

Net exchange gains for the year ended 31 December 2021 equal Euro 4,230 thousand, of which Euro 5,144 thousand not realized.

6.9. INCOME TAXES

Taxes for the year are recorded in this item. The tax payable is recognized under the item Current taxes net of advance payments made.

Taxes	2021	2020
Current taxes:		
IRES	13,557	4,638
IRAP	3,632	832
Income taxes relating to prior years	(2,623)	(202)
Deferred tax liabilities	(78,069)	(9,207)
Substitute tax for tax alignment	11,315	
Total income taxes for the year	**(52,188)**	**(3,940)**

The reconciliation between the income taxes accounted for and the theoretical taxes resulting from the application of the rate in force in Italy to the pre-tax profit for the year ended 31 December 2021 is as follows:

Effective tax rate reconciliation		For the year ended 31 December 2021	%	For the year ended 31 December 2020	%
Profit before taxes		**35,538**		**-28,714**	
Theoretical taxes		8,529	24.0%	-6,891	24.0%
Actual taxes		-52,188	n/a	-3,940	13.7%
Profit/loss for the year		**87,726**		**-24,775**	
Tax rate deviation from effective tax rate		**-60,717**	**n/a**	**2,952**	**-10.3%**
Differences that generate the deviation	IRAP on income produced in Italy	2,803	7.9%	158	-0.6%
	ACE (Aid to Economic Growth) deductions	-972	-2.7%	-946	3.3%
	Prior-year taxes	-2,623	-7.4%	-	n/a
	Deferred taxes on tax realignment	-69,863	n/a	-	n/a
	Substitute tax on tax realignment	11,315	31.8%	-	n/a
	Tobin tax (not deductible)	-	n/a	453	-1.6%
	Acquisition costs (not deductible)	-	n/a	3,959	-13.8%
	Tax losses not recognized as deferred tax assets	-	n/a	1,167	-4.1%
	Effect of different rates in force in other countries	-1,373	-3.9%	-1,129	3.9%
	Other differences	-4	0.0%	-710	2.5%
	Total	-60,717	n/a	2,952	-10.3%

In 2020, following the acquisition of Sneakers Maker S.p.A. by Astrum 3 S.p.A., the Company incurred acquisition costs, the deduction of which had been deferred until the outcome of an opinion requested in the early months of 2021. In July the Revenue Office responded positively and the above costs were therefore considered deductible when the 2021 tax returns were submitted. The total tax benefit obtained by the company amounts to Euro 2,623 thousand and is shown under taxes relating to prior years.

During 2021, the company decided to adhere to the facility related to the tax alignment of trademarks and goodwill to the higher statutory value pursuant to Article 110 of Decree Law no. 104 of 14 August 2020, converted into Law no. 126 of 13 October 2020. Specifically, Golden Goose S.p.A. submitted a specific question concerning the possibility of benefiting from this facilitation during First Time Adoption, and, in the event of a positive response, the confirmation of the method for calculating the realignment to be performed in such case. The response was positive with regard to both the question regarding the possibility of benefiting from the realignment even in the event of First Time Adoption of the international accounting standards in the Parent Company's separate financial statements in 2020 and the values to be considered for the purposes of the realignment, namely the brand and goodwill values on 31 December 2019. The Agency's reply also confirmed that for the purposes of the regulations in question, the higher values of trademarks and goodwill arising as a result of the extraordinary transaction carried out during the 2020 financial year are not relevant. The application of that tax benefit resulted in the posting of a substitute tax of 3% (Euro 11,314 thousand, the first installment of which was paid during 2021, while the remaining two installments will be paid during 2022 and 2023, respectively) of the total aligned net value (Euro 377,166 thousand). The tax alignment of the net book value of the trademark gave rise to a positive reversal effect of Euro 49,970 thousand of lower deferred IRES and IRAP tax liabilities. As regards goodwill, deferred tax assets of Euro 19,893 thousand were recognized, prudently considering only the first 18 years of the benefit as a result of the new tax deductibility over 50 years of the higher value recognized on alignment (Article 1, paragraph 622 of the 2022 Budget Law).

6.10. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax liabilities are mainly composed of tax provisions, whose total balance at 31 December 2021 was Euro 193,428 thousand, mainly related to measurement at fair value of the “Golden Goose Deluxe Brand” trademark and to the customer relationship acquired in the business combination in 2020.

Deferred tax liabilities took into account the cumulative amount of all temporary differences, based on the expected average rates in force at the time when these temporary differences will be reversed. In particular, for differences related to the Parent Golden Goose S.p.A., the tax rate considered is 27.9% (equal to the tax rate of IRES, 24%, plus the tax rate of IRAP, 3.9%). For foreign tax differences the local tax rate is applied.

The main temporary differences are summarized in the following table.

Euro (thousand)		31 December 2021	31 December 2020
Deferred tax assets	Intercompany profit	8,820	5,247
	Inventory write-down provision	6,978	3,173
	Non-deductible interest expense	4,009	2,070
	Temporary differences due to IFRS 16 accounting	1,385	219
	Allowance for doubtful accounts	601	661
	Returns provision	1,810	864
	US tax losses	101	399
	Exchange losses	524	977
	Goodwill deficit after merger (realigned)	18,788	0
	Employee benefits	826	691
	Other	270	2,921
	Total deferred tax assets	44,112	17,222
Deferred tax liabilities	Brand value allocated following the 2020 acquisition	147,139	196,109
	Customer relationship value allocated following the 2020 acquisition	45,714	49,102
	Other	576	983
	Total deferred tax liabilities	**193,428**	**246,195**
	Net balance of deferred taxes	**149,316**	**228,972**

6.11. INFORMATION RELATING TO TRANSACTIONS CARRIED OUT WITH RELATED PARTIES

Please note that the Group leases the building in which it carries out part of its operating activity, located in Marghera (VE). This building is owned by L'Ermitage S.r.l., whose ownership is attributable to some of the shareholders of a parent. The fees incurred by the company Golden Goose S.p.A. for the use of the building described above during the period ended 31 December 2021 were equal to Euro 330 thousand. The Group entered into several non-competition agreements with the same shareholders of a parent. One of these agreements provides for an additional payment to the shareholder that will be due only upon the realization of certain future events. Having assessed term and condition of this commitment, the Group did not accrue this liability in the consolidated financial statements.

The table below shows transactions relations of the Parent Golden Goose S.p.A. with its subsidiaries, for the year ended 31 December 2021. The amounts indicated are in thousands of Euro.

Company	Fin. Pay.	Fin. Rec.	Trade Rec.	Trade Pay.	Other Rec.	Sales	Interest income	Interest expenses	Guarantees
Golden Goose Australia Ltd			3,743		1,859	1,834	0	0	(*)
Golden Goose Atlanta Llc	(561)	7	877			1,187	2	0	(*)
Golden Goose Austria Gmbh			1,169			204	0	0	
Golden Goose Belgium Sprl		1,655	(205)			(239)	30	0	(*)
Golden Goose Boston Llc		607	425			591	18	0	(*)
Golden Goose Chicago Llc	(463)	14	1,050			1,341	4	0	(*)
Golden Goose Shanghai Trading		2,965	15,199	(77)	0	7,160	115	0	
Golden Goose Dallas Llc	(2,628)		2,204			2,699	0	(22)	(*)
Golden Goose Denmark ApS			427		1,032	(317)	0	0	(*)
Golden Goose Trading			2,760		442	725	0	0	
Golden Goose Hampton Llc		103	125			258	8	0	(*)
Golden Goose France Sas		2,699	2,951	(929)		5,384	77	0	
Golden Goose Germany Gmbh		961	(341)			(25)	19	0	(*)
Golden Goose Hawaii Llc		1,342	(91)			79	25	0	(*)
Golden Goose Holland Bv		986	149			382	22	0	
Golden Goose Japan Ltd		624	1,927		3,350	(206)	0	0	(*)
Golden Goose Korea Ltd			10,227	(214)	0	10,611	0	0	
Golden Goose Las Vegas Llc	(681)	27	1,023			1,327	1	0	(*)
Golden Goose Lux Canada Ltd					40	0	2	0	
Golden Goose Macau			679		1,255	81	0	0	
Golden Goose Nashville Llc	(1,058)	1	1,007			1,438	0	(6)	(*)
Golden Goose New Jersey Llc		559	259			467	14	0	(*)
Golden Goose NY Llc	(1,609)		701			1,039	0	(18)	(*)
Golden Goose Portugal			1,427		174	710	0	0	(*)
Golden Goose Santa Clara Llc		639	82			240	18	0	(*)
Golden Goose Scottsdale Llc	(469)	9	963			1,232	2	0	
Golden Goose Spain SL		2,276	2,416			3,842	63	0	(*)
Golden Goose Switzerland Gmbh		94	1,040		246	133	0	0	(*)
Golden Goose TORONTO LTD	(2)	315	295		743	203	1	0	
Golden Goose Turkey		1,060	385	(10)	226	1,373	47	0	
Golden Goose UK Ltd		2,451	(108)			812	258	0	
Golden Goose USA INC	(4,430)	21	20,820	(217)		47,661	21	(312)	
Golden Goose Virginia Llc		89	265			439	9	0	(*)
Golden Goose Woodbury Llc		244	(1,756)	(188)		(1,891)	27	0	(*)
Golden Goose Americana LLC	(296)		256			410	0	(3)	

Golden Goose Aspen Llc	(380)		83			217	0	(5)	
Golden Goose Austin	(713)		842			1,076	0	(4)	
GOLDEN GOOSE BD LLC			1,500			1,499	0	0	
Golden Goose Beverly		608	220			578	9	0	
Golden Goose Boca Llc	(711)	1	872			1,111	0	0	(*)
Golden Goose Charlotte Llc	(621)		530			766	0	(7)	(*)
Golden Goose Denver Llc	(398)	3	364			578	3	0	(*)
Golden Goose Detroit Llc		80	116			387	1	0	(*)
Golden Goose HK Ltd		4,794	(1,157)	(240)	95	(716)	79	0	
Golden Goose Houston Llc	(1,229)	1	1,437			1,826	0	(4)	(*)
Golden Goose LA Llc		890	118			323	17	0	(*)
Golden Goose LA Topanga LLC	(93)		113			256	0	(0)	(*)
Golden Goose LV Crystals LLC	(755)		524			733	0	(11)	(*)
Golden Goose Madison Llc		2,387	63			394	56	0	(*)
Golden Goose Miami Llc	(1,416)		1,626			2,158	0	(12)	(*)
Golden Goose Phila Llc	(876)		777			1,062	0	(8)	(*)
Golden Goose Portland Llc			121			120	0	0	(*)
Golden Goose San Antonio Llc			305			304	0	0	(*)
Golden Goose SCP Llc		634	297			619	18	0	(*)
Golden Goose San Francisco Llc		1,535	120			305	34	0	(*)
Golden Goose Singapur		98	112		181	112	0	0	
Golden Goose do Brasil Ltd		1,571				0	9	0	
Golden Goose Taiwan			2,393		338	269	0	0	
Golden Goose Tampa Llc			324			323	0	0	(*)
Overall total	**(19,389)**	**32,348**	**84,049**	**(1,876)**	**9,978**	**105,485**	**1,011**	**(412)**	

(*) Please note that Golden Goose S.p.A. guaranteed regular payment of the annual lease rental and any other considerations due, according to the contract signed with the above-mentioned subsidiaries, as indicated in the section on guarantees.

Golden Goose Belgium, Golden Goose HK, Golden Goose Denmark, Golden Goose Germany, Golden Goose Japan and Golden Goose Woodbury show a negative sales amount, due to the transfer pricing adjustment recorded in the year, with an amount higher than the actual sales from the Parent Golden Goose S.p.A. to the foreign components occurred during the year.

6.12. TRANSACTIONS WITH EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

The meaning of executives with strategic responsibilities is intended in a broad sense. The CEO, his direct reports and other collaborators are included in this category: they can be both "executives" and "directors" with strategic responsibilities.

6.12.1. REMUNERATION OF KEY GROUP EXECUTIVES

Euro (thousand)	For the year ended 31 December 2021	For the year ended 31 December 2020
Short-term benefits	4,265	2,428
Post-employment pension and healthcare benefits	502	245
Employee severance indemnities	135	87
Total remuneration paid to executives with strategic responsibilities	**4,902**	**2,761**

6.12.2. LOANS GRANTED TO EXECUTIVES WITH STRATEGIC RESPONSIBILITIES

Loans to employees, included in the line item "Other non-current financial assets" include loans provided to several executives and related to incentive plans for Euro 34 thousand.

Information relating to agreements not shown in the financial statements

The Group has no agreements in place that are not reflected in the consolidated statement of financial position.

6.13. INFORMATION RELATING TO THE FEES DUE TO THE AUDIT COMPANY

Pursuant to law, the expenses for the year ended 31 December 2021 for the services rendered by the independent auditing firm and by entities belonging to its network amount to a total of Euro 320 thousand.

Audits, certification and other services	Fees for 2021
(Euro)	
Audit services	320
Certification services	473
Other services	39
Total	**832**

Certification services refer to consultancy services related to the issuance of the Bond.

6.14. OTHER INFORMATION

Pursuant to law, please see in the following table the overall remuneration due to directors and statutory auditors (article 2427, first paragraph, no. 16 of the Italian Civil Code) for the year ended 31 December 2021. The amounts are stated in thousands of Euro.

Qualifications	Remuneration
Directors	1,334
Board of Statutory Auditors	36

6.15. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

See the information provided in the directors' report on operations.

These consolidated financial statements, consisting of the statement of financial position, the profit and loss statement, the statement of other comprehensive income/(loss), the cash flow statement, the statement of changes in shareholders' equity and the explanatory notes, give a true and fair view of the financial position and of its the financial performance and cash flows and correspond to the results of the accounting records of the parent and to the information transmitted by the companies included in the consolidation.

Chief Executive Officer
Silvio Campara

ANNUAL REPORT

04

FINANCIAL STATEMENTS

1. Profit and Loss Statement

(Euro)	Notes	2021	2020 (restated)
Net Turnover	05.46.1	**277,539,769**	**210,593,320**
Cost of goods sold	05.47	[119,046,562]	[99,604,980]
Gross Margin		**158,493,207**	**110,988,340**
Selling and distribution expenses	05.48	[31,226,701]	[16,186,619]
General and administrative expenses	05.49	[37,633,635]	[51,647,301]
Marketing expenses	05.50	[13,373,682]	[6,179,825]
Operating profit/(loss)		**76,259,188**	**36,974,595**
Financial income	05.52	**9,790,577**	**3,295,479**
Financial expenses	05.52	[46,071,584]	[34,137,744]
Earnings before taxes		**39,978,182**	**6,132,330**
Income taxes	05.53	49,125,112	[3,730,229]
Net profit/(loss)		**89,103,294**	**2,402,100**

2. Other Comprehensive Income statement

(Euro)		2021	2020 (restated)
Net profit/(loss)		**89,103,294**	**2,402,100**
Other components of the comprehensive income/(loss) statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes	Net change in cash flow hedge reserve	[2,178,273]	331,358
	Taxes	607,738	[92,449]
	Total profits / (losses) from valuation of financial instruments	**[1,570,535]**	**238,909**
Other components of the comprehensive income/(loss) statement that will not be reclassified in the profit / (loss) in subsequent periods, net of taxes	Gains / (losses) from actuarial valuation	[113,942]	[138,307]
	Taxes	27,346	33,194
	Total gains / (losses) on actuarial valuation	**[86,596]**	**[105,113]**
Total comprehensive profit/(loss) for the year	**Total comprehensive profit/(loss) for the year**	**87,446,160**	**2,535,896**

3. Statement of Financial Position

(Euro)		Notes	31 December 2021	31 December 2020 (restated)
ASSETS	Intangible fixed assets	05.23	1,417,016,366	1,429,290,508
	Tangible fixed assets	05.25	11,173,522	6,772,894
	Rights of use	05.24	27,634,668	23,298,757
	Deferred tax assets	05.26	29,527,471	7,810,486
	Other non-current financial assets	05.28	35,773,935	30,674,049
	Other non-current assets	05.29	1,758,668	264,760
	Non-current assets		1,522,884,629	1,498,111,454
	Inventories	05.30	35,174,392	30,685,295
	Trade receivables	05.31	22,697,206	18,436,483
	Receivables from Group companies	05.32	84,048,710	76,619,843
	Current tax assets	05.33	25,818	25,818
	Other current non-financial assets	05.34	7,915,957	5,891,246
	Current financial assets	05.35	27,044,027	32,460,136
	Cash and cash equivalents	05.36	76,764,710	68,856,807
	Current assets		253,670,819	232,975,627
	Total assets		**1,776,555,448**	**1,731,087,081**
LIABILITIES AND SHAREHOLDERS' EQUITY	Share capital		1,004,341	1,004,341
	Share premium reserve		182,627,580	182,627,580
	Other reserves		678,294,503	677,549,536
	Profit (loss) for the year		89,103,294	2,402,100
	Shareholders' equity	05.37	951,029,718	863,583,557
	Provisions for pensions	05.38	2,167,999	1,709,943
	Deferred tax liabilities	05.39	192,931,376	245,536,689
	Non-current provisions for risks and charges	05.40	123,194	135,833
	Non-current financial debt	05.27.3	489,448,531	482,284,501
	Non-current liabilities		684,671,100	729,666,966
	Trade payables	05.41	66,417,449	55,900,320
	Payables to Group companies	05.42	1,774,329	489,439
	Other current non-financial liabilities	05.43	10,042,580	8,176,528
	Tax payables	05.44	14,719,893	1,059,119
	Current provisions for risks and charges	05.40	4,638,794	2,199,360
	Current financial liabilities	05.27.3	43,261,584	70,011,793
	Current liabilities		**140,854,630**	**137,836,558**
	Total liabilities and shareholders' equity		**1,776,555,448**	**1,731,087,081**

4. Cash flow statement

(Euro)		Notes	2021	2020
A. Cash flow generated (absorbed) by operations	Profit/(loss) for the year		89,103,294	2,402,099
	Income taxes		[49,125,112]	3,730,229
	Interest expense (interest income)		36,281,007	30,842,265
	Allocations to provisions		7,523,548	3,818,429
	Depreciation of property, plant and equipment		23,670,531	25,567,461
	Other adjustments for non-monetary items		[649,555]	[645,134]
	Decrease / (increase) in inventories		[7,923,100]	[4,788,808]
	Decrease/(Increase) in trade receivables		[8,987,509]	91,824
	Increase/(Decrease) in trade payables		11,752,355	8,184,332
	Other changes in net working capital		[1,256,124]	[1,544,512]
	Interest collected/(paid)		[35,517,732]	[25,492,197]
	(Income taxes paid)		[10,888,442]	[15,353,807]
	Dividends cashed		0	-
	(Use of Provision for Charges)		[1,169,109]	[52,515]
	CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		52,814,054	26,759,666
B. Cash flow generated (absorbed) by investment activities	* Tangible fixed assets	05.25		
	(Investments)		[6,290,171]	[2,316,453]
	* Intangible assets	05.23		
	(Investments)		[4,775,140]	[7,165,055]
	* Non-current financial assets			
	(Investments)		[2,758,906]	[22,872,371]
	Disposal price		970,515	
	CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		[12,853,701]	[32,353,879]
C. Cash flows from financing activities	* Debt			
	Obtainment of loans	05.27.3	460,322,713	348,443,514
	Repayment of borrowings	05.27.3	[495,004,165]	[324,139,421]
	* Equity			
	Cash contribution from merger		-	29,170,721
	CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)		[34,681,452]	53,474,814
	Exchange rate effect on cash and cash equivalents		**2,629,006**	-
	INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A+-B+-C+-Exchange rate effect)		**7,907,903**	47,880,601
	Cash and cash equivalents at the beginning of the year		68,856,807	20,976,205
	Cash and cash equivalent at the end of the year		**76,764,710**	68,856,807

5. Statement of changes in shareholders' equity

(Euro)	Share capital	Premium reserve	Legal reserve	Reserve for foreign exchange gains	Reserve for coverage of expected cash flows	IFRS reserve 2	Actuarial reserve	FTA reserve	Merger surplus	Other reserves	Retained earnings	Profit (loss) for the year	TOTAL SHAREHOLDERS' EQUITY
Shareholders' equity as of 01.01.2020	**1,004,341**	**182,627,579**	**200,868**	**536,754**	**79,615**	**2,778,417**	**[197,890]**	**37,531,692**	-	-	**0**	**39,802,500**	**264,363,876**
Allocation of previous year's profit				29,016							39,773,484	[39,802,500]	-
Merger by incorporation of Astrum 3 Spa and Sneakers Maker Spa									596,588,974	88,990			596,677,964
Change in hedging derivative reserve					238,912								238,912
Discounting of severance indemnities							[105,113]						[105,113]
Profit/(Loss) for the period												2,402,100	2,402,100
Total comprehensive profit /(loss)					**238,912**		**[105,113]**					**2,402,100**	**2,535,899**
Other changes in shareholders' equity											5,818		5,818
Shareholders' equity as of 31.12.2020	**1,004,341**	**182,627,579**	**200,868**	**565,770**	**318,527**	**2,778,417**	**[303,003]**	**37,531,692**	**596,588,974**	**88,990**	**39,779,303**	**2,402,100**	**863,583,557**
Shareholders' equity as of 01.01.2021	**1,004,341**	**182,627,579**	**200,868**	**565,770**	**318,527**	**2,778,417**	**[303,003]**	**37,531,692**	**596,588,974**	**88,990**	**39,779,303**	**2,402,100**	**863,583,557**
Allocation of previous year's profit											2,402,100	[2,402,100]	-
Change in hedging derivative reserve					[1,570,535]								[1,570,535]
Discounting of severance indemnities							[86,596]						[86,596]
Profit/(Loss) for the period												89,103,294	83,103,294
Total comprehensive profit /(loss)					**[1,570,535]**		**[86,596]**					**89,103,294**	**87,446,163**
Other changes in shareholders' equity													
Shareholders' equity at 31/12/2021	**1,004,341**	**182,627,579**	**200,868**	**565,770**	**[1,252,008]**	**2,778,417**	**[389,599]**	**37,531,692**	**596,588,974**	**88,990**	**42,181,402**	**89,103,294**	**951,029,718**

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EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR

1. General information

Golden Goose S.p.A. (hereinafter referred to as "the Company" or "Golden Goose") is a company incorporated and domiciled in Italy. The address of the headquarters is Via Privata Ercole Marelli 10, 20139 Milan, Italy and the registration number is 08347090964. Golden Goose operates in the luxury goods market with its proprietary brand Golden Goose. The Group is active in the design, production and retail of footwear, clothing, leather goods and other accessories. As of 31 December 2021, Golden Goose S.p.A. is a wholly-owned subsidiary of Astrum 2 S.p.A. The Company is also the parent company for the Golden Goose Group (hereinafter referred to as the "Group"), which includes 63 subsidiaries. Group companies manage their activities in accordance with the business guidelines and strategies developed by Golden Goose's Board of Directors. The Company also prepares the Group's Consolidated Financial Statements and the Directors' Report on Operations as a single document as envisaged by Legislative Decree 127/91.

