2022
ANNUAL FINANCIAL REPORT

GOLDEN GOOSE

ANNUAL FINANCIAL REPORT 2022

GOLDEN GOOSE

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DIRECTORS' REPORT ON OPERATIONS

01 Letter to the shareholder

Shareholder,

2022 was a very satisfying year, full of important achievements, with results that we believe to be excellent.

In 2022 the Group generated sales of Euro 501 million, which is an increase of 30% on 2021. Profitability continues to be excellent: we achieved an adjusted EBITDA of Euro 167 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 have a healthy generation of cash, recording an adjusted free cash flow of Euro 76 million.

In 2022 we also took an important step toward the strategic integration of our supply chain by acquiring our main supplier. The acquisition will allow the preservation and promotion of Italian artisanal excellence, a fundamental pillar of our brand.

In conclusion, it was a very positive year both in terms of the results achieved and the strategic initiatives undertaken, which will enable us to enthusiastically continue to cultivate our brand's growth and to tackle future challenges with confidence.

Silvio Campara
Chief Executive Officer

02 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

03 Company bodies

03.1. 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

03.2. 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

03.3. INDEPENDENT AUDITORS

EY S.p.A.

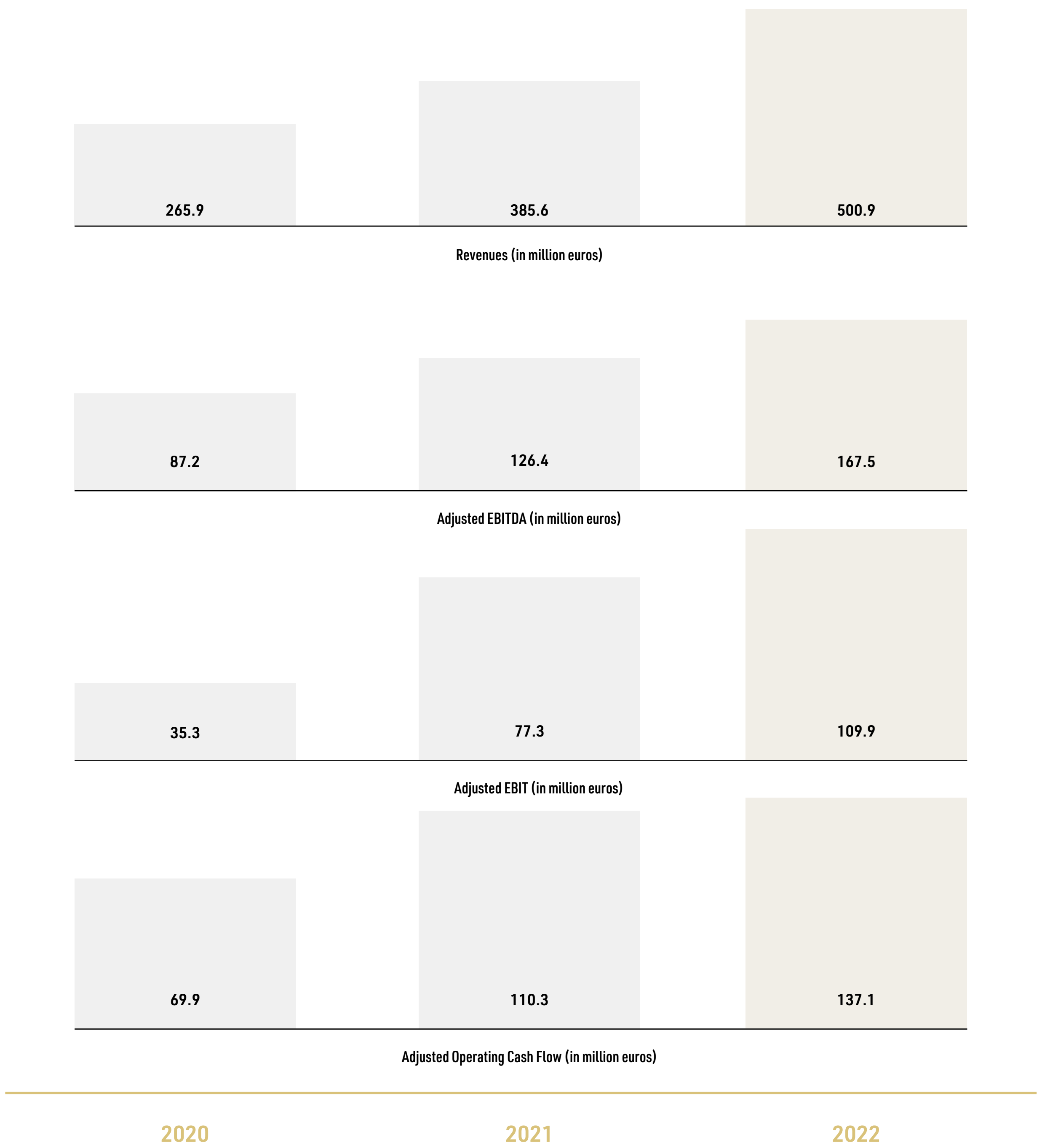
04 Group Structure as of December 31, 2022[1]