2. Group structure

As of 31 December 2021, Astrum 2 S.p.A. is a subsidiary of Astrum S.A.P.A. of Astrum 4 S.R.L. & C., which holds 100% of the share capital. Astrum 2 S.p.A. is a joint-stock company (share capital Euro 5,000,000 fully paid up) incorporated on 2 March 2020. On 16 June 2020, the company Astrum 3 S.p.A., a vehicle company belonging to the Permira investment funds, established on 3 March 2020, acquired 100% of the capital of Sneakers Maker S.p.A., which, in turn, owned the entire share capital of Golden Goose S.p.A.

3. Basis of preparation

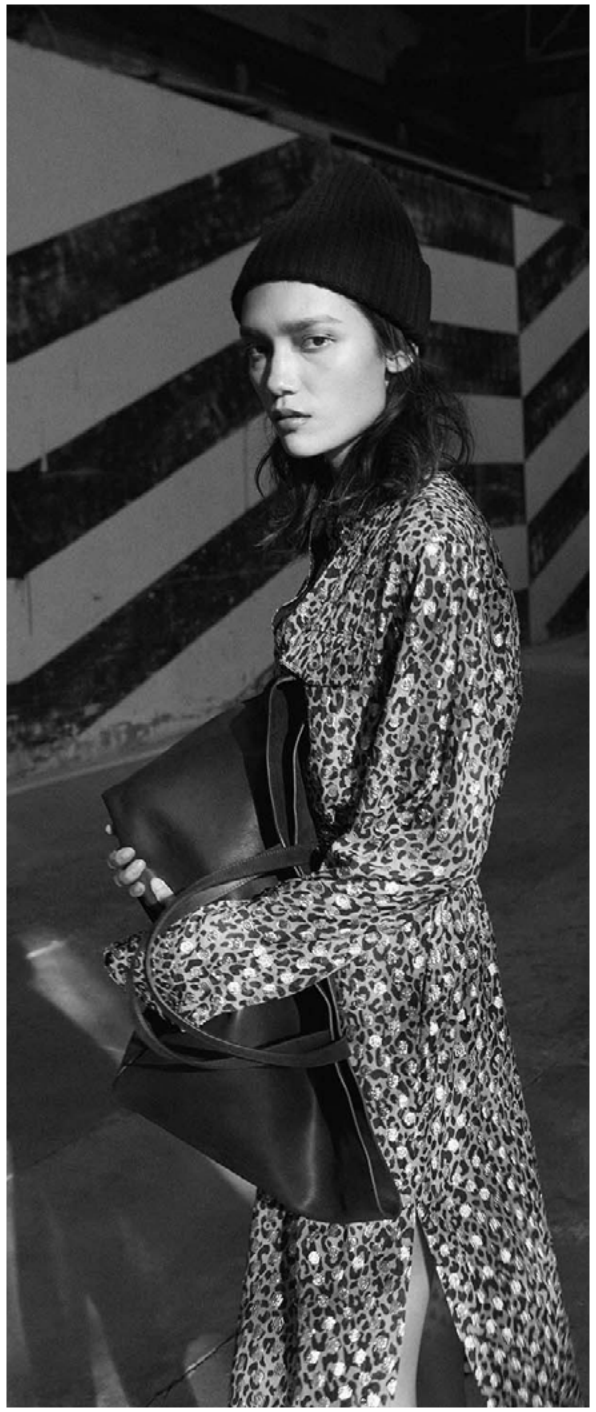
The financial statements for the year ended 31 December 2021 have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and adopted by the European Union and in force on the reporting date. The explanatory notes to the financial statements have been integrated with the additional information required by the Civil Code. The acronym "IFRS" also means the International Accounting Standards ("IAS") still in force, as well as all the interpretative documents issued by the IFRS Interpretation Committee, previously called the International Financial Reporting Interpretations Committee ("IFRIC") and even before the Standing Interpretations Committee ("SIC").

The financial statements are composed as follows:

- the statement of financial position that shows separately current and non-current assets and liabilities based on their realization or extinction within the normal business operating cycle within the twelve months following the end of the year;
- the profit and loss statement that shows costs and revenues using a classification based on their destination, a method considered more representative than the sector of activity in which the Group operates;
- the comprehensive income/(loss) statement;
- the cash flow statement prepared according to the indirect method;
- the statement of changes in shareholders' equity;
- the explanatory notes containing the information required by current legislation and by international accounting standards. These financial statements are expressed in euros.

The financial statements are subject to statutory audit pursuant to Article 14 of Legislative Decree no. 39 of 27 January 2010 by the auditing firm Ernst & Young S.p.A.

For further information on the Company's situation and on the performance and results of operations as a whole and in the various segments it operates in, including through subsidiaries, with particular regard to costs, revenues and investments, as well as for a description of the principal risks and uncertainties that the Company is exposed to, see the Directors' Report on Operations.



4. Changes in accounting estimates and errors

IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) governs, among other things, the methods of recognition and presentation of different accounting treatments and changes to accounting standards. The retroactive determination of values consists of correcting the recognition, measurement and reporting of the amounts of elements of the statement of financial position as if the different accounting treatment of a previous year had never been made.

Specifically, IAS 8 regarded the item of inventories (IAS 2) and, in particular the method of calculating the overheads charged to year-end stock, which are not to be considered as purchase costs to be included in the cost of inventories.

The impact of the correction of this error resulted in a decrease in inventories of Euro 1,135 thousand as of 31 December 2020 and Euro 995 thousand as of 1 January 2020. The historic shareholders' equity decreased due to the losses relating to the effects of the errors on the corresponding amount. For comparative purposes only, the result for the year ended 31 December 2020 was reduced by Euro 139 thousand.

For greater clarity, the tables below show the statement of financial position and profit and loss statement, highlighting the changes made as a result of the adjustments made:

(Euro)		12-31-2020	01-01-2020
ASSETS:	Inventories	[1,134,509]	[995,153]
	Total assets	[1,134,509]	[995,153]
LIABILITIES:	Other reserves	[995,153]	[995,153]
	Profit (loss) for the year	[139,355]	-
	Shareholders' equity	**[1,134,509]**	**[995,153]**
Total liabilities and shareholders' equity		**[1,134,509]**	**[995,153]**

Profit and Loss Statement: (Euro)	**2020**
Cost of goods sold	[139,355]
Net impact on the result for the year	**[139,355]**

5. Summary of the main accounting principles

5.1. CURRENT/NON-CURRENT CLASSIFICATION

The assets and liabilities in the Company's financial statements are presented according to the current/non-current classification. An asset is current when:

- it is expected to be realized, or is held for sale or consumption, in the normal course of the operating cycle;
- it is mainly held for trading;
- it is expected to be realized within twelve months after the year end date; or
- it consists of cash or cash equivalents unless it is forbidden to exchange or use it to extinguish a liability for at least twelve months from the year end date.
- All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in its normal operating cycle;
- it is mainly held for trading;
- the asset must be settled within twelve months after the reporting period; or
- the entity does not have an unconditional right to defer settlement of the liability for at least twelve months after the year-end date.

The contractual conditions of the liability which could, at the counterparty's choice, lead to the extinction of the same through the issue of equity instruments do not affect their classification.

The company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified among non-current assets and liabilities.

6. Fixed assets

6.1. INTANGIBLE

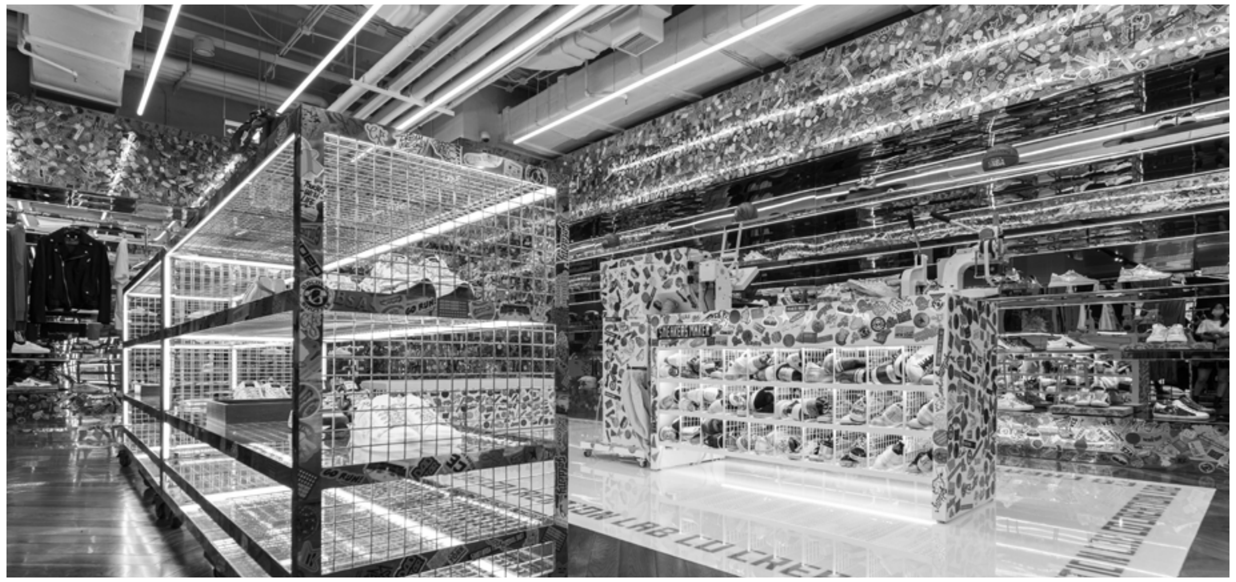
Intangible assets acquired separately are initially recognized at cost, while those acquired through business combinations are recognized at fair value at the acquisition date. After initial recognition, intangible assets are recognized at cost net of accumulated amortization and any accumulated impairment losses. Intangible assets produced internally, except for development costs, are not capitalized and are recognized in the profit and loss statement for the year in which they were incurred.

The useful life of intangible assets is assessed as either finite or indefinite.

Intangible assets with a defined useful life are amortized over their useful life and are subject to impairment testing whenever there are indications of a possible loss in value. The amortization period and the amortization method of an intangible asset with a finite useful life is reconsidered at least at each year-end. Changes in the expected useful life or in the ways in which the future economic benefits associated with the asset will be realized are recognized through the change in the period or the method of amortization, as appropriate, and are considered changes in accounting estimates. The amounts of amortization of intangible assets with a finite useful life are recognized in the profit and loss statement for the year in the cost category consistent with the function of the intangible asset.

Intangible assets with an indefinite useful life are not amortized, but are subject to annual impairment tests, both individually and at the level of the cash-generating unit. The evaluation of the indefinite useful life is reviewed annually to determine whether this attribution continues to be sustainable, otherwise, the change from indefinite useful life to defined useful life is applied on a prospective basis.

An intangible asset is eliminated at the time of disposal (that is, the date when the purchaser obtains control of it) or when no future economic benefits are expected from its use or disposal. Any profit or loss deriving from the elimination of the asset (calculated as the difference between the net sale price and the book value of the asset) is included in the profit and loss statement.



Industrial patent rights and rights to use intellectual property, licenses and concessions are amortized at an annual rate of 33%.

Trademarks: as regards the multi-year costs incurred during the registration of distinctive signs and the filing of company trademarks, amortization is carried out over 18 years. The component that emerged when allocating the Group's acquisition price is considered to have an indefinite useful life and therefore subjected to annual impairment tests.

Customer Relationship Korea: this component arose as a result of the agreement stipulated in 2021 for the sale of Golden Goose products on the Korean market. It was considered as having a finite useful life, and amortized over 10 years.

Customer Relationship: this component also emerged during the allocation of the Group's acquisition price and has been considered as having a defined useful life amortized over 15 years.

Key Money: this item includes the amounts paid by the Company to take over the contractual positions relating to commercial properties located in prestigious locations. Key money is amortized over the lease term, taking account of the possibility of renewal.

For intangible assets the amortization period is at most equal to the legal or contractual limit. If the Company plans to use the asset for a shorter period, the useful life reflects this shorter period rather than the legal or contractual limit for the purpose of calculating amortization.

The amortization criteria adopted for the various items of intangible assets are illustrated below:

Description		% Rate
Brand name	indefinite useful life	
Key Money	lease term	
Licensing		33.33
Customer Relationship		6.67-10
Backlog		100.00
Patents and Trademarks		5.56
Software Programs		33.33
Other Intangible Fixed Assets		20.00

6.2. BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The cost of an acquisition is determined as the sum of the consideration transferred, measured at fair value on the acquisition date, and the amount of the minority interest in the acquiree. For each business combination, the company defines whether to measure the minority interest in the acquiree at fair value or in proportion to the share of the minority interest in the identifiable net assets of the acquiree. Acquisition costs are expensed during the year and classified among administrative expenses.

When the company acquires a business, it classifies or designates the financial assets acquired or the liabilities assumed in accordance with the contractual terms, economic conditions and other relevant conditions existing at the acquisition date. This includes verification to determine whether an embedded derivative should be separated from the primary contract.

Any potential consideration to be recognized is recognized by the buyer at fair value on the acquisition date. The contingent consideration classified as equity is not subject to remeasurement and its subsequent payment is recorded through shareholders' equity. The change in the fair value of the potential consideration classified as an asset or liability, as a financial instrument that is the subject of IFRS 9 Financial Instruments, must be recognized in the profit and loss statement in accordance with IFRS 9. A potential consideration that does not fall within the scope of the IFRS 9 is measured at fair value at the reporting date and changes in fair value are recognized in the profit and loss statement.

Goodwill is initially recognized at the cost represented by the excess of the total amount paid and the amount entered for minority interests compared to the identifiable net assets acquired and the liabilities assumed by the Company. If the fair value of the net assets acquired exceeds the amount of the consideration paid, the Company again checks whether it has correctly identified all the assets acquired and all the liabilities assumed and reviews the procedures used to determine the amounts to be recognized at the acquisition date. If the fair value of the net assets acquired still exceeds the consideration, the difference (profit) is recognized in the profit and loss statement.

After initial recognition, goodwill is valued at cost net of accumulated impairment losses. As an impairment test, the goodwill acquired in a business combination is allocated, from the date of acquisition, to each cash generating unit of the Company which is expected to benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquired entity are assigned to such units.

If the goodwill has been allocated to a cash-generating unit and the entity disposes of part of the assets of that unit, the goodwill associated with the asset disposed of is included in the book value of the asset when determining the profit or the loss of the divestment. The goodwill associated with the disposed business is determined based on the relative values of the disposed business and the retained part of the cash generating unit.

6.3. TANGIBLE

Assets under construction are accounted for at historical cost, less any accumulated impairment losses. Tangible assets are accounted for at historical cost, net of accumulated depreciation and accumulated impairment losses. This cost includes the costs for the replacement of parts of machinery and plant when they are incurred, if they comply with the recognition criteria. Where periodic replacement of significant parts of plant and machinery is necessary, the Company depreciates them separately based on the specific useful life. Similarly, in the event of major revisions, the cost is included in the book value of the plant or machinery as in the case of replacement, where the criterion for recognition is met. All other repair and maintenance costs are recognized in the profit and loss statement when incurred. Where significant, the present value of the cost of dismantling and removing the asset at the end of its use is included in the cost of the asset, if the recognition criteria for a provision are met.

They are accounted for at the purchase cost actually incurred for the acquisition or production of the asset and are recognized when the transfer of risks and benefits takes place, which normally coincides with the transfer of the legal title. This cost includes the purchase cost, the accessory purchase costs and all costs incurred to bring the asset to the place and conditions necessary for it to operate in the manner intended by the Company. The production cost includes direct costs (direct material and labor, design costs, external supplies, etc.) and general production costs, for the portion reasonably attributable to the asset for the period of its manufacture up to the time in the asset is ready for use.

Tangible fixed assets, the use of which is limited in time, are systematically depreciated in each year in relation to their residual possibility of use and reduced by half in the year when the asset enters service. Depreciation starts from the time the asset is available and ready for use.

The amount of depreciation charged to each year refers to the breakdown of the cost incurred over the entire estimated duration of use.

The residual value is not taken into account when it is considered small compared to the value to be depreciated.

The rates applied, unchanged compared to the previous year, are as follows:

Description	% Rate
Equipment	25.00
Automatic Machinery	12.50
Electronic Off. Machines	20.00
Miscellaneous And Minor Equipment:	25.00
Furniture and furnishings	12.00
Motor vehicles	25.00
Vehicles	20.00
Generic Plant	7.50
Commercial Equipment	15.00
Specific Plant	7.50
Civil Buildings	3.00

Temporarily unused assets are also subject to depreciation. Advances to suppliers for the purchase of tangible fixed assets are initially recognized on the date on which the obligation to pay these amounts arises. Where a tangible asset becomes impaired, independently of previous depreciation charges, the asset is written down accordingly. If in subsequent years the conditions for the write-down no longer exist, the impairment is reversed up to the carrying value the asset would have had if no impairment had originally been recognized.

The book value of an item of property, plant and machinery and any significant component initially recognized is eliminated at the time of disposal (i.e. on the date on which the buyer obtains control of it) or when no future economic benefit is expected from its use or disposal. The profit/loss arising when the asset is derecognized (calculated as the difference between the asset's net book value and the consideration received) is recognized in the profit and loss statement when the item is derecognized. The residual values, useful lives and depreciation methods of property, plant and machinery are reviewed at the end of each year and, where appropriate, corrected prospectively.

6.4. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company assesses the possible existence of indicators of impairment of assets. In this case, or in cases where an annual impairment test is required, the Company makes an estimate of the recoverable value. The recoverable value is the higher of the fair value of the asset or unit generating cash flows, net of costs to sell, and its value in use. The recoverable value is determined by individual asset, except when such asset generates cash flows that are not largely independent of those generated by other assets or groups of assets. If the book value of an asset is higher than its recoverable value, this asset has suffered an impairment loss and is consequently written down to bring it back to the recoverable value.

In determining the value in use, the Company discounts estimated future cash flows to the present value using a pre-tax discount rate, which reflects the market valuations of the present value of money and the specific risks of the asset. In determining the fair value net of costs to sell, recent market transactions are taken into account. If such transactions cannot be identified, an appropriate valuation model is used. These calculations are corroborated by suitable valuation multipliers and other available fair value indicators.

The Company bases its impairment test on more recent budgets and forecast calculations, prepared separately for each Company cash generating unit to which individual assets are allocated. These budgets and forward-looking calculations generally cover a 4-year period. A long-term growth rate is calculated to project future cash flows beyond the fifth year.

Impairment losses of assets in operation are recognized in the profit and loss statement for the year in cost categories consistent with the destination of the asset that highlighted the impairment.

For assets other than goodwill and other intangible assets with an indefinite useful life, at each reporting date, the Company assesses the possible existence of indicators of the elimination (or reduction) of previously recognized impairment losses and, if such indicators exist, estimate the recoverable amount of the asset or CGU. The value of a previously written down asset can be restored only if there have been changes in the assumptions on which the calculation of the determined recoverable value was based, after the recognition of the last impairment loss. The recovery of value cannot exceed the carrying amount which would have been determined, net of depreciation, if no impairment had been recognized in previous years. This recovery is recognized in the profit and loss statement for the year unless the asset is not recognized at revalued value, in which case the recovery is treated as an increase from revaluation.

Goodwill and other intangible assets with indefinite useful life are subjected to impairment testing at least annually or more frequently if circumstances indicate that the carrying amount may be subject to impairment.

The impairment of goodwill is determined by evaluating the recoverable value of the cash-generating unit (or group of cash-generating units) to which the goodwill is attributable. Where the recoverable amount of the cash generating unit is lower than the book value of the cash generating unit to which the goodwill has been allocated, an impairment loss is recognized. The reduction in the value of goodwill cannot be reversed in future years.

Intangible assets with an indefinite useful life are subject to impairment tests at least once a year with reference, at the level of the cash-generating unit and when circumstances indicate that there may be a loss in value.

7. Equity investments

Equity investments in subsidiaries are valued at purchase cost, in accordance with the provisions of IAS 27. If there are indications that the recoverability of the cost is totally or partially lacking, the book value is reduced to the relevant recoverable value in accordance with IAS 36. If this loss subsequently ceases to exist or is reduced, the book value is increased up to the new estimate of the recoverable value, which may not exceed the original cost.

8. Warehouse inventories

The valuation of the various categories of goods was carried out according to the following criteria.

8.1. RAW AND ANCILLARY MATERIALS AND CONSUMABLES

The materials in stock are valued at the lower of the purchase cost, determined using the weighted average cost method of the year, and the presumed net realizable value that emerges from the market trend.

8.2. WORK IN PROGRESS AND SEMI-FINISHED PRODUCTS

Direct costs are considered in the valuation, according to the stage of processing achieved.

8.3. FINISHED PRODUCTS AND GOODS

The finished products in the warehouse are valued at the lower of the weighted average production cost (which includes the direct cost of materials and labor plus a share of the general production costs, based on normal production capacity, excluding financial charges) and the presumed net realizable value that emerges from market trends.

The goods are valued at the lower of the purchase cost, determined using the weighted average cost method of the year, and the presumed net realizable value that emerges from the market trend.

The market value is represented, as regards raw materials and products in progress, by the presumed net realizable value of the corresponding finished products less the completion costs, as regards the finished products by the presumed net realizable value.

The products considered obsolete, based on the age, the frequency of rotation, the possibility of use or realization are adjusted by the depreciation fund.

9. Cash and cash equivalents

Cash and cash equivalents and short-term deposits include cash on hand and sight and short-term deposits, highly liquid deposits with a maturity of three months or less, which are readily convertible into a given amount of money and subject to a risk that is not significant changes in value.

10. Provisions for risks and charges

Provisions for risks and charges are made when the Company has a present (legal or constructive) obligation resulting from a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made in the amount of the obligation. When the Company believes that a provision for risks and charges will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the compensation is recognized separately and separately in the assets if, and only if, it is virtually certain. In this case, the cost of any provision is presented in the profit and loss statement for the year net of the amount recognized for the reimbursement. If the effect of the value of money over time is significant, the provisions are discounted using a pre-tax discount rate which reflects, where appropriate, the specific risks of the liabilities. When the liability is discounted, the increase in the provision due to the passage of time is recognized as a financial charge.

11. Severance indemnity provision

The benefits paid to employees at or after the termination of the employment relationship are divided according to the economic nature into defined contribution plans and defined benefit plans. In defined contribution plans, the legal or implicit obligation of the company is limited to the amount of contributions to be paid. In defined benefit plans, the company's obligation is to grant and insure the agreed benefits to employees: consequently, the actuarial and investment risks fall on the company.

Until 31 December 2006, the severance indemnity fell within the scope of the plans following the employment relationship of the "defined benefit plans" type and was measured using the projected unit credit method carried out by independent actuaries. This calculation consists in estimating the amount of benefit that an employee will receive on the presumed termination date of employment using demographic assumptions (e.g. mortality rate and staff turnover rate) and financial assumptions (e.g. discount rate and increases future wages). The amount thus determined is discounted and re-proportioned based on the seniority accrued with respect to the total seniority.

Following the reform introduced with Law no. 296 of 27 December 2006, the portion of provisions for severance indemnities accrued 1 January 2007 is substantially similar to a "defined contribution plan." In particular, these modifications introduced the possibility for the worker to choose where to allocate his/her provisions for severance indemnities accruing: the new flows of severance indemnities can be, in companies with more than 50 employees, routed by the worker to selected pension schemes or transferred to the Treasury Fund at INPS.

With regard to the presentation in the profit and loss statement of the various cost components relating to the employee severance indemnities, it was decided to apply the accounting method allowed by IAS 19 which requires the separate recognition in the profit and loss statement of the cost components related to the work performance (classified under labor costs) and net financial charges (classified within the financial area), and the recognition of actuarial gains and losses that derive from the measurement in each financial year of the liability and asset among the components of the comprehensive income/(loss) statement. The profit or loss deriving from the actuarial calculation of the defined benefit plans (provision for severance indemnities) is fully recognized in the comprehensive income/(loss) statement.

12. Rights of use

The Company assesses when signing a contract if it is, or contains, a lease. In other words, whether the contract confers the right to control the use of an identified asset for a period in exchange for a payment.

Except for contracts involving low unit value assets, all financial lease and rental contracts are capitalized in the "Right of use" item from the commencement date of the contract to the value of the liability, reduced by any incentives received and increased for any initial direct costs incurred and the estimate of restoration costs. A liability equal to the present value of the fixed payments over the duration of the contract as well as the payments for any purchase options for which the exercise is reasonably certain and any penalties for terminating the contract, where the duration of the contract, is entered in the liabilities. take this into account. The duration of the contract considers the period not cancelable as well as the extension options in the event of reasonable certainty of exercise of the same and the periods covered by the option to terminate the contract where there is reasonable certainty not to exercise the withdrawal. In calculating the present value of the payments due, the Company uses the marginal financing rate at the commencement date if the implicit interest rate cannot be easily determined.

The liability is progressively reduced based on the repayment plan of the portions of capital included in the lease payments. The installments are divided between the principal portion and the interest portion, in order to obtain the application of a constant interest rate on the residual balance of the debt (principal portion). Financial charges are charged to the profit and loss statement. Variable lease payments that do not depend on an index or rate are recognized as costs in the period (unless they have been incurred for the production of inventories) in which the event or condition that generated the payment occurs.

The right of use is amortized by applying the criterion indicated for tangible fixed assets over the duration of the contract, or on the basis of the rates indicated for tangible fixed assets if the exercise of any purchase option is reasonably certain. Depreciation and interest are shown separately. Right of use assets are subject to impairment.

For lease and rental contracts in which there is no purchase option and contracts involving low unit value goods, the payments of the related charges are recognized as costs in the profit and loss statement on a straight-line basis over the duration of the contract.

13. Financial instruments - Recognition and evaluation

A financial instrument is any contract that gives rise to a financial asset for an entity and to a financial liability or equity instrument for another entity.

14. Financial assets

14.1. INITIAL RECOGNITION AND VALUATION

At the time of initial recognition, financial assets are classified, according to the cases, according to the subsequent measurement methods, that is, amortized cost, fair value through OCI and fair value through profit or loss.

The classification of financial assets at the time of initial recognition depends on the characteristics of the contractual cash flows of the financial assets and on the business model that the Company uses for their management. Apart from trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially assesses a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction cost. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are valued at the transaction price as illustrated in the paragraph Revenue recognition.

In order for a financial asset to be classified and valued at the amortized cost or at fair value through OCI, it must generate cash flows that depend only on the principal and interest on the amount of principal to be repaid ("solely payments of principal and interest (SPPI)"). This assessment is referred as an SPPI test and is performed at the instrument level. Financial assets whose cash flows do not meet the above requirements (e.g. SPPI) are classified and measured at fair value through profit or loss.

The Company's business model for managing financial assets refers to the way in which it manages its financial assets in order to generate cash flows. The business model determines whether the cash flows will derive from the collection of contractual cash flows, from the sale of the financial assets or from both.

Financial assets classified and measured at amortized cost are owned within the framework of a business model whose objective is to own financial assets in order to collect contractual cash flows while financial assets that are classified and measured at fair value through are owned within the framework of a business model whose objective is achieved both through the collection of contractual cash flows and through the sale of financial assets.

The purchase or sale of a financial asset that requires its delivery within a period of time generally established by regulation or market conventions (a regular way trade) is recognized on the trade date, i.e. the date on which the Company undertook to buy or sell the asset.

14.2. SUBSEQUENT VALUATION

For the purpose of subsequent valuation, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments);
- Financial assets at fair value through other comprehensive income/(loss) with reclassification of accumulated profits and losses (debt instruments);
- Financial assets at fair value through other comprehensive income/(loss) without reversing the accumulated profits and losses at the time of elimination (equity instruments);
- Financial assets at fair value through profit or loss.

14.3. FINANCIAL ASSETS AT AMORTIZED COST (DEBT INSTRUMENTS)

Financial assets at amortized cost are subsequently valued using the effective interest criterion and are subject to impairment. Gains and losses are recognized in the profit and loss statement when the asset is eliminated, modified or revalued.

Financial assets at amortized cost of the Company include trade receivables and certain loans to directors and executives included in other non-current financial assets.

14.4. FINANCIAL ASSETS AT FAIR VALUE THROUGH OCI (DEBT INSTRUMENTS)

For assets from debt instruments measured at fair value through OCI, interest income, changes due to exchange differences and impairment losses, together with write-backs, are recognized in the profit and loss statement and are calculated in the same way as the financial assets measured at amortized cost. The remaining changes in fair value are recognized in OCI. At the time of elimination, the cumulative change in fair value recognized in OCI is reclassified in the profit and loss statement.

At the reporting date and in the comparative periods shown, the Company had no activities included in this category.

14.5. INVESTMENTS IN EQUITY INSTRUMENTS

Upon initial recognition, the Company may irrevocably choose to classify its equity investments as equity instruments recognized at fair value through OCI when they meet the definition of equity instruments pursuant to IAS 32 "Financial Instruments: Presentation" and are not held for trading. Classification is determined for each individual instrument.

The profits and losses achieved on these financial assets are never transferred to the profit and loss statement. Dividends are recognized as other income in the profit and loss statement when the right to payment has been approved, except when the Company benefits from such income as a recovery of part of the cost of the financial asset, in which case such profits are recognized in OCI. Equity instruments recognized at fair value through OCI are not subject to an impairment test.

At the reporting date and in the comparative periods shown, the Company had no activities included in this category.

14.6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial instruments at fair value with changes recognized through profit or loss are entered in the statement of financial position at fair value and net changes in fair value are recognized in the profit and loss statement for the year.

This category includes derivative instruments which have not been classified as hedging instruments.

The embedded derivative contained in a hybrid non-derivative contract, in a financial liability or in a main non-financial contract, is separated from the main contract and accounted for as a separate derivative, if: its economic characteristics and the risks associated with it are not strictly correlated to those of the main contract; a separate instrument with the same terms as the embedded derivative would satisfy the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value, with the changes in fair value recognized in the profit and loss statement. A recalculation takes place only if there is a change in the terms of the contract that significantly changes the cash flows otherwise expected or a reclassification of a financial asset to a category other than fair value through profit and loss.

14.7. DERECOGNITION

A financial asset (or, where applicable, part of a financial asset or part of a group of similar financial assets) is derecognized in the first place (e.g. removed from the statement of financial position of the Company) when:

- the rights to receive cash flows from the asset are extinguished, or
- the Company has transferred the right to receive cash flows from the asset to a third party or has assumed a contractual obligation to pay them in full and without delay and (a) has substantially transferred all the risks and rewards of ownership of the financial asset, or (b) has not transferred or substantially retained all the risks and rewards of the asset, but has transferred control of it. In cases where the Company has transferred the rights to receive cash flows from an asset or has signed an agreement under which it maintains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the financial flows to one or more beneficiaries (pass-through), it assesses whether and to what extent it has retained the risks and benefits inherent in possession. If it has neither transferred nor substantially retained all the risks and benefits or has not lost control over it, the asset continues to be recognized in the Company's financial statements to the extent of its residual involvement in the asset itself. In this case, the Company also recognizes an associated liability. The transferred asset and the associated liability are valued to reflect the rights and obligations that remain the Company's responsibility.

When the entity's residual involvement is a guarantee on the transferred asset, involvement is measured on the basis of the lesser of the amount of the asset and the maximum amount of the consideration received that the entity may have to repay.

14.8. IMPAIRMENT LOSSES

The Company recognizes an expected credit loss ("ECL") for all financial assets represented by debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include the cash flows deriving from the enforcement of the collateral held or other credit guarantees which are an integral part of the contractual conditions.

The expected loss is detected in two phases. With regard to credit exposures for which there has not been a significant increase in credit risk since the initial recognition, it is necessary to recognize the credit losses that derive from the estimate of default events that are possible within the following 12 months (12-month ECL). For credit exposures for which there has been a significant increase in credit risk since initial recognition, the expected losses that refer to the residual duration of the exposure must be recognized in full, regardless of when the default event is expected to occur ("Lifetime ECL").

For trade receivables and contract assets, the Company applies a simplified approach in calculating expected losses. Therefore, the Company does not monitor changes in credit risk, but fully recognizes the expected loss at each reference date. The Company has defined a matrix system based on historical information, revised to consider prospective elements with reference to the specific types of debtors and their economic environment, as a tool for determining expected losses.

For assets represented by debt instruments measured at fair value through OCI, the Company applies the simplified approach allowed for low credit risk assets. At each reporting date, the Company assesses whether the debt instrument is deemed to have low credit risk using all available information that can be obtained without excessive costs or efforts. In making this assessment, the Company monitors the creditworthiness of the debt instrument. In addition, the Company assumes that there has been a significant increase in credit risk when contractual payments have past due for over 30 days.

The Company considers a financial asset in default when contractual payments have been past due for 90 days. In some cases, the Company may also consider that a financial asset is in default when internal or external information indicates that the Company is unlikely to recover the contractual amounts entirely before considering the credit guarantees held by the Company. A financial asset is eliminated when there is no reasonable expectation of recovery of the contractual cash flows.

15. Financial liabilities

15.1. INITIAL RECOGNITION AND VALUATION

Financial liabilities are classified upon initial recognition under financial liabilities at fair value through profit or loss, under mortgages and loans, or among derivatives designated as hedging instruments.

All financial liabilities are initially recognized at fair value, to which, in the case of mortgages, loans and payables, the transaction costs directly attributable to them are added.

The Company's financial liabilities include trade and other payables, mortgages and loans, including bank overdrafts and financial derivative instruments.

15.2. SUBSEQUENT VALUATION

For the purposes of subsequent valuation, financial liabilities are classified into two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortized cost (loans)

15.2.1. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial liabilities at fair value with changes recognized through profit or loss include liabilities held for trading and financial liabilities initially recognized at fair value with changes recognized through profit or loss.

Liabilities held for trading are all those assumed with the intention of extinguishing or transferring them in the short term. This category also includes derivative financial instruments subscribed by the Company that are not designated as hedging instruments in a hedging relationship as defined by IFRS 9, as well as liabilities for potential Adjustment Price from Business Combination. Embedded derivatives, separated from the main contract, are classified as financial instruments held for trading unless are designated as effective hedging instruments.

15.3. FINANCIAL LIABILITIES AT AMORTIZED COST (LOANS)

This is the most relevant category for the Company. After initial recognition, loans are valued with the amortized cost criterion using the effective interest rate method. Gains and losses are recognized in the profit and loss statement when the liability is extinguished, as well as through the amortization process.

The amortized cost is calculated by recording the discount or premium on the acquisition and the fees or costs that form an integral part of the effective interest rate. Amortization at the effective interest rate is included in financial charges in the profit and loss statement.

This category generally includes interest-bearing loans.

15.4. DERECOGNITION

A financial liability is derecognized when the obligation underlying the liability is extinguished, canceled or fulfilled. If an existing financial liability is replaced by another of the same lender, at substantially different conditions, or the conditions of an existing liability are substantially modified, this exchange or modification is treated as an accounting derecognition of the original liability, accompanied by the recognition of a new liability, with recognition of any differences between book values in the profit and loss statement for the year.

15.5. OFFSETTING FINANCIAL INSTRUMENTS

A financial asset and liability can be offset, and the net balance shown in the statement of financial position, if there is a current legal right to offset the amounts recognized in the accounts and there is an intention to pay off the net residual or realize the assets and simultaneously extinguish the liability.

15.5.1. PRESENTATION

The Company presents liabilities that are part of a reverse factoring arrangement as part of trade payables only when those liabilities have a similar nature and function to trade payables. In assessing whether to present reverse factoring liabilities as trade receivables or financial liabilities the Group considers all relevant terms, including additional payment terms obtained with the reverse factoring agreement.

16. Dividends

The Parent recognizes a liability against the payment of a dividend when the distribution is properly authorized and is no longer at the discretion of the company. Under company law applicable in Italy, a distribution is authorized when it is approved by the shareholders. The corresponding amount is recognized directly in equity.

17. Recognition of revenues

The Company is engaged in the production, distribution and sale of men's, women's and children's footwear, clothing and accessories in the luxury fashion market.

Revenues from contracts with customers are recognized when control of the goods and services is transferred to the customer for an amount that reflects the consideration that the Company expects to receive in exchange for these goods or services. The Company generally concluded that it acts as Principal for most of the agreements that generate revenues.

Revenues from the sale of products are recognized when the control of the asset passes to the customer, which for wholesale sales generally coincides with shipping, while for retail sales it is contextual to the delivery of the asset. The usual terms of commercial payment extension average from 30 to 60 days from shipment. See Note 05.27.11 for further details.

The Company considers whether there are other promises in the contract that represent performance obligations that a portion of the transaction consideration should be allocated to. In determining the price of the sales transaction, the Company considers the effects deriving from the presence of variable consideration, significant financing components, non-monetary considerations and considerations to be paid to the customer (if any).

If the consideration promised in the contract includes a variable amount, the Company estimates the amount of the consideration to which it will be entitled in exchange for the transfer of the goods to the customer.

The variable consideration is estimated at the time of signing the contract and cannot be recognized until it is highly probable that, when the uncertainty associated with the variable consideration is subsequently resolved, there will be no significant downwards adjustment to the amount of the cumulative revenues that have been accounted for. Some wholesale contracts provide the customer with a right to return the goods within a certain period of time. As regards the right of return, the Company uses the expected value method to estimate the variable consideration in the presence of a large number of contracts that have similar characteristics. The Company therefore applies the requirements on binding estimates of the variable consideration in order to determine the amount of the variable consideration that can be included in the transaction price and recognized as revenue. The right to return an asset (and the corresponding adjustment of the cost of sale) is also recognized for the right to receive the goods from the customer. The right of return asset represents the right of the Company to recover the goods that are expected to be returned by customers. The asset is valued at the previous book value of inventories net of any recovery costs, including possible reduction in the value of the returned products. The Company periodically updates the estimate with reference to the expected amount of returns from customers, as well as any further reductions in value of the returned products. The liability for refunds represents the obligation to repay part or all of the consideration received (or to be received) from the customer and is assessed on the basis of the value that the Company expects to have to return to the customer. The Company updates its estimates of liabilities for refunds (and the corresponding change in the transaction price) at the end of each reporting period.

A receivable is recognized when the consideration is due unconditionally from the customer (i.e., it is only necessary for the time to elapse before payment of the consideration is obtained). Please refer to the paragraph on principles in the section Financial Instruments - Initial Recognition and Subsequent Valuation.

The contractual liability is an obligation to transfer to the customer goods or services for which the Company has already received the consideration (or for which a portion of the consideration is due). The contractual liability is recognized if the payment has been received or the payment is due (whichever comes first) from the customer before the Company has transferred control of the goods or services to him/her. Liabilities deriving from the contract are recognized as revenues when the Company satisfies the performance obligation in the related contract (i.e. control of the goods or services has been transferred to the customer).

18. Income taxes

18.1. CURRENT TAXES

Current tax assets and liabilities for the year are recognized for the amount expected to be recovered or paid to the tax authorities. The tax rates and regulations used to calculate the amount are those in effect at the date of these financial statements.

Current taxes relating to items recognized directly in equity are also recognized in equity and not in the profit and loss statement for the year. The Management periodically evaluates the position taken in the tax return in cases where the tax rules are subject to interpretation and, where appropriate, accrues a provision.

Direct taxes for the year are recorded based on the estimate of taxable income, in accordance with the provisions of the law and the tax rates in force, taking into account any applicable exemptions. The tax payable is recognized in the item Tax payables net of advances paid, withholdings and tax receivables.

18.2. DEFERRED TAXES

Deferred taxes are calculated by applying the liability method to the temporary differences at the reporting date between the tax values of the assets and liabilities and the corresponding book values.

Deferred tax liabilities are recognized on all taxable temporary differences, with the following exceptions:

- deferred tax liabilities derive from the initial recognition of goodwill or of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the financial statement result or the tax result;
- the reversal of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures can be controlled, and it is likely that it will not occur in the foreseeable future.

Deferred tax assets are recognized against all deductible temporary differences, unused tax credits and losses that can be carried forward, to the extent that it is probable that enough future taxable income will be available, which could allow the use of the deductible temporary differences and tax credits and losses carried forward, except in cases where:

- the deferred tax asset connected to the deductible temporary differences derives from the initial recognition of an asset or liability in a transaction that does not represent a business combination and, at the time of the transaction itself, does not affect the financial statement result, nor the tax result;
- in the case of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognized only to the extent that it is probable that they will be reversed in the foreseeable future and that there will be enough taxable income that will allow the recovery of such temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that enough taxable income will be available in the future to allow the use of this credit in whole or in part. Deferred tax assets not recognized are reviewed at each reporting date and are recognized to the extent that it becomes probable that the taxable income will be enough to allow for the recovery of these deferred tax assets.

Deferred tax assets and liabilities are measured on the basis of the tax rates expected to be applied in the year in which these assets will be realized, or these liabilities will be extinguished, considering the rates in force and those already issued, or substantially in force, on the reporting date.

Deferred taxes relating to items recognized outside the profit and loss statement are also recognized outside the profit and loss statement and, therefore, in shareholders' equity or in the comprehensive income/(loss) statement, consistently with the element to which they refer.

Tax benefits acquired after a business combination, but which do not meet the criteria for separate recognition on the acquisition date, are eventually recognized subsequently, when new information is obtained on changes in facts and circumstances. The adjustment is recognized as a reduction in goodwill (up to the entire value of the goodwill), if it is recognized during the measurement period, or in the profit and loss statement, if recognized later.

The Company compensates deferred tax assets and deferred tax liabilities if and only if there is a legal right that allows to offset current tax assets and current tax liabilities and deferred tax assets and liabilities refer to income taxes due to the same tax authority by the same taxpayer or from different taxpayers who intend to pay the current tax assets and liabilities on a net basis or to realize the asset and pay the liability simultaneously, with reference to each future period in which the deferred tax assets and liabilities are expected to be paid or recovered.

18.3. INDIRECT TAXES

Costs, revenues, assets and liabilities are recognized net of indirect taxes, such as value added tax, with the following exceptions:

- the tax applied to the purchase of goods or services is non-deductible; in this case, it is recognized as part of the purchase cost of the asset or part of the cost recognized in the profit and loss statement;
- trade receivables and payables include the applicable indirect tax.

The net amount of indirect taxes to be recovered or paid to the tax authorities is included in the financial statements under receivables or payables.

19. Criteria for translation of values in foreign currencies other than the euro

19.1. TRANSACTIONS AND BALANCES

Foreign currency transactions are initially recognized applying the spot exchange rate on the date of the transaction.

Monetary assets and liabilities denominated in foreign currency are converted into the functional currency at the exchange rate at the reporting date.

The exchange differences realized or those deriving from the conversion of monetary items are recognized in the profit and loss statement, with the exception of the monetary elements which form part of the hedging of a net investment in a foreign operation. These differences are recognized in the statement of comprehensive income/(loss) up to the disposal of the net investment, and only then is the overall amount reclassified in the profit and loss statement. Taxes attributable to exchange rate differences on those monetary elements are also recognized in the statement of comprehensive income/(loss).

Non-monetary items valued at historical cost in foreign currency are converted at the exchange rates on the date of initial recognition of the transaction. Non-monetary items recognized at fair value in foreign currency are converted at the exchange rate on the date of determination of this value. The profit or loss that emerges from the conversion of non-monetary items is treated consistently with the recognition of the gains and losses relating to the change in the fair value of the aforementioned items (i.e. the translation differences on the items whose change in the fair value is recognized in the statement of comprehensive income/(loss) or in the profit and loss statement are recognized in the statement of comprehensive income/(loss) or in the profit and loss statement, respectively).