Golden Goose Spa

100%	Holland B.V.	100%	Switzerland Gmbh	100%	Singapore PTE Ltd
100%	France Sas	100%	(Shanghai) Trading Ltd	100%	Taiwan Trading Ltd
100%	USA Inc	100%	Spain SL	100%	Macau Ltd
100%	Db Uk Ltd	100%	Belgium SRL	100%	Australia Pty Ltd
100%	Germany Gmbh	100%	Denmark Aps	100%	Turkey Magazacilik Anonim Sirketi
100%	HK Ltd	100%	Japan Ltd	100%	Spa do Brasil Ltda
100%	Korea Ltd	100%	Portugal Lda	100%	GG Lux Canada Ltd
100%	Austria Gmbh	100%	GGDB Trading Llc	100%	Mexico S.A. de C.V.
100%	New Zeland Limited	100%	Israel Ltd	100%	Clarosa
30%	Calzaturificio Sirio Srl	100%	Chile Spa		
40%	Yatay Srl				

2 For an exhaustive list of all the companies belonging to the Group, please refer to page 60 of the Explanatory Notes

05 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. See the section "Key financial results in 2022" for a reconciliation of these indicators with the financial statements.
4 Adjusted EBITDA and Adjusted EBIT for 2020 differ from that reported in the Offering Memorandum published with the bond issue, in that i) they exclude the proforma effect of the amortization of the Customer Relationship (equal to Euro 6.1 million) and 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 December 31, 2020, the Operating Cash Flow, calculated based on the combined financial statements summing the financial statements as of June 30, 2020 and those as of December 31, 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. For the year ending December 31, 2022, Operating Cash Flow was adjusted by excluding investments related to extraordinary Mergers & Acquisitions totaling Euro 37.9 million. See the "Cash Flow Statement" section.

06 Foreword

As allowed by article 40, paragraph 2 bis of Legislative Decree no. 127 of 04/09/91, the Parent Company 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 also includes non-IFRS indicators such as EBITDA, Adjusted EBITDA, Adjusted EBITDA pre-IFRS 16, Adjusted EBITDA pre-IFRS 16 and Hedge Accounting, EBIT, Adjusted EBIT, Operating Cash Flow, Free Cash Flow, Adjusted Operating Cash Flow, Adjusted Free Cash Flow, Net Financial Position, Adjusted Net Financial Position, Net Financial Debt excluding lease and other current financial payables, Adjusted Net Financial Debt, 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 comparable with those determined by other companies.

07 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. Absolute quality, refined attention to detail along with the characteristic "lived-in" look have become the distinctive yet sought-after traits of our products, making Golden Goose a gold standard "total look" brand in the luxury industry.

Consistent with our DNA and mission, we continue to cultivate a culture of innovation, passionately contributing to the evolution of the luxury world and our community. We are recognized as pioneers for having:

- Launched sneakers into the luxury sector with the creation of a true icon, the Super-Star, universally recognized as the ultimate "luxury sneaker."
- Introduced "co-creation," a new way to engage our community through our dedicated stylists (*Sneaker Makers and Dream Makers*) to co-create new products and styles together and express their singular nature within a unique, inclusive context.
- Made repairing, reusing and refurbishing products the new, personal and unique points of engagement with our community.