In determining the spot exchange rate to be used at the time of initial recognition of the related asset, cost or revenue (or part of it) upon cancellation of a non-monetary asset or non-monetary liability relating to the advance payment, the date the transaction is the date on which the Company initially recognizes the non-monetary asset or the non-monetary liability resulting from the advance payment. If there are multiple payments or advances, the Company determines the transaction date for each payment or advance.

20. Derivative contracts and hedge accounting

20.1. INITIAL RECOGNITION AND SUBSEQUENT VALUATION

The Company uses derivative financial instruments including forward currency contracts, interest rate swaps and forward contracts to hedge their currency exchange rate risks and interest rate risks. These derivative financial instruments are initially recorded at fair value on the date on which the derivative contract is signed and, subsequently, they are measured again at fair value. Derivatives are accounted for as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For hedge accounting purposes, there are three types of hedges:

- fair value hedge to hedge the exposure against changes in the fair value of the recognized asset or liability or irrevocable commitment not entered;
- cash flow hedge to hedge the exposure against the variability of the cash flows attributable to a particular risk associated with all the assets or liabilities recognized or to a highly probable planned transaction or the risk of foreign currency on an irrevocable commitment not entered;
- hedge of net investment in a foreign operation.

At the start of a hedging transaction, the Company formally designates and documents the hedging relationship to which it intends to apply hedge accounting, its objectives in risk management and the strategy pursued.

The documentation includes the identification of the hedging instrument, the hedged item, the nature of the risk and the ways in which the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of the sources of ineffectiveness of the coverage and how the coverage ratio is determined). The hedging relationship meets the eligibility criteria for hedge accounting if it meets all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument;
- the effect of credit risk does not prevail over the changes in value resulting from the aforementioned economic relationship;
- the coverage ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and from the quantity of the hedging instrument that the Company actually uses to hedge this quantity of hedged items.

Transactions that meet all the qualifying criteria for hedge accounting are accounted for as follows:

20.1.1. FAIR VALUE HEDGES

The change in the fair value of hedging derivatives is recognized in the profit and loss statement for the year among other costs. The change in the fair value of the hedged item attributable to the hedged risk is recognized as part of the carrying amount of the hedged item and is also recognized in the profit and loss statement for the year in other costs.

As regards fair value hedges referring to elements accounted for according to the amortized cost criterion, each adjustment of the book value is amortized in the profit and loss statement for the year along the residual period of the hedge using the effective interest rate method. The amortization thus determined can begin as soon as an adjustment exists but cannot extend beyond the date on which the hedged item ceases to be adjusted due to the changes in fair value attributable to the hedged risk.

If the hedged item is derecognized, the unamortized fair value is recognized immediately in net income/(loss) for the year.

When an irrevocable unrecorded commitment is designated as a hedged item, subsequent cumulative changes in its fair value attributable to the hedged risk are accounted for as assets or liabilities and the corresponding profits or losses recognized in the profit and loss statement for the year.

20.1.2. CASH FLOW HEDGING

The portion of profit or loss on the hedged instrument, relating to the portion of effective hedging, is recognized in the statement of comprehensive income/(loss) in the cash flow hedge reserve, while the non-effective part is recognized directly in the profit and loss statement for the year. The cash flow hedge reserve is adjusted to the lesser of the cumulative gain or loss on the hedging instrument and the cumulative change in the fair value of the hedged item.

The Company uses forward currency contracts to hedge its exposure to exchange rate risk relating to both expected transactions and already established commitments. The ineffective part of the forward currency contracts is recognized among Selling and distribution expenses.

The Company only designates the spot component of forward contracts as a hedging instrument. The forward component is cumulatively recognized in OCI in a separate item.

The amounts accumulated among other components of comprehensive income/(loss) are accounted for depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently involves the recognition of a non-financial component, the amount accumulated in equity is removed from the separate component of equity and included in the cost or other carrying amount of the hedged asset or liability. This is not considered a reclassification of the items recognized in OCI for the period. This also applies in the case of a scheduled hedged transaction of a non-financial asset or a non-financial liability which subsequently becomes an irrevocable commitment to which the accounting for fair value hedging transactions is applied.

For any other cash flow hedge, the amount accumulated in OCI is reclassified in the profit and loss statement as a reclassification adjustment in the same period or in the periods during which the hedged cash flows impact the profit and loss statement.

If cash flow hedge accounting is interrupted, the amount accumulated in OCI must remain that amount if it is expected that future cash flow hedges will occur. Otherwise, the amount must be immediately reclassified to net income/(loss) for the year as a reclassification adjustment. After suspension, once the hedged cash flow occurs, any remaining accumulated amount in OCI must be accounted for according to the nature of the underlying transaction as previously described.

20.1.3. HEDGING A NET INVESTMENT IN A FOREIGN OPERATION

The hedges of a net investment in a foreign operation, including the hedges of a monetary item accounted for as part of a net investment, are accounted for in a similar way to the cash flow hedges. The gains or losses of the hedging instrument are recorded among the other components of the comprehensive income/(loss) statement for the effective portion of the hedge, while the remaining (non-effective) portion is recognized in the profit and loss statement for the year. Upon disposal of the foreign business, the cumulative value of these total profits or losses is transferred to the profit and loss statement for the year.

20.1.4. DETERMINATION OF FAIR VALUE

The Company measures financial instruments such as derivatives at fair value at each reporting date.

The fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in a regular transaction between market participants at the measurement date. Fair value measurement assumes that the sale of the asset or the transfer of the liability takes place:

- in the main market of the asset or liability; or
- in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible for the Company.

The fair value of an asset or liability is measured by adopting the assumptions that market operators would use in determining the price of the asset or liability, assuming that they act to best satisfy their economic interest.

An assessment of the fair value of a non-financial asset considers the ability of a market operator to generate economic benefits by using the asset in its maximum and best use or by selling it to another market operator who would use it in its maximum and best use.

The Company uses valuation techniques that are suitable for the circumstances and for which there is sufficient data available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All the assets and liabilities for which the fair value is valued or shown in the financial statements are categorized according to the fair value hierarchy, as described below:

- Level 1 - prices quoted (unadjusted) in active markets for identical assets or liabilities that the entity can access on the measurement date;
- Level 2 - inputs other than the quoted prices included in Level 1, observable directly or indirectly for the asset or liability;
- Level 3 - valuation techniques for which the input data is not observable for the asset or liability. The fair value measurement is classified entirely in the same level of the fair value hierarchy in which the lowest level hierarchy input used for the measurement is classified.

For the assets and liabilities recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between the levels of the hierarchy by reviewing the categorization (based on the lowest level input, which is significant for the purposes of measuring fair value in its entirety) at each reporting date.

The Company's financial management determines the criteria and procedures for measuring fair value.

External experts are involved in the valuation of significant assets and liabilities. The selection criteria include knowledge of the market, reputation, independence and compliance with professional standards.

At each reporting date, the Company's financial management analyzes the changes in the values of assets and liabilities for which, based on the Company's accounting standards, remeasurement or re-assessment is required.

For this analysis, the main inputs applied in the most recent valuation are verified, linking the information used in the valuation to contracts and other relevant documents.

The Company's financial management compares each change in the fair of each asset and liability and the relevant external sources, in order to determine whether the change is reasonable.

For the purposes of disclosure relating to fair value, the Company determines the classes of assets and liabilities based on the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as previously illustrated.

21. Accounting standards and interpretations with application from 1 January 2021

The following changes apply from 1 January 2021:

- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16
- Amendment to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021

Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16

The changes include the temporary relaxation of the requirements with respect to the effects on the financial statements at the time when the interest rate offered on the interbank market (IBOR) was replaced by an alternative substantially risk-free rate (Risk Free Rate - RFR):

The changes include the following practical expedients:

- A practical expedient that allows contractual changes, or changes in cash flows that are directly required by the reform, to be considered and treated as changes in a variable interest rate, equivalent to a change in a market interest rate;
- Allow the changes required by the IBOR reform to be made to the documentation of the designation of the hedging relationship without such relationship having to be discontinued;
- Provide temporary relief to entities in having to comply with separate identification requirements when an RFR is designated as a hedge of a risk component.

These changes had no impact on the Company's financial statements.

Amendment to IFRS 16 Covid-19 Related Rent Concessions beyond 30 June 2021

On 28 May 2020 the IASB published an amendment to IFRS 16. The amendment allows a lessee not to apply the requirements in IFRS 16 on the accounting effects of contractual changes for lease reductions granted by lessors that are a direct consequence of the Covid-19 pandemic. The amendment introduces a practical expedient whereby a lessee may choose not to assess whether the reductions in lease payments represent a change in contract. A lessee that chooses to use this expedient accounts for these reductions as if they were not contractual changes for the purpose of IFRS 16. The changes were to be applicable until 30 June 2021, but as the impact of the Covid-19 pandemic continues, on 31 March 2021 the IASB extended the period of application of the practical expedient until 30 June 2022. The amendments apply to financial years beginning on or after 1 April 2021. The Company has therefore continued to make use of this practical expedient.

21.1. ACCOUNTING STANDARDS ISSUED BUT NOT YET IN FORCE

The standards and interpretations which, at the date of preparation of these financial statements, had already been issued but were not yet in force, are illustrated below. The Group intends to adopt these standards and interpretations, if applicable, when they come into force.

21.1.1. AMENDMENTS TO IAS 1: CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

In January 2020, the IASB published amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement
- That a right to defer must exist at the end of the reporting period
- That classification is unaffected by the likelihood that an entity will exercise its deferral right

That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments will be effective for the years starting on or after 1 January 2023, and must be applied retrospectively. The Group is currently evaluating the impact that the changes will have on the current situation and if renegotiation of the existing loan contracts is necessary.

21.1.2. REFERENCE TO THE CONCEPTUAL FRAMEWORK – AMENDMENTS TO IFRS 3

In May 2020, the IASB published the changes to IFRS 3 Business Combinations - Reference to the Conceptual Framework. The amendments seek to replace the references to the Framework for the Preparation and Presentation of Financial Statements, published in 1989, with references to the Conceptual Framework for Financial Reporting published in March 2018 without a significant change in the requirements of the principle.

The Board also added an exception to the IFRS 3 valuation principles to avoid the risk of potential “day-after” losses or gains arising from liabilities and contingent liabilities that would fall within the scope of IAS 37 or IFRIC 21 Levies if contracted separately.

At the same time, the Board decided to clarify that the existing guidance in IFRS 3 for contingent assets will not be impacted by the updated references to the Framework for the Preparation and Presentation of Financial Statements.

The amendments will be effective for the years starting on or after 1 January 2022 and apply prospectively.

21.1.3. PROPERTY, PLANT AND EQUIPMENT; PROCEEDS BEFORE INTENDED USE – AMENDMENTS TO IAS 16

In May 2020 the IASB published Property, Plant and Equipment – Proceeds before Intended Use, which prohibits entities from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products sold during the period in which this activity is carried out at the place or the conditions necessary for it to be able to operate in the manner in which it was designed by management. Instead, an entity recognizes the revenue from the sale of those products and the costs of producing them in the profit and loss statement.

The amendment will be effective for years starting on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the commencement date of the period prior to the period in which the entity first applies such amendment. No material impacts are expected with regard to these changes.

21.1.4. ONEROUS CONTRACTS – COSTS OF FULFILLING A CONTRACT – AMENDMENTS TO IAS 37

In May 2020 the IASB published amendments to IAS 37 to specify which costs should be considered by an entity when assessing whether a contract is onerous or loss-making.

The amendment provides for the application of an approach called "directly related cost approach". Costs that relate directly to a contract for the supply of goods or services include both incremental costs and costs directly attributed to the contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they can be explicitly charged to the counterparty based on the contract.

The amendments will be effective for the years starting on or after 1 January 2022. The Group will apply these changes to contracts for which it has not yet fulfilled all its obligations at the beginning of the year in which it applies these changes for the first time.

21.1.5. IFRS 9 FINANCIAL INSTRUMENTS – FEES IN THE “10 PER CENT” TEST FOR DERECOGNITION OF FINANCIAL LIABILITIES

As part of the 2018-2020 process of annually improving the IFRS standards, the IASB published an amendment to IFRS 9. This amendment clarifies the fees that an entity includes in determining whether the conditions of a new or modified financial liability are substantially different from the conditions of the original financial liability. These fees include only those paid or received between the debtor and the lender, including fees paid or received by the debtor or the lender on behalf of others. An entity applies this amendment to financial liabilities that are amended or exchanged after the date of the first financial year in which the entity applies the amendment for the first time.

The amendment will be effective for years starting on or after 1 January 2022, and early application is permitted. The Group will apply such amendment to financial liabilities that are subsequently amended or exchanged or on the date of the first period in which the entity first applies such amendment. No material impacts are expected for the Company with regard to this change.

21.1.6. DEFINITION OF ACCOUNTING ESTIMATE - AMENDMENTS TO IAS 8

In February 2021, the IASB issued amendments to IAS 8, introducing a definition of “accounting estimates.” These amendments clarify the distinction between changes in accounting estimates and changes in accounting standards and correction of errors. Moreover, they clarify how entities use measurement and input techniques to develop accounting estimates.

The amendments are effective for fiscal years 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 beginning of that period. Early application is permitted provided that this fact is disclosed.

The changes are not expected to have a significant impact on the Group's financial statements.

21.1.7. DISCLOSURE ON ACCOUNTING STANDARDS - 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 accounting policy disclosures. The amendments are intended to help entities provide more useful accounting policy disclosures by replacing the requirement for entities to provide their "significant" accounting policies with a requirement to provide disclosures about their "material" accounting policies. Furthermore, guidance is added on how entities apply the concept of materiality in making accounting policy disclosure decisions.

Amendments to IAS 1 shall apply from financial years starting on or after 1 January 2023, early application shall be permitted. Since the amendments to PS 2 provide 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 evaluating the impact of these amendments to determine the effect they will have on the Group's accounting policy disclosures.

22. Significant estimates and assumptions

22.1. IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company checks whether there are indicators of impairment for all non-financial assets that require an impairment test; in any case, at least annually, goodwill and intangible assets with an indefinite useful life are subjected to impairment tests. If the asset is impaired, the book value is aligned with the recoverable amount. An impairment occurs when the book value of an asset or cash-generating unit exceeds its recoverable amount, which is the greater of its fair value less costs to sell and its value in use. The fair value less costs to sell is the amount obtainable from the sale of an asset or a cash-generating unit in a free transaction between knowledgeable and willing parties, less the costs of the disposal. The calculation of the value in use is based on a model of discounting of cash flows. Cash flows are derived from the budget of the following 4 years and do not include restructuring activities for which the Company has not yet committed or significant future investments which will increase the results of the activity included in the cash flow generating unit subject to rating. The recoverable amount depends significantly on the discount rate used in the discounting model of the cash flows, as well as on the cash flows expected in the future and on the growth rate used for the extrapolation.

22.2. LEASES – ESTIMATE OF THE INCREMENTAL BORROWING RATE

The Company cannot easily determine the implicit interest rate of most lease contracts and therefore uses the incremental borrowing rate to measure the lease liability. The incremental borrowing rate is the interest rate that the lessee should pay for a loan, with a duration and with a similar surety, necessary to obtain an asset of similar value to the asset consisting of the right of use in a similar economic context. The incremental borrowing rate therefore reflects the rate that the Company would have to pay, and this requires making an estimate when data are not observable or when rates need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the incremental borrowing rate using observable data (such as market interest rates), if available, and making entity-specific estimates on credit ratings.

22.3.SIGNIFICANT JUDGMENT IN DETERMINING THE LEASE TERM OF CONTRACTS THAT CONTAIN AN EXTENSION OPTION

The Company determines the duration of the lease as the non-cancelable period of the lease to which must be added both the periods covered by the lease extension option, if there is reasonable certainty to exercise this option, and the periods covered by the lease option termination of the lease if there is reasonable certainty not to exercise this option. The Company has the possibility, for some of its leases, to extend the lease for a further period mostly between three to five years. The Company applies its judgment in assessing whether there is reasonable certainty to exercise the renewal. Having said that, the Company considers all the factors identified that may entail an economic incentive to exercise the renewal. After the commencement date, the Company re-evaluates the duration of the lease in the event that a significant event or significant change occurs in circumstances that are under its control and which may affect the ability to exercise (or not to exercise) the renewal option (for example, a change in business strategy). The Company included the renewal period as part of the duration of the property lease rentals given the significance of these activities in its operations. These leases have a relatively short non-cancelable period (three to six years), and in the case of replacement of assets not immediately available, there will be a significantly negative effect on the Company's operations. The renewal options for vehicle leases have not been included in the determination of the duration of the lease, as the Company has a lease policy for vehicles for a period not exceeding five years and therefore will not exercise any renewal option.

22.4. APPLICATION OF THE AMORTIZED COST METHOD

Financial instruments measured using the amortized cost method require that the Company periodically review its estimates of future cash flows, for example in the event that a loan is expected to be repaid earlier than the due date. This revision of the estimate involves the recalculation of the book value of the financial instrument based on the discounted cash flows redetermined using the effective interest rate calculated on initial recognition. The difference that arises from the change in the value of the liability due to the revision of the estimate is recognized in the profit and loss statement for the year.

22.5.DEFERRED TAX ASSETS

Deferred tax assets are recognized in accordance with IAS 12. A discretionary assessment is required from the Directors to determine the amount of deferred tax assets that can be accounted for. They must estimate the probable temporal manifestation and the amount of future tax profits, as well as a planning strategy for future taxes.

22.6.PROVISIONS FOR LIABILITIES AND CHARGES

The Directors make estimates for the valuation of risks and charges. In particular, the Directors made use of estimates and assumptions in determining the degree of probability of occurrence of an effective liability and, in the event that the risk was assessed as probable, in determining the amount to be set aside for the identified risks.

22.7. REVENUE RECOGNITION - ESTIMATE OF THE VARIABLE FEE FOR RETURNS

The Company has developed a statistical model for expected returns on sales. The model uses the historical return data by season in order to quantify the expected return percentages. These percentages are then applied to determine the expected value of the variable consideration. Any significant change compared to the model will affect the expected return percentages estimated by the Company.

22.8. EMPLOYEE BENEFITS

The book value of the defined benefit plans in the financial statements is determined using actuarial valuations, which require the development of assumptions about the discount rates, the expected rate of return on loans, future salary increases, mortality rates and the future increase in pensions. The Company believes that the rates estimated by the actuaries for the valuations at the year-end date are reasonable, but it cannot be excluded that future significant changes in rates may have significant effects on the liability recorded in the financial statements.

22.9. INVENTORY WRITE-DOWN PROVISION

The value of inventories is adjusted for the risks associated with the slow turnover of some types of raw materials and consumables.

22.10. ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts reflects the estimate of Expected Credit Loss over the entire life of the trade receivables recorded in the financial statements and not covered by any credit insurance. This estimate considers the historical information available to the Company and the expectations on future economic conditions.

The matrix is based initially on the Company's observed historical default rates. The Company will calibrate the matrix to refine the historical data on credit losses with forecast elements. For example, if the expected economic conditions (e.g. gross domestic product) are expected to deteriorate the following year, this may lead to an increase in the number of defaults in a given geographic market, historical default rates are therefore adjusted. At each reporting date, historical default rates are updated and changes in estimates on forecast items are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in the circumstances and expected economic conditions. The historical experience of the Company's credit losses and the forecast of future economic conditions may also not be representative of the customer's actual insolvency in the future.

23. Intangible fixed assets

The following table offers details of the composition of this item and the changes in intangible assets with respect to purchases, transfers/disposals, amortization for the period, any write-downs or write-ups made and any effects deriving from extraordinary transactions.

	01.01.2021 Cost	01.01.2021 Accumulated amortization	01.01.2021 Net Value	Increases/ Decreases	Amortization	31.12.2021 Cost	31.12.201 Accumulated amortization	31.12.2021 Net Value
Trademarks and Patents	703,761,058	(155,509)	703,605,549	-	(44,570)	703,761,058	(200,080)	703,560,978
Concessions, Licenses, Software	13,034,179	(5,261,514)	7,772,665	2,826,223	(4,430,454)	15,860,402	(9,691,967)	6,168,434
Key Money	3,155,218	(2,251,484)	903,734	-	(293,232)	3,155,218	(2,544,716)	610,502
Goodwill	536,828,918	-	536,828,918	-	-	536,828,918	-	536,828,918
Backlog	11,900,000	(11,900,000)	-	-	-	11,900,000	(11,900,000)	-
Customer Relationship	182,100,000	(6,106,221)	175,993,779	-	(12,146,070)	182,100,000	(18,252,291)	163,847,709
Customer Relationship Korea	-	-	-	2,850,000	(121,808)	2,850,000	(121,808)	2,728,192
Assets in progress and advance payments	4,185,861	-	4,185,861	(914,228)	-	3,271,632	-	3,271,632
Others	29,601	(29,601)	-	13,148	(13,148)	42,748	(42,748)	-
TOTAL	**1,454,994,834**	**(25,704,328)**	**1,429,290,506**	**4,775,142**	**(17,049,282)**	1,459,769,976	**(42,753,611)**	**1,417,016,366**

23.1. TRADEMARKS AND PATENTS

This amount mainly refers to the value of the "Golden Goose Deluxe Brand," recognized during allocation of the merger deficit that arose from the merger of Astrum 3 S.p.A. and Sneakers Maker S.p.A. The value attributed to the brand, amounting to Euro 702,900, is equal to the value recognized in the consolidated financial statements, which in turn was assigned by the directors on the basis of an appraisal performed by an independent firm that determined its value using the valuation method based on the expected discounted royalty flows deriving from the licensing of the "Golden Goose Deluxe Brand" trademark, using a royalty rate of 11.5%, consistent with a panel of comparable trademarks, and applying a discount rate (WACC) of 9.9%. The useful life of the asset was identified as indefinite.

As of 31 December 2021 the brand value was tested for impairment, determining the recoverable amount based on the fair value of the brand, applying a royalty rate of 11.5% and a WACC of 9.8%. No impairment loss was identified.

23.2. CONCESSIONS, LICENSES, SOFTWARE AND SIMILAR

This category mainly includes the costs incurred for the acquisition and implementation of company information systems and the website for e-commerce. The increases refer to licenses on software programs and upgrades of information systems.

23.3.KEY MONEY

The item under consideration having a net book value as of 31 December 2021 equal to Euro 610,502 includes acquisitions for consideration (Key Money paid by the company to take over the contractual positions relating to commercial real estate located in prestigious places within the opening of owned stores). These amounts also include the initial direct costs incurred for the negotiation and finalization of property lease contracts. These costs are capitalized because of the expected incremental revenues deriving from the possibility of specifically operating in prestigious locations. Key money is amortized over the lease term, taking account of the possibility of renewal. Specifically, the Key Money paid by Golden Goose Spa in the past years is for the stores in Venice, Milan, and Forte dei Marmi.

23.4.INTANGIBLE ASSETS UNDER DEVELOPMENT AND OTHERS

At the end of the 2021 financial year, the item mainly includes advances paid by the parent company Golden Goose S.p.A. for expenses relating to the new headquarters in Marghera (VE) at Via dell'Atomo 8.

23.5.CUSTOMER RELATIONSHIP KOREA

Customer Relationship Korea arose as a result of the agreement with distributors, with which Golden Goose acquired the customer list of distributors – with their further commitment to refrain from making further direct or indirect sales – in South Korea or in non-EU territories. It was considered as having a finite useful life, and amortized over 10 years.

23.6.CUSTOMER RELATIONSHIPS

As described for the brand, Customer Relationship was also recognized following the allocation of the merger deficit from 2020. The asset value (Euro 182,100,000 gross) was assigned by the Directors consistent with the value recorded in the consolidated financial statements on the basis of an appraisal carried out by an independent firm which estimated the value applying the abandonment rate (6.7%, based on the average loss rate per year of the wholesale customers served by Golden Goose five years ago) and considering a 15-year period, using 10.9% as discount rate (equal to the WACC, used for the trademark appraisal, increased by an additional premium of 1%) and considering the tax amortization benefit. The asset is amortized over a 15-year period.

23.7. BACKLOG

The Backlog was also recorded following the allocation of the merger deficit, in line with the value recorded in the consolidated financial statements, and is calculated considering the average margin on sales generated by the order book existing at the date of acquisition, plus the benefit of tax amortization. The entire value (Euro 11,900,000) was fully amortized as of 31/12/2020.

23.8.GOODWILL

Goodwill was determined as the residual value after allocation of the merger deficit to all identifiable assets and liabilities, within the limit according to which they were recorded in the consolidated financial statements, amounting to Euro 536,828,918.

The recoverable value of the single cash generating unit was determined based on a calculation of the value in use at consolidated level. Specifically, as of 31 December 2021 impairment testing was conducted using the latest available Business Plan, as updated by the budget for 2022. The WACC applied is 9.8%, with a g rate of 2.0% equal to the expected weighted long-term inflation rate.

No impairment loss has been identified for the goodwill. For more details, refer to the explanatory notes to the consolidated financial statements.

24. Rights of use

Information is provided below on the book values of right-of-use assets and the related liability and their changes during the reporting periods:

	Buildings	Motor vehicles	Electronic machines	Total rights of use	Right-of-use liabilities
Book value on 1 January 2021	**23,007,188**	**282,378**	**9,191**	**23,298,757**	**(23,968,778)**
Increases for new contracts	9,675,254	246,495	-	9,921,749	(9,921,749)
Depreciation for the period	(4,520,186)	(200,073)	(5,048)	(4,725,308)	
Remeasurements	(840,636)	(19,895)	-	(860,531)	851,657
Accrued interest					(1,164,760)
Rent relief accounted as negative variable lease payments					81,666
Repayment cash flows					5,482,726
Book value on 31 December 2021	**27,321,620**	**308,905**	**4,143**	**27,634,668**	**(28,639,237)**

Changes in rights of use in the period primarily regard new real estate lease contracts stipulated, almost entirely relating to the new store in Via Verri, Milan, as well as amortization for the period, amounting to Euro 4,725,308, and remeasurements following revision of the contractual duration of certain commercial properties, totaling Euro 860,531. Liabilities for rights of use increased by Euro 9,921,749 for new leases and by Euro 1,164,760 for interest expense for the year. Reimbursements for the period totaled Euro 5,482,726.

Note that certain current lease agreements for commercial properties envisage variable payments linked to store turnover. At the reporting date, there are no contracts in existence that offer guarantees for the residual value or commitments for contracts that have not yet started.

The Company makes use of property rental contracts in order to obtain the availability of the premises where its business is carried out; these contracts provide for extension and termination options in accordance with what is normally applied in commercial practice. At the reporting date, none of the assets consisting of the rights of use meets the definition of real estate investment.

The Company has no sub-lease contracts in place. During the year, no sales or leaseback transactions were carried out. As of 31 December 2021 the Company has no lease agreements in currencies other than the euro.

25. Tangible fixed assets

25.1. THIS ITEM BREAKS DOWN AS FOLLOWS:

Description	01.01.2021 Cost	01.01.2021 Accumulated depreciation	01.01.2021 Net Value	Increases/Decreases	Depreciation	31.12.2021 Cost	31.12.2021 Accumulated depreciation	31.12.2021 Net Value
Land and buildings	501,543	[45,139]	456,404	-	[15,046]	501,543	[60,185]	441,358
Plant and machinery	702,407	[375,236]	327,171	52,000	[55,787]	754,407	[431,023]	323,384
Industrial and commercial equipment	1,331,767	[913,069]	418,698	154,740	[167,047]	1,486,507	[1,080,116]	406,391
Other assets	8,440,288	[4,464,932]	3,975,356	6,965,623	[1,651,663]	15,405,911	[6,116,595]	9,289,316
Assets in progress and advance payments	1,595,266	-	1,595,266	[882,193]	-	713,073	-	713,073
TOTAL	12,571,271	[5,798,376]	6,772,895	6,290,170	[1,889,543]	18,861,441	[7,687,919]	11,173,522

"Land and Buildings" refer to a property owned by the Company used as a company guesthouse. The item "Plant and Machinery" contains the values relating to investments in air conditioning and lighting systems for the Marghera offices. "Industrial and commercial equipment" refer mainly to the purchase of forms and molds to produce footwear, commercial equipment for the Milan store, equipment and fittings for trade shows and photo shoots and fittings for corner shops and showrooms.

The item "Other tangible assets" includes office and store furniture, motor vehicles, electronic office machines and leasehold improvements.

Leasehold improvements at the end of the financial year 2021 amounted to Euro 5,187,739 and mainly refer to the costs incurred for the renovation of the buildings where the Company has its main operations in Marghera (Via dell'Atomo 8 and Via dell'Elettricità 6), the new offices in Milan (Via Marelli 10) and the charges deriving from the renovation of the premises of the stores and showrooms.

During 2021, a large part of the investments were related to the new headquarters in Milan and the new store in Via Verri.

26. Deferred tax assets

For a breakdown of the item relating to deferred tax assets, see the comments on the profit and loss statement and specifically to the section regarding taxes.

27. Financial instruments and measurement at fair value

The classification of financial instruments from the perspective of IFRS 9 is transversal to various items of the statement of financial position. Below are details of the current financial instruments by category, compared with the corresponding values on 31 December 2021.

FINANCIAL ASSETS				
Euro (thousand)		Notes	31 December 2021	31 December 2020
Financial assets at fair value with changes recognized in the Profit and Loss Statement				
	Derivatives - not qualifying as hedges		21,738	491,633
Derivatives designated as hedging instruments	Forward foreign exchange contracts		0	423,341
Equity investments in subsidiaries posted at cost	Equity investments in subsidiaries posted at cost		19,332,522	18,377,980
Financial assets measured at amortized cost	Trade receivables		22,697,206	18,436,483
	Receivables from subsidiaries		84,048,710	76,619,843
	Intercompany cash pooling		26,038,810	31,535,571
	Other current financial assets		983,479	9,591
	Non-current receivables from subsidiaries		16,407,218	12,261,873
	Loans to employees		34,195	34,195
Total financial assets*			**169,563,878**	**158,190,510**
*** Financial assets other than cash and short-term deposits**	**Total current portion**		**133,789,943**	**95,980,891**
	Total non-current portion		**35,773,935**	**62,209,619**
FINANCIAL LIABILITIES				
Euro (thousand)				
Financial liabilities at fair value with				
changes recognized in the profit and loss statement	Potential Price Adjustment from Business Combination - current		1,000,000	994,455
	Potential Price Adjustment from Business Combination - non-current		2,402,064	2,320,835
Financial liabilities at fair value with changes recognized in the				
Profit and loss statement	Derivatives - not qualifying as hedges		917,676	0
Derivatives designated as hedging instruments	Forward foreign exchange contracts		1,862,433	0
	Interest rate hedging contracts			
Financial liabilities measured at amortized cost	Trade payables		66,417,449	55,900,320
	Payables to subsidiaries		1,774,329	489,439
	Liabilities from Reverse Factoring		13,134,810	13,171,722
	Bonds		0	0
	Bank financing and short-term loans		3,088,270	26,136,700
	Non-current bank loans		462,096,205	458,757,141
	Current lease liabilities	05.27.14.1	3,688,976	2,762,253
	Non-current lease liabilities	05.27.14.1	24,950,261	21,206,524
	Intercompany cash pooling		19,569,419	26,868,609
	Other financial liabilities		-	78,055
Total financial liabilities			**600,901,893**	**608,686,053**
Total current portion			**111,453,363**	**126,401,553**
Total non-current portion			**489,448,531**	**482,284,500**

27.1. FAIR VALUE MEASUREMENT AND RELATED HIERARCHICAL VALUATION LEVELS

Most of the financial assets and liabilities outstanding are short-term items or loans taken out in 2021: due to this the book value is considered a reasonable approximation of the fair value.

Management has verified that the fair value of cash and cash equivalents and short-term deposits, trade receivables and payables, bank overdrafts and other current liabilities approximates the book value as a consequence of the short-term maturities of these instruments.

The following methods and assumptions have been used to estimate fair value:

- Long-term loans and receivables, both fixed and floating rate, are assessed by the Company on the basis of parameters such as interest rates, country-specific risk factors, the individual creditworthiness of each customer and the characteristic risk of the financial project. Based on this valuation, the allowances for estimated losses on these credits are recorded in the accounts. The Company enters derivative financial instruments with various counterparties, mainly financial institutions with an assigned credit rating. Derivatives valued using valuation techniques with detectable market data mainly consist of interest rate swaps and forward currency contracts. The valuation techniques applied most frequently include the forward pricing and swaps models, which use the calculation of the present value. The models consider different inputs, including the credit quality of the counterparty, the spot foreign currency and forward rates, the interest rate curves and the forward rate curves of the underlying commodities, the yield curves of the respective currencies, the base spread between their currencies.
- The fair value of Company loans that accrue interest is determined using the discounted cash flow method and using a discount rate that reflects the interest rate of the issuer at the end of the year. The Company's default risk as of 31 December 2021 was assessed as insignificant.

In relation to the financial instruments recognized in the statement of financial position at fair value, IFRS 13 requires that these values to be classified in accordance with a hierarchy of levels that reflects the significance of the inputs used in determining the fair value. The following levels are distinguished:

- Level 1 - prices recorded on an active market for assets or liabilities being valued;
- Level 2 - inputs other than the quoted prices referred to in the previous point, which are observable directly (prices) or indirectly (derived from prices) on the market;
- Level 3 - inputs that are not based on observable market data.

Note that, with the exception of the potential Business Combination Adjustment Price liabilities, all assets and liabilities valued at fair value at 31 December 2021 fall within the hierarchical level of fair value measurement defined in IFRS 13. Furthermore, during the 2021 financial year there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.

The primary risk managed through the use of derivative instruments is foreign exchange risk.

The Company's risk management strategy and how it is applied are outlined below:

The Company holds the following derivative financial instruments:

As of 31 December 2020 (euros)		Less than 3 months	3 to 6 months	6 to 9 months	9 to 12 months	1 to 5 years	Total
Forward foreign exchange contracts (highly probable expected sales)	Notional amount (in Euro thousand)	12,701,459	12,761,976	12,715,457	12,719,054		50,897,947
	Average forward rate (EUR/USD)	1.1810	1.1754	1.1797	1.1793		1.1788
Forward foreign exchange contracts (not qualifying as hedges)	Notional amount (in Euro thousand)	3,907,723	3,895,788	2,769,990	2,758,702		13,332,203
	Average forward rate (EUR/KRW)	1,381.88	1,386.11	1,353.80	1,359.34		1,372.62
	Notional amount (in Euro thousand)	3,160,519	3,133,423	4,274,673	4,234,959		14,803,574
	Average forward rate (EUR/CNY)	7.594	7.659	7.720	7.792		7.701
As of 31 December 2021							
Forward foreign exchange contracts (highly probable expected sales)	Notional amount (in Euro thousand)	12,640,094					12,640,094
	Average forward rate (EUR/USD)	1.1867					1.1867
Forward foreign exchange contracts (not qualifying as hedges)	Notional amount (in Euro thousand)	13,246,596	2,726,034				15,972,630
	Average forward rate (EUR/KRW)	1,322.00	1,320.60				1,321.76
	Notional amount (in Euro thousand)	13,705,932					13,705,932
	Average forward rate (EUR/CNY)	7.879					7.879

Derivatives not designated as hedging instruments reflect the positive changes in the fair value of those forward currency contracts that cannot be designated as hedging contracts for the Company's financial statements, but whose purpose is nevertheless to reduce the level of risk of sales of foreign subsidiaries at the level of the Group's consolidated financial statements. In fact, the Company's policy is not to engage in derivative transactions for speculative purposes, as envisaged in the "derivatives policy" approved by the BoD on 18 December 2019.

Derivatives designated as hedging instruments reflect the positive changes in the fair value of forward foreign exchange contracts designated as hedges contracts of highly probable cash flows.

As of 31 December 2021, the Company holds forward foreign exchange contracts to hedge sales which have been designated as hedging instruments for sales in future seasons.

These derivatives are represented by the forward sale of currency through which the Company undertakes to sell the underlying currency at a specific maturity and at a predetermined exchange rate.

Given the characteristics of the derivatives contracts, these instruments are closely related to the underlying element, they are accounted for on the basis of hedge accounting, with the fair value of the derivative accounted for, net of the tax effect, in equity.

The statement of financial position items which include the fair value of derivatives outstanding as of 31/12/2021 are "Current financial assets" and "Current financial liabilities" depending on whether the fair value at the end of the year is positive or negative.

The impact and classification of hedging instruments are represented as follows:

		Notional amount	Book value (euros)	Statement of financial position item
As of 31 December 2021	Forward foreign exchange contracts	USD 60,000,000/KRW 18,300,000,000/CNY 114,000,000	-2,758,372	Other current financial assets/ Current financial debt
As of 31 December 2020	Forward foreign exchange contracts	USD 15,000,000/KRW 21,112,000,000/CNY 108,000,000	914,973	Other current financial assets/ Current financial debt

Currency hedging contracts outstanding as of 31 December 2021 with positive mark to market value amount to Euro 21,738 thousand, while those with negative mark to market value amount to Euro 2,780,109. Currency hedging contracts outstanding as of 31 December 2020 with positive mark to market value amounted to Euro 914,973.

Details by bank are listed below:

Bank	Expiry	Notional	Mark to Market 31 December 2021 (Euro)
Friuladria-Credit Agricole	13/07/2022	KRW 1250000000	3,444
Friuladria-Credit Agricole	03/08/2022	KRW 1250000000	3,566
Friuladria-Credit Agricole	08/09/2022	KRW 1250000000	3,513
Friuladria-Credit Agricole	12/10/2022	KRW 1250000000	3,651
Friuladria-Credit Agricole	14/11/2022	KRW 1250000000	3,733
Friuladria-Credit Agricole	12-Dec-22	KRW 1250000000	3,831
		Total gains on derivatives	**21,738**

Bank	Expiry	Notional	Mark to Market 31 December 2021 (Euro)
Friuladria-Credit Agricole	21/01/2022	CNY 8000000	-52,598
Friuladria-Credit Agricole	23/02/2022	CNY 8000000	-51,556
Friuladria-Credit Agricole	23/03/2022	CNY 8000000	-51,353
Friuladria-Credit Agricole	20/04/2022	CNY 8000000	-51,847
Friuladria-Credit Agricole	20/05/2022	CNY 8000000	-51,624
Friuladria-Credit Agricole	21/06/2022	CNY 8000000	-51,487
Friuladria-Credit Agricole	15/07/2022	CNY 11000000	-70,695
Friuladria-Credit Agricole	05/08/2022	CNY 11000000	-70,553
Friuladria-Credit Agricole	14/09/2022	CNY 11000000	-70,192
Friuladria-Credit Agricole	14/10/2022	CNY 11000000	-70,152
Friuladria-Credit Agricole	16/11/2022	CNY 11000000	-69,926
Friuladria-Credit Agricole	14/12/2022	CNY 11000000	-69,822
Friuladria-Credit Agricole	19/01/2022	KRW 1800000000	-31,763
Friuladria-Credit Agricole	21/02/2022	KRW 1800000000	-31,287
Friuladria-Credit Agricole	21/03/2022	KRW 1800000000	-30,965
Friuladria-Credit Agricole	14/04/2022	KRW 1800000000	-31,109
Friuladria-Credit Agricole	18/05/2022	KRW 1800000000	-30,521
Friuladria-Credit Agricole	17/06/2022	KRW 1800000000	-30,225
Friuladria-Credit Agricole	14/01/2022	USD 5000000	-179,847
Friuladria-Credit Agricole	14/02/2022	USD 5000000	-177,447
Friuladria-Credit Agricole	14/03/2022	USD 5000000	-174,800
Friuladria-Credit Agricole	14/04/2022	USD 5000000	-149,970
Friuladria-Credit Agricole	13/05/2022	USD 5000000	-149,980
Friuladria-Credit Agricole	15/06/2022	USD 5000000	-146,728
Friuladria-Credit Agricole	15/07/2022	USD 5000000	-155,904
Friuladria-Credit Agricole	11/08/2022	USD 5000000	-155,134
Friuladria-Credit Agricole	15/09/2022	USD 5000000	-150,612
Friuladria-Credit Agricole	14/10/2022	USD 5000000	-141,654
Friuladria-Credit Agricole	15/11/2022	USD 5000000	-140,824
Friuladria-Credit Agricole	07/12/2022	USD 5000000	-139,535
		Total losses on derivatives	**-2,780,109**
NET TOTAL			**-2,758,372**

Bank	Expiry	Notional	Mark to Market 31 December 2020 (Euro)
Friuladria-Credit Agricole	29/01/2021	USD 5000000	134,026
Friuladria-Credit Agricole	29/01/2021	USD 5000000	144,675
Friuladria-Credit Agricole	12/02/2021	USD 5000000	144,640
Friuladria-Credit Agricole	21/01/2021	KRW 4004000000	34,444
Friuladria-Credit Agricole	21/01/2021	KRW 4004000000	34,479
Friuladria-Credit Agricole	24/02/2021	KRW 4004000000	34,390
Friuladria-Credit Agricole	16/02/2021	KRW 2000000000	16,780
Friuladria-Credit Agricole	12/03/2021	KRW 3500000000	31,467
Friuladria-Credit Agricole	15/04/2021	KRW 1600000000	17,647
Friuladria-Credit Agricole	16/05/2021	KRW 1000000000	10,983
Friuladria-Credit Agricole	17/06/2021	KRW 1000000000	10,860
Friuladria-Credit Agricole	21/01/2021	CNY 36000000	102,513
Friuladria-Credit Agricole	24/02/2021	CNY 36000000	99,260
Friuladria-Credit Agricole	26/03/2021	CNY 36000000	98,810
		Total gains on derivatives	914,973

Bank	Expiry	Notional	Mark to Market 31 December 2020 (Euro)
n/a	n/a	n/a	n/a
		Total losses on derivatives	0
NET TOTAL			**914,973**

Equity investments in subsidiaries posted at cost The breakdown of this item, whose amount is included in the item Other non-current financial assets, is given below.

Entity name	Country	% stake	31.12.2021	31.12.2020
Golden Goose Holland Bv	Netherlands	100	200,000	200,000
Golden Goose Usa Inc	USA	100	787,695	787,695
Golden Goose France Sas	France	100	900,161	900,161
Golden Goose Db Uk Ltd	Great Britain	100	1,207,773	1,207,773
Golden Goose Germany Gmbh	Germany	100	1,303,281	1,303,281
Golden Goose HK Ltd	Hong Kong	100	200,942	200,942
Golden Goose Korea Ltd	Republic of Korea	100	6,787,416	6,787,416
Golden Goose Switzerland Gmbh	Switzerland	100	728,873	728,873
Golden Goose Austria Gmbh	Austria	100	308,505	308,505
Golden Goose Spain SL	Spain	100	13,630	13,630
Golden Goose Belgium Sprl	Belgium	100	37,032	37,032
Golden Goose Denmark ApS	Denmark	100	22,710	22,710
Golden Goose Shanghai Trading Co	China	100	5,250,000	5,250,000
Golden Goose Japan Ltd	Japan	100	67,146	67,146
Golden Goose Portugal Lda	Portugal	100	5,000	5,000
Golden Goose Trading Llc	United Arab Emirates	49	64,854	64,854
Golden Goose Macau Ltd	Macau	100	22,426	22,426
Golden Goose Singapore Ltd	Singapore	100	9,607	5,098
Golden Goose Taiwan Ltd	Taiwan	100	28,680	28,680
Golden Goose Libano	Lebanon	100	0	20,096
Golden Goose Turkey Mağazacilik AS	Turkey	100	1,038,607	399,757
Golden Goose Australia Ltd	Australia	100	6,192	6,192
Golden Goose Do Brasil Ltda	Brazil	100	128,395	6,156
Golden Goose Russia LLC	Russia	100	10,930	0
Golden Goose Mexico	Mexico	*	2,667	2,667
Golden Goose New Zealand	New Zealand	*	0	1,891
Associazione in Partecipazione Fenix	Italy	**	200,000	0
Total investments in subsidiaries			**19,332,522**	**18,377,980**

* Non-operating companies as of 31.12.2021
** In 2021, the joint venture Fenix was set up following the agreement with the company Fenix Entertainment S.p.A. for the purpose of producing a feature film.

Investments recorded as fixed assets represent a long-term, strategic investment by the company.

The above equity investments in subsidiaries are valued at subscription cost and have not been written down for impairment. There are no restrictions on the availability of any non-current equity investments to the investor company, nor are there any option rights or other privileges. With the exception of transactions involving capitalization by incorporation, capital contributions and normal, ongoing commercial transactions involving the purchase and sale of finished products, no significant transactions were carried out with investee companies.

27.2. FINANCIAL ASSETS MEASURED AT AMORTIZED COST

Financial assets valued at amortized cost include trade receivables, including those due from subsidiaries, receivables arising from intercompany cash pooling transactions, non-current receivables due from subsidiaries, amounts due for loans to employees and other current financial assets.

“Other current financial assets” (this financial statement item also includes the fair value of derivatives) include the balances of the Paypal and Adyen accounts, which are payment platforms used for retail collections, mainly e-commerce, for Euro 805 thousand.

Loans to employees, included in the financial statement item “Other non-current financial assets” mainly include loans granted during the year to some employees for the purchase of Company shares for a total of Euro 34 thousand.

Non-current receivables from subsidiaries included in the item “Other long-term financial assets” mainly consist in loans granted to subsidiaries as well as payments made in the name and on behalf thereof.

Intercompany cash pooling includes the positive balances of the centralized cash management system with regard to foreign subsidiaries

27.3. LOANS AND FINANCING

IFRS 7.7 requires supplementary information that allows users of the financial statements to assess the relevance of the financial instruments with reference to the statement of financial position and profit/loss and the result. Since the Company has a significant amount of loans and borrowings in its statement of financial position, it was decided to provide detailed information to users of the financial statements both regarding the effective interest rate and the maturity of the financing.

(Euro)		Interest rate	Expiry	31.12.2021	31.12.2020
Current loans and financing	Lease liabilities	2.97% - 8.43%	2020-2039	3,688,976	2,762,253
	Reverse factoring liabilities	0.00%		13,134,810	13,171,722
	Revolving Facility liabilities	EURIBOR +3.50%	Cut-off date 2026	98,270	25,035,374
	Bridge Facility liabilities	EURIBOR + margin from 4.25% to 5.75%	2027		1,101,326
	Floating Rate Senior Secured Note			2,990,000	
	Intercompany cash pooling	2.00%		19,569,419	26,868,609
Total current loans and financing				**39,481,475**	**68,939,284**
Non-current loans and financing	Lease liabilities	2.97% - 8.43%	2020-2039	24,950,261	21,206,524
	Bridge Facility liabilities	EURIBOR + margin from 4.25% to 5.75%	2027	0	458,757,141
	Floating Rate Senior Secured Note	EURIBOR + margin of 4.875%		462,096,205	0
Total non-current loans and financing				487,046,466	479,963,665
Total loans and financing to customers designated at amortized cost				526,527,941	548,902,949

On 14 May 2021 Golden Goose S.p.A. repaid in advance the Bridge loan that it had taken over as a result of the merger with Astrum 3 (merged) in 2020. At the same time, the Company issued a Floating Rate Senior Secured Note bond loan for Euro 480,000 thousand. The bond was placed below par at the price of 0.98 with a variable quarterly coupon equal to the EURIBOR 3-month rate (with zero floor) and an annual spread of 4.875%.

As of 31/12/2021 the company has not utilized the following credit line: Revolving credit line for a total of Euro 63,750 thousand. The interest rate applied is EURIBOR (which may not be less than zero) plus 3.5% per annum.

27.4. RISK MANAGEMENT: OBJECTIVES AND CRITERIA

The Company is exposed to risks associated with existing business activities.

27.5. FINANCIAL RISK

The main financial liabilities of the Company, other than derivatives, include bank loans and financing, and trade and other payables. The main objective of these liabilities is to finance the Company's operating activities. The Company has financial receivables and other trade and non-trade receivables, cash and short-term deposits that directly originate from operating activities. The Company also enters into derivative contracts.

The Company is exposed to market risk, credit risk and liquidity risk. Company Management is responsible for managing these risks; in this activity, the Management is supported by the Financial Department, which provides information on financial risks and suggests an appropriate risk management policy at Group level. The Financial Department provide assurance to Company Management that the activities involving financial risk are governed with appropriate corporate policies and with appropriate procedures and that financial risks are identified, assessed and managed in accordance with the requirements of the Company's policies and procedures. All activities derived for risk management purposes are directed and supervised by a team of specialists with adequate knowledge and experience. It is the Company's policy not to enter into derivatives for trading or speculative purposes.

The Board of Directors reviews and approves the management policies for each of the risks set out below.

27.6. INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will change due to changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

The Company manages its interest rate risk through a balanced portfolio of loans and financing at fixed and variable interest rates. The main loans as of 31 December 2021 are indexed to the Euribor with a 0% floor and the Company has not entered to any hedging contracts.

27.7. INTEREST RATE SENSITIVITY

The Company's exposure to the risk of changes in market rates is connected only to the Floating Rate Secured Note and the Revolving Credit Facility Agreement.

Given the level of the EURIBOR rates at the reporting dates (negative), the presence of the 0% floor on the loans, the effect of reasonably possible changes in the EURIBOR rates would result in an immaterial economic impact.

27.8. EXCHANGE RATE RISK

Exchange rate risk is the risk that the fair value or future cash flows of an exposure will change as a result of changes in exchange rates. The Company's exposure to the risk of exchange rate changes mainly refers to the Company's operating activities (when revenues or costs are denominated in a foreign currency) and to the Company's net investments in foreign subsidiaries.

The Company manages its currency exchange risk by hedging the transactions that are expected to take place within a maximum period of 12 months for hedges of expected sales.

When derivatives are entered into for hedging purposes, the Company negotiates the terms of these derivatives so as to match them with the terms of the hedged exposure. As regards the hedging of expected transactions, derivatives cover the exposure period from the moment in which the cash flows of the transactions are expected to the time of payment of the resulting credit or debt denominated in foreign currency.

The performance by the Company of its activities also in countries outside the euro area makes the exchange rate factor relevant.

The Company preliminarily defines the amount of the exchange risk on the basis of the budget for the period and subsequently hedges this risk gradually, along the order acquisition process, to the extent that the orders correspond to the budget forecasts. The hedging is carried out through specific forward currency sales contracts.

The management believes that the risk management policies adopted by the Group are adequate.

Forward foreign exchange contracts are designated as expected sales hedges in US dollars. These future transactions are highly probable and cover around 27% of total US dollar sales. These future transactions are highly probable as they are expected to occur in the 12 months following the date of the financial statements.

The balance of forward currency contracts varies with the change in the volume of sales expected in foreign currency and with the change in the forward exchange rates.

There is an economic relationship between the elements hedged and the hedging instruments since the terms of the exchange rate mirror of the terms of the highly probable future transactions (i.e. the notional amount and the expected payment date). To test the effectiveness of the hedge, the Company uses a method based on the determination of a hypothetical derivative that compares the changes in the fair value of the hedging instruments to changes in the fair value of the hedged instruments deriving from the hedged risk.

The ineffectiveness of the hedge can occur due to:

- Differences in the timing of the cash flows generated by the underlying hedges and the hedging instruments;
- Different indices (and different curves) related to the hedged risk of the underlying and hedging instruments;
- Different impact that the counterparty risk has on the fair value change in the hedging instruments and of the underlying;
- Changes in the expected amounts of the cash flows of the underlying hedged items and of the hedging instruments.

27.9. EXCHANGE RATE SENSITIVITY

Exposure to the risk of changes in exchange rates derives from operations in currencies other than the currency in which the account is denominated. The following table illustrates the sensitivity to a reasonably possible change in the exchange rate of the currencies to which the Company is exposed, with all other variables kept constant.

The effect on the Company profit/loss before taxes is due to changes in the fair value of monetary assets and liabilities, including any derivatives in foreign currency not designated as hedging instruments. The pre-tax impact on the other items of the Company's shareholders' equity is attributable to changes in the fair value of the forward exchange contracts designated as cash flow hedges. The Company's exposure to changes in exchange rates for all other foreign currencies is not material.

Currency (thousand euros)	euro appreciation scenario			Euro depreciation scenario		
	Effect on pre-tax profit	Pre-tax effect on other shareholders' equity items	Total pre-tax effect on equity	Effect on pre-tax profit	Pre-tax effect on other shareholders' equity items	Total pre-tax effect on equity
AED	(0)	0	(0)	0	0	0
AUD	(70)	0	(70)	70	0	70
CHF	(3)	0	(3)	3	0	3
CAD	(48)	0	(48)	48	0	48
CNY	836	0	836	(836)	0	(836)
GBP	(160)	0	(160)	160	0	160
HKD	(329)	0	(329)	329	0	329
JPY	(29)	0	(29)	29	0	29
KRW	348	0	348	(348)	0	(348)
TRY	(589)	0	(589)	589	0	589
USD	(2,356)	2,535	180	2,356	(2,535)	(180)
SGD	(6)	0	(6)	6	0	6

Below is the fluctuation range considered for each currency, determined on the basis of the minimum and maximum values reached during the year by the exchange rate in question:

Currency	31.12.2021
AED	+/-4.8%
AUD	+/-3.4%
CHF	+/-3.6%
CAD	+/-4.9%
CNY	+/-5.3%
GBP	+/-3.9%
HKD	+/-4.5%
JPY	+/-3.4%
KRW	+/-2.6%
TRY	+/-55.4%
USD	+/-4.8%
SGD	+/-3.1%

27.10. CREDIT RISK

Credit risk is the risk that a counterparty will not fulfill its obligations related to a financial instrument or to a commercial contract, thus leading to a financial loss. The Company is exposed to credit risk deriving from its operating activities (especially for trade receivables) and from its financing activities, including deposits with banks and financial institutions, operations in foreign currency and other financial instruments.

27.11. TRADE RECEIVABLES

Trade credit risk is managed by the policy established by the Company and according to the procedures and controls established for the management of credit risk. The credit quality of customers is assessed based on a detailed credit rating form. Individual credit limits are also established for all customers based on this assessment.

The Company's credit management strategy applies conditions requiring customers to pay 30% on order confirmation and the remaining 70% upfront. These payment terms are maintained for the supply of at least two seasons and then move to an average deferred payment by 30-60 days.

As of 31 December 2021 the Company has approximately 18 customers (2020: 14 customers with a balance greater than Euro 200 thousand each, which together represent around 44% (2020: 47%) of all receivables from third-party customers.

At each reporting date, an impairment analysis is carried out on trade receivables, using a matrix for measuring expected losses. The write-down percentages are determined based on the number of days past due and by grouping the receivables from customers which are characterized by similar causes of impairment (geographical area, presence of guarantees or other type of insurance). The calculation is based on the probability of credit recovery, and information on past events that are available on the reporting date, current conditions and expected market scenarios.

The Company makes use of insurance and credit factoring instruments, without advances and solely for the purpose of credit management and insurance. As in 2020, the receivables from three distributor customers of Golden Goose S.p.A. were assigned for an amount equal to Euro 2,684 thousand as of 31 December 2021 (Euro 3,239 thousand as of 31 December 2020).

As of 31 December 2021, 57% (56% in 2020) of the Company's trade receivables were covered by forms of insurance.

The Company believes that the risk associated with the concentration of trade receivables and contract activities is low, as its customers are located in different countries and operate in largely independent markets.

Below is the information on the exposure to credit risk on trade receivables and on the activities deriving from the Company contract, using a write-down matrix:

31 December 2021	Days past due					
(thousand euros)	Current	<30 days	30–60 days	61–90 days	> 91 days	Total
Expected loss rate	3.5%	8.0%	13.9%	19.7%	99.1%	
Estimated gross book value at risk	22,267	655	259	449	1,595	25,225
Expected credit loss	769	52	36	89	1,582	2,528
31 December 2020	**Days past due**					
(thousand euros)	Current	<30 days	30–60 days	61–90 days	> 91 days	Total
Expected loss rate	1.3%	6.8%	45.4%	0.0%	84.2%	
Estimated gross book value at risk	15,382	2,669	400	106	2,803	21,360
Expected credit loss	199	182	182	-	2,361	2,924

27.12. FINANCIAL INSTRUMENTS AND BANK DEPOSITS

Credit risk relating to relations with banks and financial institutions is managed by the Group treasury in accordance with the Group's policy. The Company operates exclusively with leading banks and therefore considers the credit risk relating to balances to financial counterparties to be insignificant.

27.13. LIQUIDITY RISK

The Company's objective is to maintain a balance between continuity in the availability of funds and flexibility through instruments such as bank overdrafts, bank loans, bonds and lease contracts.

As of 31 December 2021, 17% of the Company's debt matures in less than one year (18% in 2020), calculated based on undiscounted maturities.

Reverse factoring liabilities relates to few key suppliers of the company Golden Goose S.p.A. (as of 31 December 2021 reverse factoring arrangements were in place for the top five suppliers in terms of outstanding payables, plus other minor suppliers) agreements stipulated with few primary financial institutions. These agreements, called 210 For Golden, entered into with Intesa and Illimity, as well as an agreement with Credemfactor, provide an additional payment term (respectively, 30 and 90 days) without explicit financial charges for the Group. On the maturity date of the original debt, the supplier receives payment from the financial institution; the supplier has the right to request an advance payment from the financial institution, assuming the related financial charges. Reverse factoring agreements are not encumbered by guarantees to financial institutions. Payables are classified as financial liabilities when the payable reaches the additional payment term.

The table below summarizes the maturities of the Company's financial liabilities based on contractually maturing undiscounted payments.

As of 31 December 2021	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Financing and loans		5,980,000	17,745,000	94,965,000	491,700,000	610,390,000
Lease liabilities		1,197,024	3,715,776	16,066,752	14,505,363	35,484,914
Other financial liabilities			65,458			65,458
Reverse factoring financial liabilities		13,134,810				13,134,810
Liabilities for Acq. Adjustment Price Sneakers Maker Spa		1,000,000		2,500,000		3,500,000
Cash pooling			19,569,419			19,569,419
Trade payables	4,314,260	32,771,930	31,105,589	-	-	68,191,779
Total	**4,314,260**	**54,083,764**	**72,201,241**	**113,531,752**	**506,205,363**	**750,336,380**

27.14. GUARANTEES

The Company does not hold restricted cash or liquidity guarantees. The escrow accounts to guarantee lease contracts amount to Euro 1,579 thousand on 31 December 2021 and are classified under the item "Other non-current assets".

27.14.1. CHANGES IN LIABILITIES DERIVING FROM FINANCING ACTIVITIES

A breakdown of changes in financial liabilities for the year under review is provided below.

(Euro)		31.12.2020	Obtainment of loans	Repayments	Non-monetary IFRS 16 changes	Fair value changes	Exchange rate effect	Reclassification	Other	31.12.2021
Current loans and financing	Lease liabilities	2,762,253		-4,317,966	-81,666			5,326,355		3,688,976
	€75,000,000 Revolving Credit Facility 2020	25,035,374		-25,035,374					32,813	32,813
	€470,000,000 Bridge Facility	1,101,326		-1,101,326						0
	€480,000,000 Floating Rate Senior Secured Note	0							2,990,000	2,990,000
	Reverse factoring financial liabilities	13,171,722							-36,912	13,134,810
	Liabilities for Acq. Adjustment Price Sneakers Maker Spa	994,455							5,545	1,000,000
	Liabilities for derivative financial instruments	0				2,780,109				2,780,109
	Intercompany cash pooling	26,868,609		-5,714,303			-1,584,887		-1,216,249	19,569,419
	Other current financial liabilities	78,055		-78,055					65,458	65,458
	Total current financial liabilities	70,011,794	0	-36,247,024	-81,666	2,780,109	-1,584,887	5,326,355	3,056,904	43,261,585
Non-current loans and financing	Lease liabilities	21,206,524			9,070,092			-5,326,355		24,950,261
	€470,000,000 Bridge Facility	458,757,141		-458,757,141						0
	€480,000,000 Floating Rate Senior Secured Note	0	460,322,713						1,773,492	462,096,205
	Liabilities for Acq. Adjustment Price Sneakers Maker Spa	2,320,835							81,229	2,402,064
	Total non-current financial liabilities	**482,284,500**	**460,322,713**	**-458,757,141**	**9,070,092**	**0**	**0**	**-5,326,355**	**1,854,721**	**489,448,530**
	Total financial liabilities	**552,296,294**	**460,322,713**	**-495,004,165**	**8,988,426**	**2,780,109**	**-1,584,887**	**0**	**4,911,625**	**532,710,115**

During 2021, the company repaid the Bridge Facility in advance, with a nominal and repayment value of Euro 470 million, while at the same time issuing a Floating Rate Senior Secured Note bond loan for Euro 480 million. The amount of Euro 460,322,713 represents the nominal amount net of the 2% discount and transaction charges.

The column "Other" includes interest accrued but not yet paid and the reclassification from trade payables to reverse factoring financial liabilities recorded when the original payment term granted by the supplier elapsed from the invoice date, the date on which the supplier receives the payment (with the exception of the instances when the supplier received an advance on the invoice from the factor, in which case any financial charges are borne by the supplier). The column "Other" of reverse factoring payables also includes payments made by the Group to the financial intermediary. The breakdown of payables for reverse factors at 31 December 2021 and 31 December 2020 is as follows:

Euro (thousand)	31 December 2021			31 December 2020		
	Trade payables	Financial liabilities	Payment Terms	Trade payables	Financial liabilities	Payment Terms
Payables for reverse factoring						
210 For Golden - Intesa	19,013	3,399	240 days from the invoice date	17,234	3,002	240 days from the invoice date
210 For Golden - Illimity	15,837	9,305	120 to 210 days from the invoice date	15,887	10,170	120 to 210 days from the invoice date
Credemfactor	196	430	120 days from the invoice date eom	-	-	-
Total payables for reverse factoring	**35,045**	**13,135**	-	**33,121**	**13,172**	-

In comparison, as of 31 December 2021 the payment terms of most of the Trade Payables not covered by reverse factoring agreements provide for payment from 30 to 150 days from the invoice date (as of 31 December 2020: from 30 to 150 days from the invoice date).

The column "Reclassification" includes the effects of the reclassification from "non-current" to "current" of some of the financing and interest-bearing loans, including lease obligations, related to the passage of time.

The Company classifies interest paid as cash flows from operating activities.

28. Other non-current financial assets

The details of this item are shown below:

Description	31.12.2021	31.12.2020
Investments in subsidiaries	19,332,522	18,377,980
Loans and other receivables due from subsidiaries	16,407,218	12,261,873
Loans to employees	34,195	34,195
Total Other non-current financial assets	**35,773,935**	**30,674,049**

29. Other non-current assets

"Other non-current assets" mainly include guarantee deposits paid at the time of store openings, to guarantee the lease or its utilities.

The most significant deposits include those relating to stores in China, Hong Kong, Korea, Australia, Canada and the US.

30. Inventories

Inventories are composed as follows

Description	31 December 2021	31 December 2020
Raw and ancillary materials and consumables	984,530	886,892
Work in progress and semi-finished products	-	-
Finished products and goods	34,189,862	29,798,403
TOTAL	**35,174,392**	**30,685,295**

The upward trend in the value of inventories is mainly due to the increase in turnover. The values of inventories expressed in the financial statements do not differ appreciably compared to a valuation at current costs. Inventories are net of the inventory write-down provision deemed appropriate for the purpose of a prudent evaluation of the finished products of previous collections and of the raw materials no longer used. The change in the provision for inventory write-downs is shown below: The inventory obsolescence provision at the reporting date amounted to Euro 11,686,057 (Euro 7,687,842 in 2020).

Description	2021	2020
Opening balance of provisions	[7,687,842]	[5,313,871]
Uses	1,426,702	2,447,047
Provisions	[5,424,917]	[4,821,018]
Closing balance of provisions	**[11,686,057]**	**[7,687,842]**

During the 2021 financial year, provisions were recorded net of uses for a total net value of Euro 3,998,215.

31. Trade receivables

The balances of trade receivables due from customers are as follows:

(Euro)	31.12.2021	31.12.2020
Gross value of trade receivables	25,224,943	21,360,320
Allowance for doubtful accounts	[2,527,737]	[2,923,837]
Net value of trade receivables	**22,697,206**	**18,436,483**

"Trade receivables" include all trade receivables for a total of Euro 22,697,206 (Euro 18,436,483 on 31 December 2020), accounted for at their nominal value and presented in the financial statements net of the allowance for doubtful accounts, which amounts to Euro 2,527,737 (Euro 2,923,837 in 2020). The adjustment of the receivables to their presumed realizable value is obtained by allocating a special provision calculated on the basis of the examination of the individual credit positions and with the criterion of expected credit losses as required by IFRS 9. The existing provision year-end represents a prudential estimate of the existing risk. The change in the provision is shown below:

(Euro)	31.12.2021	31.12.2020
Opening balance of provisions	[2,923,837]	[2,293,122]
Provisions		[700,000]
Uses	396,100	69,285
Closing balance of provisions	**[2,527,737]**	**[2,923,837]**

32. Receivables from Group Companies

"Receivables from Group companies" amounting to Euro 84,048,710 (Euro 76,619,843 in 2020) refer to trade receivables due from foreign subsidiaries.

33. Receivables for income taxes

"Tax receivables" amounting to Euro 25,818 refer to a residual receivable for tax reimbursements.

34. Other non-financial current assets

This item breaks down as follows:

(Euro)	31.12.2021	31.12.2020
Supplier advances	499,199	23,656
Sundry receivables	761,267	1,618,045
Prepaid expenses	3,428,840	4,249,545
IVA credits	3,226,650	0
Total Other current non-financial assets	**7,915,957**	**5,891,246**

"Sundry receivables" mainly include transitional accounts linked to collection with payment instruments such as Paypal, Adyen and credit cards, receivables from L'Ermitage for grants to renovate leased buildings for Euro 642 thousand.

Accrued income and prepaid expenses measure income and charges whose competence is advanced or postponed with respect to the numerical and/or documentary event; they disregard the date of payment or collection of the related income and charges, common to two or more financial years and spread over time. Prepaid expenses include Euro 1,367 thousand relating to the initial commissions linked to the Revolving facility, which are recorded in the profit and loss statement on a pro-rata basis over the period of availability of the line of credit. There are also Euro 1,554 thousand referring to the non-competition agreement stipulated in 2021

Also for these items, the criteria adopted in the valuation and conversion of the amounts expressed in foreign currency are reported in the first part of these explanatory notes.

As of 31 December 2021, there were no accruals or deferrals of a duration of more than five years.

35. Current financial assets

The details of this item are shown below.

Description	31.12.2021	31.12.2020
Derivative financial instruments	21,738	914,973
Intercompany cash pooling	26,038,810	31,535,571
Payment platform deposits	807,479	9,591
Shares of parent companies	176,000	0
Total Current financial assets	**27,044,027**	**32,460,136**

36. Cash and cash equivalents

As of the date of the financial statements, the balance of cash and cash equivalents is composed as described below:

(Euro)	31.12.2021	31.12.2020
Bank deposits	76,695,527	68,799,555
Cash in hand	69,183	57,251
Total Cash and cash equivalents	**76,764,710**	**68,856,807**

As of 31 December 2021, the amount of cash and cash equivalents was Euro 76,764,710 (Euro 68,856,807 as of 31 December 2020) and is entirely represented by liquid bank deposits. Please refer to the cash flow statement for the analysis of events that led to changes in cash and cash equivalents.

37. Shareholders' equity

As of 31 December 2021, as also on 31 December 2020, the subscribed and paid-up share capital consists of 1,004,341 shares equal to Euro 1,004,341 with a par value of Euro 1 each.

Details of the usability of equity reserves are included in the following table:

Nature/Description	Amount	Possibility of use (*)	Quota available	Uses in the previous 3 years to cover losses	Uses in the previous 3 years for other reasons
Capital	1,004,341	B			
Share premium reserve	182,627,580	A, B, C, D	182,627,579		125,000,000
Revaluation reserves	-	A,B			
Legal reserve	200,868	A,B			
Reserve for unrealized exchange gains	565,770	A,B			
Reserve for the hedging of expected financial flows	[1,252,008]				
IAS/IFRS adoption reserve	37,531,692	B			
IAS reserve 19	[389,599]				
Stock option reserve	2,778,414	A,B,C	2,778,414		
Merger surplus reserve	596,588,974	A,B,C	596,588,974		
Other reserves	88,990	A,B,C	88,990		
Profit/(loss) carried forward	42,181,403	A, B, C, D	42,181,403		
Profit (loss) for the year	89,103,294				
Total	**951,029,719**	**A, B, C, D**	**822,858,417**		**125,000,000**
Non-distributable portion (unrealized foreign exchange gains)			565,770		
Residual distributable portion			**822,292,647**		

(*) A: capital increase B: to cover losses C: distribution to shareholders D: other by-law restrictions

38. Provisions for pensions

This item includes provisions for employee severance indemnities and is broken down as follows:

(Euro)	31.12.2021	31.12.2020
Opening value	1,709,943	1,122,909
Service cost	606,734	492,791
Interest cost	5,358	8,451
Benefits paid	(267,978)	(52,515)
Actuarial (gains)/losses	113,941	138,307
Closing value	**2,167,998**	**1,709,943**

Liabilities for **defined benefit plans** (severance indemnities) were assessed with the support of actuarial experts and carried out on the basis of the "accrued benefits" methodology through the Project Unit Credit Method as required by IAS 19. This method is substantiated in assessments that express the average present value of the pension obligations accrued based on the service that the worker has provided up to the time when the assessment itself is carried out, not projecting the employee's wages according to the regulatory changes introduced by the recent Social Security Reform. The calculation methodology can be broken down into the following phases:

- projection for each employee in service on the valuation date, of the severance indemnities already set up to the random future time of payment;
- determination for each employee of the probable severance indemnity payments to be made by the company in the event that the employee leaves the company because of dismissal, resignation, incapacity, death and retirement as well as in relation to requests for advances;
- discounting, at the valuation date, of each probable payment.

The actuarial model for the valuation of severance pay is based on various assumptions, both demographic and economic/financial. The hypotheses of the model are:

Technical economic assumptions	31.12.2021	31.12.2020
Annual discount rate	0.98%	0.34%
Annual inflation rate	1.75%	0.80%
Annual rate of TFR increase	2.81%	2.10%
Annual rate of wage increase	0.50%	0.50%

Technical demographic assumptions	
Death	RG48 tables published by the State General Accounting Office
Incapacity	INPS tables by age and gender
Retirement	100% upon reaching AGO requisites, as updated by Decree-Law 4/2020.

Annual frequency of turnover and severance indemnity advances	
Frequency of advances	0.5%
Frequency of turnover	5.0%

The provision does not include the indemnities accrued since 1 January 2007, intended for supplementary pension schemes pursuant to Legislative Decree no. 252 of 5 December 2005 (or transferred to the INPS treasury).

There are no amounts of employee severance indemnities relating to terminated employment contracts, the payment of which fell due before 31/12/2021 or will fall due in the following year. Uses during the year refer solely to settlements for voluntary resignations. In the year subsequent to 31/12/2021 no employee severance indemnities are expected to be paid following voluntary redundancies or corporate restructuring plans.

The following table highlights the effects that would have occurred on the defined benefit obligation following the reasonably possible changes in the actuarial assumptions relevant at the end of the year:

Sensitivity analysis of the main valuation parameters as of 31 December 2021	
Turnover rate + 1.00%	39,339
Turnover rate - 1.00%	(46,841)
Inflation rate + 0.25%	(62,218)
Inflation rate - 0.25%	59,638
Discount rate + 0.25%	73,820
Discount rate - 0.25%	(78,129)

39. Deferred tax liabilities

For a breakdown of the item relating to deferred tax liabilities, see the comments on the profit and loss statement and specifically to the section regarding taxes.

40. Non-current and current provisions for risks and charges

The provisions for non-current liabilities and charges include "Provisions for pensions" allocated by the Company. The provisions include allocations made for leaving indemnities and termination of agency relations; it is intended to cover the indemnity due to agents when the mandate is terminated. The provisions for agents' leaving indemnities are set aside on the basis of regulatory provisions and collective economic agreements regarding situations of probable interruption of the mandate given to agents for reasons attributable to the principal. The provisions are entered at the value representative of the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the end of the period. The changes in this item are shown in detail below (in thousands of euros):

(Euro)	01.01.2021	Increases	Decreases	31.12.2021
Provisions for agents' severance indemnities	135,833		(12,639)	123,194
Returns provision	2,199,360	4,638,794	(2,199,360)	4,638,794
TOTAL	**2,335,193**	**4,638,794**	**(2,211,999)**	**4,761,988**

The Company distinguishes between non-current and current Provisions for Risks and Charges. This last item includes the return liability which is an estimate of the returns on products sold during the year but which could be returned by customers in subsequent years. The provision for returns amounts to Euro 4,638,794 at the end of fiscal year 2021, and Euro 2,199,360 at the end of fiscal year 2020.

41. Trade payables

(Euro)	31.12.2021	31.12.2020
Trade payables	66,417,449	55,900,320
Total trade payables	**66,417,449**	**55,900,320**

These are recognized net of commercial discounts; any cash discounts are recognized at the time of payment. The nominal value of these trade payables was adjusted to reflect returns or allowances (invoicing adjustments), to an extent corresponding to the amount agreed with the counterparty.

42. Payables to companies of the Group

"Payables to Group companies" amounting to Euro 1,774,329 refer to payables due to foreign subsidiaries.

43. Other current non-financial liabilities

This item breaks down as follows:

	31.12.2021	31.12.2020
Payables to social security institutions	1,269,644	736,331
Advances from clients	1,212,486	959,230
Miscellaneous payables	7,560,450	6,480,967
Total Other current non-financial liabilities	**10,042,450**	**8,176,528**

Amounts due to social security institutions mainly refer to amounts due for social security contributions pertaining to the years 2021 and 2020 paid respectively in 2022 and 2021. The item Advances from customers (included in Contractual liabilities pursuant to IFRS 15) includes advances received from customers for goods and services not yet delivered. These advances are recognized as revenue when control of the assets is transferred to customers.

The item "Miscellaneous payables" refers primarily to payables due to employees (salaries, bonuses and deferred charges).

44. Taxes payable

On 31 December 2021 tax payables totaled Euro 14,719,893 (Euro 1,059,119 on 31 December 2020). The payable refers to the net balance of IRES and IRAP current taxes of Golden Goose Spa.

45. Commitments and guarantees

Guarantees and sureties given	31.12.2021	31.12.2020
(Euro)		
Sureties in favor of third parties and companies	10,931,271	7,989,768
Total	**10,931,271**	**7,989,768**

Guarantees refer to lease contracts for points of sale, both in Italy and of foreign subsidiaries in countries where Golden Goose operates.

46. Profit and Loss Statement

46.1. NET TURNOVER

For a detailed analysis of cost and revenue trends, and more generally of the entire profit and loss statement, see the information contained in the Directors' Report on Operations.

The schedules below show sales revenues for fiscal 2021 broken down by asset category and major sales channels. The figures for the year are then compared with the previous year in order to provide a comprehensive comparison in terms of the continuity of industrial and commercial activities.

46.1.1. REVENUE BY PRODUCT TYPE

(Euro)	2021	2020
Sales of goods and raw materials	6,445,154	3,043,493
Product sales	271,094,615	207,549,827
Accessory sales	-	-
Others	-	-
Total	**277,539,769**	**210,593,320**

46.1.2. REVENUE BY CATEGORY

(Euro)	2021	2020
Main revenue	297,598,588	214,062,324
Revenue adjustments	[26,503,972]	[6,512,498]
Other revenue	6,445,154	3,043,493
Total	**277,539,769**	**210,593,320**

46.1.3. REVENUE BY SALES CHANNEL

(Euro)	2021	2020
Wholesale	161,009,027	173,115,920
Retail	70,700,400	6,699,520
Web	45,830,342	29,976,157
Other		801,723
Total	**277,539,769**	**210,593,320**

46.1.4. REVENUE BY GEOGRAPHICAL AREA

Also with regard to the revenues for sales of finished products, the following is a breakdown of the geographical segments that represent the main revenue lines of Golden Goose:

(Euro)	2021	2020
Italy	73,007,591	27,819,528
EMEA	75,508,707	58,969,605
Non-EU	129,023,471	123,804,187
Total	**277,539,769**	**210,593,320**

46.1.5. RETURN RIGHTS ASSETS AND REFUND LIABILITIES

Return assets related to the goods expected to be returned by customers, accounted for within inventories at cost, amount to Euro 1,339,891 as of 31 December 2021 (Euro 775,679 as of 31 December 2020).

The refund liabilities related to the obligation to refund customers for returns on products sold during the year, but which could be returned by customers in the following years, is accounted for within current provisions for risks and charges and amounts to Euro 4,638,794 thousand as of 31 December 2021 (Euro 2,199,360 on 31 December 2020).

47. Cost of goods sold

The items and related amounts relating to the cost of sales are shown below:

(Euro)	2021	2020
Consumption of raw materials and finished products	103,313,340	84,928,007
Personnel expenses	6,250,270	5,387,630
Other production costs	3,008,713	3,974,286
Industrial depreciation and amortization	330,891	131,942
Logistics	4,322,817	3,056,326
Cost for Samples	1,820,531	2,126,789
Total	**119,046,562**	**99,604,980**

In 2021 the cost of sales increased in absolute terms by Euro 19,441,582, going from Euro 99,604,980 in 2020 to Euro 119,046,562 in 2021. The cost of sales as a percentage of revenues remained virtually unchanged (43% versus 47% in 2020).

48. Selling and distribution expenses

This item breaks down as follows:

Selling and distribution expenses	2021	2020
(Euro)		
Stores depreciation	4,389,703	2,982,894
Other commercial expenses	7,255,859	444,179
Cost of store staff	7,110,144	4,303,663
Variable commissions on sales	2,516,556	2,144,159
Agents' fees	1,129,061	105,987
Distribution logistics	8,825,378	4,703,385
Credit Management costs	-	1,502,353
Total	**31,226,701**	**16,186,619**

Selling expenses increased in absolute terms, with an increase of Euro 15,040,082 between 2020 and 2021, attributable to the development of the retail business. They mainly include commercial expenses of Euro 7,255,859 (Euro 444,179 in 2020), sales personnel costs of Euro 2,516,556 (Euro 2,144,159 in 2020), logistics costs of Euro 8,825,378 (Euro 4,703,385 in 2020).

49. General and administrative expenses

This item breaks down as follows:

General and administrative expenses	2021	2020
(Euro)		
Non-industrial depreciation and amortization	17,051,054	21,354,856
ROU non-industrial depreciation and amortization	1,876,811	1,097,768
Cost of G&A personnel	9,061,030	7,295,460
Other Operating Costs	11,026,536	23,221,772
Other Operating Income	(1,381,796)	(1,322,554)
Total	**37,633,635**	**51,647,301**

The item General and administrative expenses decreased from Euro 51,647,301 in 2020 to Euro 37,633,635 in 2021. The decrease totaling Euro 14,013,666 is mainly related to the absence in 2021 of non-recurring items (that instead were present in 2020). Specifically, reference is made to costs linked to the extraordinary transaction carried out in the previous year, included for Euro 10,496,275 under Other operating costs in 2020. The residual amount mainly includes costs for consultancy, travel, bank fees, utilities, annual software licenses, maintenance, charges incurred for taxes and levies not related to business income, gifts to customers, security, staff training and entertainment expenses.

50. Marketing expenses

This item breaks down as follows:

Marketing expenses	2021	2020
(Euro)		
Marketing and advertising	10,574,684	4,197,302
Amortization	22,073	0
Personnel costs	2,776,925	1,982,523
Total	**13,373,682**	**6,179,825**

51. Summary of costs by nature

The following are details of the nature of the total of personnel costs and of the total cost of depreciation with indication of the item in the profit and loss statement account of destination:

(Euro)	2021	2020
Included in the Cost of goods sold	6,250,270	5,387,630
Included in General and administrative expenses	9,061,030	7,295,460
Included in Marketing expenses	2,776,925	1,982,523
Included in Selling and distribution expenses	7,110,144	4,303,663
Total personnel costs	**25,198,368**	**18,969,276**

The item includes the entire expense for employees including raised based on merit, promotions, automatic cost-of-living increases, cost of unused vacation days, performance bonuses, provisions required by law and those relating to collective agreements. Details of the composition of personnel costs are given below:

Wages and salaries, including bonuses and incentives	2021	2020
(Euro)		
Wages and salaries, including bonuses and incentives	18,610,245	14,887,953
Social security contributions	4,411,645	2,945,758
Employee severance indemnities	1,085,899	923,422
Adjustment from discounting of employee severance indemnity	[48,729]	[39,595]
Other personnel costs	1,139,308	251,738
Stock incentive plans	-	-
Total personnel costs	**25,198,368**	**18,969,276**

Depreciation, amortization, write-downs of fixed assets included in the profit and loss statement (Euro)		2021	2020
Included in the cost of goods sold:	Industrial amortization of intangible assets	179,869	-
	Industrial depreciation of tangible assets	151,022	131,943
Included in general and administrative expenses:	Depreciation of tangible assets	1,007,278	1,220,166
	Amortization of intangible assets	16,043,776	20,134,690
	Depreciation of Right of Use	1,876,811	1,097,768
	Write-down of Right of Use	-	-
Included in selling and distribution expenses:	Depreciation of tangible assets	714,625	264,616
	Amortization of intangible assets	925,550	1,594,317
	Depreciation of Right of Use	2,749,528	1,123,961
	Write-down of Right of Use		-
Included in marketing expenses:	Depreciation of tangible assets	16,619	
	Amortization of intangible assets	5,454	
	Depreciation of Right of Use		
Total amortization, depreciation and write-downs of fixed assets included in the profit and loss statement		**23,670,531**	**25,567,461**

Total depreciation, amortization and impairment of fixed assets went from Euro 25,567,461 in 2020 to Euro 23,670,531 in 2021.

52. Financial income and charges

This item breaks down as follows:

(Euro)	2021	2020
Interest expense and bank charges	-39,008,564	-25,318,813
Interest on discounted severance indemnity	-5,358	-8,451
Income/(charges) derivative financial instruments	-3,256	1,141,690
IFRS16 financial charges	-1,164,760	-734,799
Charges other than the above	-3,317	-2,541
Bank interest receivable	0	0
Income other than the above	260	51,542
Net interest income/(expense) from subsidiaries	585,988	206,179
Exchange gains (losses)	3,318,000	-6,177,073
Total Financial charges and income	**-36,281,007**	**-30,842,266**

As shown in the table above, this item mainly includes financial charges related to the financial facilities obtained from various banks for the payables related to the medium/long-term lines of credit mentioned above. Total interest expense and bank charges amounted to Euro 39,008,564 for the year 2021 (Euro 25,318,813 in 2020) and breaks down as follows:

- Charges relating to the Bridge Facility Agreement and Revolving Credit Facility for a total amount of Euro 22,220,072;
- Charges related to the new Senior Secured Floating Rates Note for a total amount of Euro 16,788,492.

52.1. EXCHANGE GAINS AND LOSSES

Of the total amount of net profits resulting from the profit and loss statement for 2021, equal to a total of Euro 3,318,000, the unrealized valuation component corresponds to profits equal to Euro 1,096,315. The amounts indicated do not include the amount of income from derivative financial instruments.

53. Income tax for the year

Taxes for the year are entered under this item. As regards IRES and IRAP, the tax payable is recorded under Tax payables net of advances paid.

Taxes (Euro)	2021	2020
Current taxes:	**15,866,192**	**11,930,358**
IRES	12,233,992	10,014,369
IRAP	3,632,199	1,915,990
Taxes relating to prior years and other taxes	**[2,621,543]**	**[699,496]**
Deferred tax liabilities	**[73,684,737]**	**[7,500,632]**
Substitute tax for tax alignment	**11,314,977**	-
Total Tax charge for the year	**[49,125,112]**	**3,730,229**

The reconciliation between the income taxes accounted for and the theoretical taxes resulting from the application of the ordinary IRES rate (24%) to the pre-tax profit for the years ended on 31 December 2021 and 2020 is as follows:

Reconciliation of tax burden (euros)		2021	%	2020	%
Profit before taxes		**39,978,182**		**6,132,330**	
Theoretical taxes		9,594,382	24.00%	1,471,759	24.00%
Actual taxes		[49,125,112]	n/a	3,730,229	60.83%
Result for the year		**89,103,294**	**n/a**	**2,402,101**	
Deviation from effective tax rate		**[58,719,494]**	**n/a**	**2,258,470**	**36.83%**
Differences that generate the deviation	IRAP on income produced in Italy	3,230,613	8.08%	1,100,035	17.94%
	ACE deductions	[971,678]	[2.43%]	[945,550]	[15.42%]
	Prior-year taxes	[2,623,133]	[6.56%]	[701,140]	[11.43%]
	Acquisition costs (not deductible)	-	0.00%	2,671,087	43.56%
	Deferred taxes on tax realignment	[69,863,158]	[174.75%]	-	n/a
	Substitute tax on tax realignment	11,314,977	28.30%	-	n/a
	Other increases and/or decreases	192,885	0.48%	134,038	2.19%
Total		**[58,719,495]**	**n/a**	**2,258,470**	**36.83%**

In 2020, following the acquisition of Sneakers Maker S.p.A. by Astrum 3 S.p.A., the Company incurred acquisition costs, the deduction of which had been deferred until the outcome of an opinion requested in the early months of 2021. In July the Revenue Office responded positively and the above costs were therefore considered deductible when the 2021 tax returns were submitted. The total tax benefit obtained by the Company amounts to Euro 2,623,133 and is included in taxes relating to previous years.

During 2021, the company decided to adhere to the facility related to the tax alignment of trademarks and goodwill to the higher statutory value pursuant to Article 110 of Decree Law no. 104 of 14 August 2020, converted into Law no. 126 of 13 October 2020. Specifically, Golden Goose S.p.A. submitted a specific question concerning the possibility of benefiting from this facilitation during First Time Adoption, and, in the event of a positive response, the confirmation of the method for calculating the realignment to be performed in such case. The response was positive with regard to both the question regarding the possibility of benefiting from the realignment even in the event of First Time Adoption in the 2020 financial year and the values to be considered for the purposes of the realignment, namely the brand and goodwill values on 31 December 2019. The Agency's reply also confirmed that for the purposes of the regulations in question, the higher values of trademarks and goodwill arising as a result of the extraordinary transaction carried out during the 2020 financial year are not relevant. The application of this tax benefit has resulted in the posting of a registration tax of 3% (Euro 11,314,977, the first installment of which was paid in 2021, while the remaining two will be paid in 2022 and 2023) of the total aligned net value (Euro 377,165,900). The tax alignment of the net book value of the trademark gave rise to a positive reversal effect of Euro 49,969,711 of lower deferred IRES and IRAP tax liabilities. With regard to goodwill, deferred tax assets of Euro 19,893,447 were recorded, prudentially restructuring the overall effect of the benefit over 18 years following the new tax deductibility of 50 years of the higher value recorded at the time of alignment (Article 1, paragraph 622 of the 2022 Budget Law).

53.1. DEFERRED AND PREPAID TAXES

Deferred taxation is expressed mainly by deferred tax liabilities, the total balance of which at the end of the 2021 financial year was Euro 192,941,785 (Euro 245,536,689 in 2020). This balance was constituted in 2021 upon the previously mentioned allocation to the item Golden Goose Deluxe Brand and Customer Relationships of the consolidation difference following the business combination transaction.

Deferred taxation has been figured referring to the cumulative amount of all temporary differences, on the basis of the expected average tax rates in effect when the temporary differences will be reversed. Deferred tax assets were recorded as it is considered likely that they will be recovered through future taxable income that is no less than the amount of the differences that will be canceled.

For deferred taxes, an IRES tax rate of 24% was considered. IRAP was also taken into account at a rate of 3.9% for those differences regarding items included in the taxable base for this tax.

The effects of the temporary differences that led to the recognition of the deferred taxes are shown in the table below.

53.2. RECOGNITION OF DEFERRED TAXES AND CONSEQUENT EFFECTS:

The effects of accounting for deferred tax assets and liabilities on the Company's profit and loss statement and statement of financial position are summarized below.

(Euro)		2021	2020
Deferred tax assets	Inventory write-down provision	3,260,410	2,144,908
	Non-deductible Interest expense	3,949,345	2,069,582
	Registration IFRS 16 ROU	186,332	203,851
	Amortization, depreciation and write-downs	532,304	564,755
	Allowance for doubtful accounts	527,777	590,177
	Provision for returns	920,394	397,207
	Exchange losses from valuation	39,173	976,659
	Employee benefits	665,577	691,464
	Goodwill deficit after merger (realigned)	18,788,256	-
	Currency hedges	484,480	-
	Other	181,355	171,883
	Total deferred tax assets	**29,535,404**	**7,810,486**
Deferred tax liabilities	Brand value allocated following the 2020 acquisition	146,139,390	196,109,100
	Brand value allocated following the 2020 acquisition (realignment)	999,394	-
	Customer relationship value allocated following the 2020 acquisition	45,713,511	49,102,264
	Other	89,490	325,325
	Total Deferred tax liabilities	**192,941,785**	**245,536,689**
	Net balance of deferred taxes	**(163,406,381)**	**(237,726,203)**

54. Information relating to transactions carried out with related parties

Please note that the Company leases the building in which it carries out part of its operating activity, located in Marghera (VE). This building is owned by L'Ermitage S.r.l., whose ownership is attributable to some of the shareholders of Astrum S.a.p.A., an indirect parent of Golden Goose S.p.A. The fees paid by the latter for the use of the spaces described above amount to Euro 330,000 for 2021 (Euro 330,000 for 2020). Relations between the Parent Company, Golden Goose S.p.A., and its subsidiaries are shown below. The Company entered into several non-competition agreements with the same shareholders of a parent. One of these agreements provides for an additional payment to the shareholder that will be due only upon the realization of certain future events. Having assessed term and condition of this commitment, the Company did not accrue this liability in the financial statements for the year.

The table below shows the data for the year 31/12/2021:

Company	Fin. Pay.	Fin. Rec.	Trade Rec.	Trade Pay.	Other Rec.	Sales	Interest income	Interest expenses	Guarantees
Golden Goose Australia Ltd			3,743		1,859	1,834	0	0	(*)
Golden Goose Atlanta Llc	(561)	7	877			1,187	2	0	(*)
Golden Goose Austria Gmbh			1,169			204	0	0	
Golden Goose Belgium Sprl		1,655	(205)			(239)	30	0	(*)
Golden Goose Boston Llc		607	425			591	18	0	(*)
Golden Goose Chicago Llc	(463)	14	1,050			1,341	4	0	(*)
Golden Goose Shanghai Trading		2,965	15,199	(77)	0	7,160	115	0	
Golden Goose Dallas Llc	(2,628)		2,204			2,699	0	(22)	(*)
Golden Goose Denmark ApS			427		1,032	(317)	0	0	(*)
Golden Goose Trading			2,760		442	725	0	0	
Golden Goose Hampton Llc		103	125			258	8	0	(*)
Golden Goose France Sas		2,699	2,951	(929)		5,384	77	0	
Golden Goose Germany Gmbh		961	(341)			(25)	19	0	(*)
Golden Goose Hawaii Llc		1,342	(91)			79	25	0	(*)
Golden Goose Holland Bv		986	149			382	22	0	
Golden Goose Japan Ltd		624	1,927		3,350	(206)	0	0	(*)
Golden Goose Korea Ltd			10,227	(214)	0	10,611	0	0	
Golden Goose Las Vegas Llc	(681)	27	1,023			1,327	1	0	(*)
Golden Goose Lux Canada Ltd					40	0	2	0	
Golden Goose Macau			679		1,255	81	0	0	
Golden Goose Nashville Llc	(1,058)	1	1,007			1,438	0	(6)	(*)
Golden Goose New Jersey Llc		559	259			467	14	0	(*)
Golden Goose NY Llc	(1,609)		701			1,039	0	(18)	(*)
Golden Goose Portugal			1,427		174	710	0	0	(*)
Golden Goose Santa Clara Llc		639	82			240	18	0	(*)

Golden Goose Scottsdale Llc	(469)	9	963				1,232	2	0	
Golden Goose Spain SL		2,276	2,416				3,842	63	0	(*)
Golden Goose Switzerland Gmbh		94	1,040			246	133	0	0	(*)
Golden Goose TORONTO LTD	(2)	315	295			743	203	1	0	
Golden Goose Turkey		1,060	385	(10)		226	1,373	47	0	
Golden Goose UK Ltd		2,451	(108)				812	258	0	
Golden Goose USA INC	(4,430)	21	20,820	(217)			47,661	21	(312)	
Golden Goose Virginia Llc		89	265				439	9	0	(*)
Golden Goose Woodbury Llc		244	(1,756)	(188)			(1,891)	27	0	(*)
Golden Goose Americana LLC	(296)		256				410	0	(3)	
Golden Goose Aspen Llc	(380)		83				217	0	(5)	
Golden Goose Austin	(713)		842				1,076	0	(4)	
GOLDEN GOOSE BD LLC			1,500				1,499	0	0	
Golden Goose Beverly		608	220				578	9	0	
Golden Goose Boca Llc	(711)	1	872				1,111	0	0	(*)
Golden Goose Charlotte Llc	(621)		530				766	0	(7)	(*)
Golden Goose Denver Llc	(398)	3	364				578	3	0	(*)
Golden Goose Detroit Llc		80	116				387	1	0	(*)
Golden Goose HK Ltd		4,794	(1,157)	(240)		95	(716)	79	0	
Golden Goose Houston Llc	(1,229)	1	1,437				1,826	0	(4)	(*)
Golden Goose LA Llc		890	118				323	17	0	(*)
Golden Goose LA Topanga LLC	(93)		113				256	0	(0)	(*)
Golden Goose LV Crystals LLC	(755)		524				733	0	(11)	(*)
Golden Goose Madison Llc		2,387	63				394	56	0	(*)
Golden Goose Miami Llc	(1,416)		1,626				2,158	0	(12)	(*)
Golden Goose Phila Llc	(876)		777				1,062	0	(8)	(*)
Golden Goose Portland Llc			121				120	0	0	(*)
Golden Goose San Antonio Llc			305				304	0	0	(*)
Golden Goose SCP Llc		634	297				619	18	0	(*)
Golden Goose San Francisco Llc		1,535	120				305	34	0	(*)
Golden Goose Singapur		98	112			181	112	0	0	
Golden Goose do Brasil Ltd		1,571					0	9	0	
Golden Goose Taiwan			2,393			338	269	0	0	
Golden Goose Tampa Llc			324				323	0	0	(*)
Overall total	(19,389)	32,348	84,049	(1,876)		9,978	105,485	1,011	(412)	

(*) Also note that Golden Goose S.p.A. guaranteed regular payment of the annual lease rental and any other considerations due, according to the contract signed with the above-mentioned subsidiaries, as indicated in the section on guarantees.

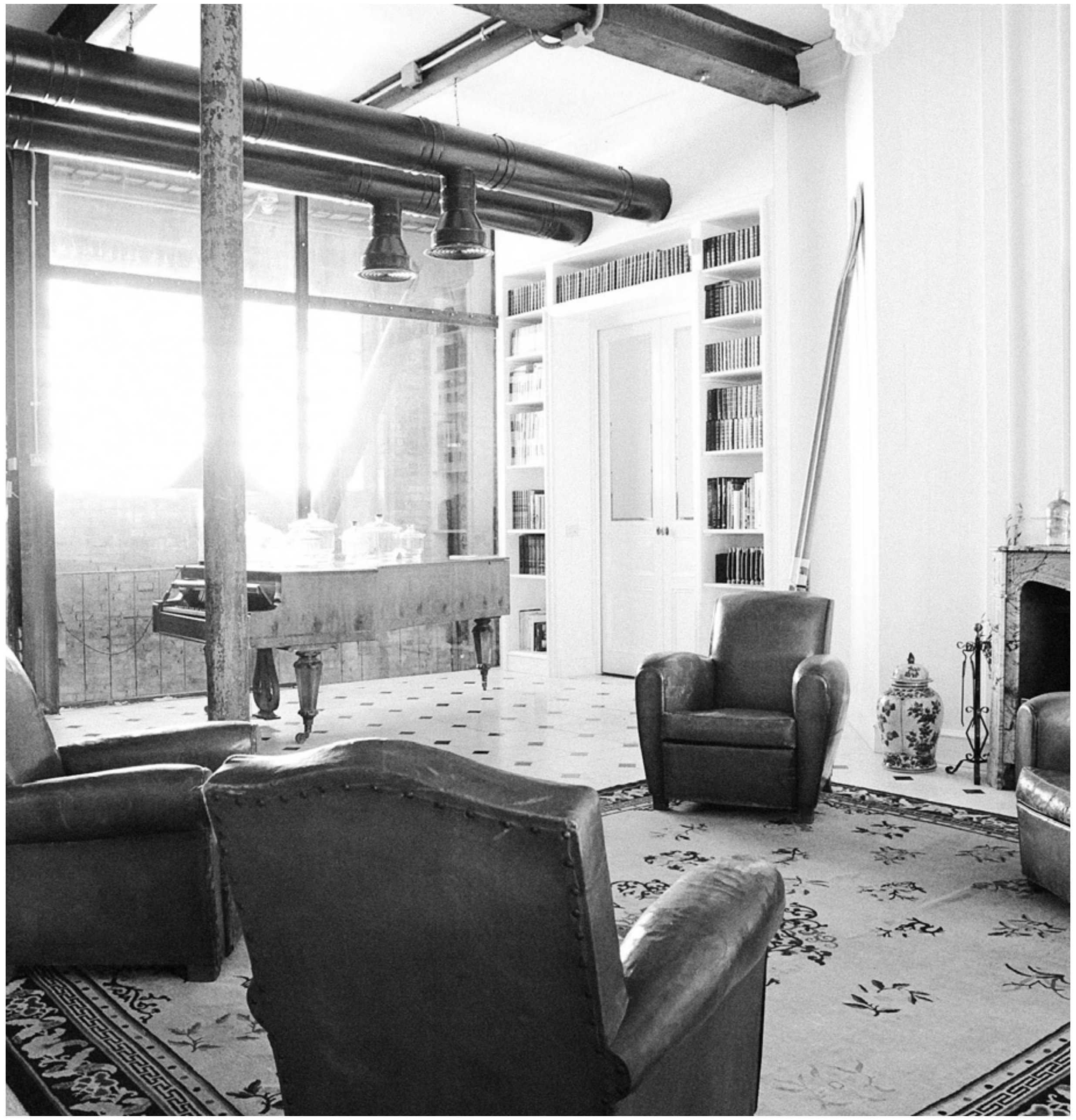
55. Transactions with executives with strategic responsibilities

The meaning of executives with strategic responsibilities is intended in a broad sense. The CEO, his direct reports and other collaborators are included in this category: they can be both "managers" and "executives" with strategic responsibilities.

	2021	2020
Short-term benefits	2,837,790	3,198,763
Post-employment pension and healthcare benefits	399,801	505,989
Employee severance indemnities	135,146	194,600
Share payments	-	-
Total remuneration paid to key executives	**3,372,737**	**3,899,352**

56. Information on agreements not presented in the statement of financial position

The Company has no agreements that were not recognized in the statement of financial position.



57. Disclosures pursuant to article 1, paragraphs 125 to 129 of Law no. 127/2017

Following is the disclosure required by art. 1, paragraphs 125 to 129 of Law no. 124/2017.

See the "Transparency" section of the national register of state aid pursuant to Article 52 of Law no. 234/2012 for the aid granted to the Company and published in this Register by the parties that manage said aid pursuant to the related regulations.

ECONOMIC BENEFITS RECEIVED DURING THE PERIOD FROM JANUARY TO DECEMBER 2021		
Name of the Disbursing Party	**Contribution Received (euros)**	**Description**
Revenue Agency	142,402.16	Tax credit 10% as per Law 178/2020
Revenue Agency	8,055.00	Sanitization and PPE bonus

58. Disclosure on the fees due to the independent auditors

Pursuant to the law, the fees for the year for services provided by the independent auditors are shown:

Audits, certification and other services (euros)	Paying entity	Fees for 2021
Audit services	EY S.p.A.	201,767
Certification services	EY S.p.A.	473,000
Other services	EY S.p.A.	39,422
Total		**714,189**

Certification services refer to consultancy services related to the issuance of the Bond.

59. Other information

In accordance with the law, the total remuneration due to the Directors and the Board of Statutory Auditors is shown (article 2427, first paragraph, no. 16 of the Civil Code). The figures shown below are expressed in thousands of euros.

Qualifications	Remuneration
Directors	1,334
Board of Statutory Auditors	36

60. Employment data

Golden Goose's workforce, broken down by category as of 31/12/2021, was as follows:

Workforce	31 December 2021	31 December 2020
Senior managers	18	14
Headquarters employees	225	188
Showroom employees	11	11
Direct store employees	49	33
Total Workforce	**303**	**246**

The national Italian employment contracts applied are those of the textile and clothing sector and that of the commerce sector.

61. Significant events after the reporting period

See the directors' report on operations.

06

ATTACHMENTS

Building a better
working world

Golden Goose S.p.A.

Consolidated financial statements as at December 31, 2021

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010

Building a better
working world

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Golden Goose S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Golden Goose Group (the Group), which comprise the consolidated statement of financial position as at December 31, 2021, and the consolidated profit and loss, the consolidated other comprehensive income, consolidated statement of changes in shareholders' equity and consolidated cash flow statement for the year then ended, and explanatory notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of Golden Goose S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Golden Goose S.p.A. or to cease operations, or have no realistic alternative but to do so.

Building a better working world

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and

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significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010

The Directors of Golden Goose S.p.A. are responsible for the preparation of the Directors' Report on Operations of the Group as at December 31, 2021, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Directors' Report on Operations, with the consolidated financial statements of the Group as at December 31, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Directors' Report on Operations is consistent with the consolidated financial statements of the Group as at December 31, 2021 and complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Treviso, April 6, 2022

EY S.p.A.
Signed by: Stefano Marchesin, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Golden Goose S.p.A.

Financial statements as at December 31, 2021

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated January 27, 2010 (Translation from the original Italian text)

To the Sole Shareholder of
Golden Goose S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Golden Goose S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2021, and the profit and loss, the other comprehensive income, statement of changes in shareholders' equity and cash flow statement for the year then ended, and explanatory notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.
We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated January 27, 2010

The Directors of Golden Goose S.p.A. are responsible for the preparation of the Directors' Report on Operations of Golden Goose S.p.A. as at December 31, 2021, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Directors' Report on Operations, with the financial statements of Golden Goose S.p.A. as at December 31, 2021 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Directors' Report on Operations is consistent with the financial statements of Golden Goose S.p.A. as at December 31, 2021 and complies with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated January 27, 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Treviso, April 6, 2022

EY S.p.A.
Signed by: Stefano Marchesin, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Financial statements as of 31 december 2021 report of the board of statutory auditors pursuant to art. 2429, paragraph 2 of the italian civil code

To the Shareholder of Golden Goose S.p.A. (hereinafter referred to for brevity as the "Company")

This report has been approved on a collective basis pursuant to article 2429 of the Italian Civil Code. The Board of Statutory Auditors waived the term set out in art. 2429, paragraph 1 of the Italian Civil Code.

The Board of Directors made available the following documents for the year ending 31 December 2021:

- Draft financial statements, complete with explanatory notes.
- Directors' report on operations.The contents of this report are based on the provisions of the law and the "Rules of conduct for the Board of Statutory Auditors - Principles of conduct for the Board of Statutory Auditors of unlisted companies" issued by the CNDCEC in a version last updated on 12 January 2021.

Given that the Company has appointed an auditing firm registered with the Ministry of Justice to perform the statutory audit of its accounts, pursuant to article 2409-bis et seq. of the Italian Civil Code, the statutory audit was performed by the Independent Auditors Ernst & Young S.p.A.

The report of the Independent Auditors pursuant to art. 14 of Italian Legislative Decree no. 39 of 27 January 2010 relating to the financial statements for the year ended 31 December 2021 was prepared on 6 April 2022 and does not reveal any significant deviations, negative opinions or requests for information and therefore the opinion issued is positive. Note that the Board of Statutory Auditors was informed during the drafting of the Independent Auditors' report on the results of the work carried out.

The Independent Auditors carried out the procedures outlined in the auditing standards (ISA Italia) in order to express, as required by law, an opinion on the consistency of the directors' report on operations, which is the responsibility of the directors of Golden Goose S.p.A., with the financial statements of Golden Goose S.p.A. as of 31 December 2021. In their opinion, the directors' report on operations is consistent with the financial statements of Golden Goose S.p.A. as of 31 December 2021.

1.1. KNOWLEDGE OF THE COMPANY, RISK ASSESSMENT AND REPORT ON ASSIGNMENTS

Given the knowledge that the Board of Statutory Auditors declares to have of the Company and as regards

the type of business,its organizational and accounting structure,also taking into account the size and issues of the company, it is reiterated that the "planning" phase of the oversight – during which the intrinsic risks and critical aspects must be assessed with respect to the two parameters mentioned above – was implemented by means of positive feedback regarding what was already known based on the information acquired.

It was therefore possible to confirm that:

- The core business of the Company did not change during the year under review and is consistent with the provisions of the corporate purpose.
- The organizational structure and the existing IT structures remained substantially unchanged, taking into account the development plan carried out in 2021.
- The human resources constituting the "workforce" increased, taking into account the development plan carried out in 2021.
- The above findings are indirectly confirmed by a comparison of the figures shown in the profit and loss statement for the last two financial years, i.e. the one under review (2021) and the previous one (2020).

During the year ended 31 December 2021, our activities were guided by the Standards of Conduct of the Board of Statutory Auditors recommended by the Italian National Council of Accountants and Tax Advisors.

Specifically:

- We have monitored compliance with the law and the articles of incorporation and with the principles of proper administration.
- We attended the shareholders' meetings and the meetings of the Board of Directors, which were held in compliance with the by-laws and regulatory provisions governing their operation
- During the meetings held, we obtained from the Directors information on the general performance of operations and on the outlook, as well as on the most significant transactions in terms of size or characteristics carried out by the Company, and we can reasonably assure you that the actions taken complied with the law and the by-laws and were not manifestly imprudent, risky, in potential conflict of interest or in conflict with the resolutions passed by the shareholders' meeting or such as to compromise the integrity of the Company's assets.
- We met with the head of the Independent Auditors appointed to perform the audit and no significant data or information emerged that are worthy of note in this report.
- We acquired knowledge of and monitored the adequacy of the Company's organizational structure, including by gathering information from the heads of functions, and in this regard we have no particular observations to report.
- We have assessed and monitored the adequacy of the administrative and accounting system, as well as the reliability of the latter in providing a fair representation of the Company's operations, by obtaining information from the heads of functions, from the person in charge of accounting control, and by examining the Company's documents, and in this regard we have no particular observations to report.

Note that no reports were received pursuant to art. 2408 of the Italian Civil Code.

During the course of our monitoring, as described above, no further significant facts emerged that are worthy of note in this report.

We have reviewed the financial statements for the year ended 31 December 2021, as to which we report the following:

Since we have not been entrusted with the analytical control of the contents of the financial statements, we have monitored the general approach taken therewith, their general compliance with the law as regards their formation and structure, and in this regard we have no particular observations to report.

We have checked that the information contained in these financial statements is clear and complete, and that the measurement criteria for assets and liabilities comply with the provisions of IAS/IFRS.

We have verified compliance with the provisions of the law relating to the preparation of the directors' report on operations and have nothing to report in this regard.

In 2021, the Company reported strong growth in all geographies it operates in through its subsidiaries, with positive performance in every sales area and exceeding the pre-pandemic levels achieved in 2019. It regularly monitored – and continues to do so – the developments in the pandemic and the wider economy by flexibly and proactively adapting its short and medium-long-term strategic decisions and by preserving the company's financial equilibrium without compromising its vision and objectives.

The Board also acknowledges that the Company carries out the activity of Group holding company and prepares consolidated financial statements.

To the best of our knowledge, in drawing up the financial statements, the Directors have not departed from the provisions of the law pursuant to article 2423, paragraph four of the Italian Civil Code.

As a result of the checks performed on the financial statements, we can also affirm that the items in the financial statements have been evaluated prudently and in the perspective of normal business continuity.

Pursuant to art. 2426, point 6 of the Italian Civil Code, we have given our consent to the recording in the assets of the statement of financial position of goodwill for €536,825,918, which refers to the allocation of part of the deficit generated by the reverse merger of Astrum 3 S.p.A. and Sneakers Maker S.p.A. into Golden Goose S.p.A. This value was confirmed by the impairment test performed by external consultants considering the Group as a single CGU, and the net invested capital as a whole was tested. The impairment test performed on this intangible asset did not identify any loss in value.

Moreover, the Board of Statutory Auditors acknowledges that this goodwill has been subject to a Purchase Price Allocation process, which then led to the recognition of the amount of €702,900,000 on the statement of financial position as a trademark. This value was in turn the subject of a fair value appraisal by an independent third party which among other things determined that the useful life of said asset was indefinite.

The Board of Statutory Auditors acknowledges the existence of the financial parameters, the "Covenants," which at 31 December 2021 have been respected.

The Board of Statutory Auditors notes that the Company has carried out transactions with related parties under normal market conditions.

The Board of Statutory Auditors acknowledges the recognition in the financial statements of financial instruments relating to derivative contracts in existence at the closing date of this financial year. The mark-to-market valuation of these instruments was negative for €2,758,372.

We have checked the accompanying financial statements for consistency with the facts and information known to us as a result of the performance of our duties, and have no findings of note thereon.

Considering also the results of the work done by the auditing firm, detailed in the specific report accompanying the financial statements, we propose that the Shareholders' Meeting approve the financial statements for the year ended 31 December 2021 as prepared by the Directors, which show a profit for the year of 89,103,294.

The Board agrees with the Directors' proposal regarding the allocation of the profit for the year.

Milan, 04/06/2022

The Board
of Statutory Auditors

Andrea Franzini (Presidente)

Lorenzo Boer

Federico De Pasqua

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