07.1. OUR MISSION

We inspire everyone to express their inner star by unleashing creativity and daring to go beyond

Inspire	motivates an **emotional connection/affiliation with the brand**
Everyone	**inclusive** and **diverse** brand community
Express	enables **self expression** and allowing to say something about who customers are
Inner star	about people with a **story to tell** that is relevant and **empowering**
Unleashing	the brand as **activator**
Creativity	at the heart of what the **brand** does and how **we connect with our community**
Daring to go beyond	having the courage to create things that did/do not exist, to **envision new territories**

07.2. OUR DISTRIBUTION

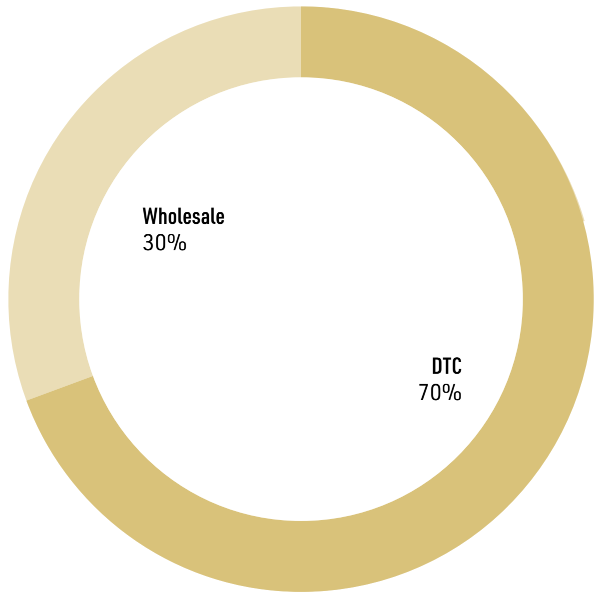
Our distribution has evolved to a **predominantly Direct-to-Consumer** model, engaging our community in more than **75 countries** with the goal of providing a unique, personal experience.

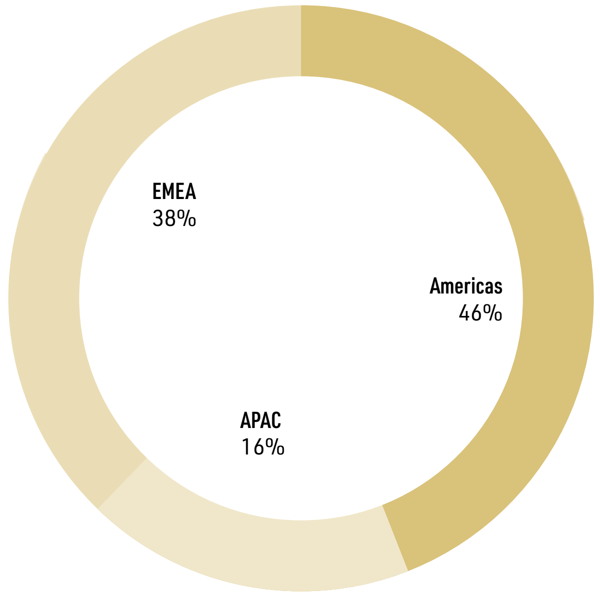
07.3. OUR CULTURAL HERITAGE

Golden Goose is a love story, born from the fusion of the wonderful soul of Venice and the raw imagery of Marghera. From the beginning, this contrast has deeply marked the spirit of our brand, resulting in unique creations made of opposites: luxurious but industrial, artisanal but disruptive.

But we are not confined by the borders of Italian craftsmanship. Our roots lie in **different cultures**. Starting with America, from our big Texan soul to the enormous influence of Los Angeles and its skateboard community. But also Japan, with Tokyo becoming an important source of inspiration for our vintage essence. All combined with a careful selection of materials and treatments to convey our sartorial heritage, craftsmanship and authentic lived-in signature look.

From this unique recipe came our collections, including ready-to-wear, accessories, footwear and sneakers, all distinguished by timeless sophistication and creativity.





07.4. OUR MILESTONES

2000

Founding members Alessandro Gallo and Francesca Rinaldo develop their first garments with the help of a traditional Venetian tailor shop.

2004

The Fall/Winter 2004 collection features the first-ever Golden Boot, a revisitation of the iconic Texan boot, marking the brand's entrance in the American market.

2006

The first leather handbag is launched in the market.

2007

Birth of the Super-Star, an iconic distressed luxury sneaker that redefines and jumpstarts the entire category.

2009

Launch of the Kids Sneakers collection, in the wake of the success of the Super-Star.

2010

The company is acquired by Style Capital Group.

2013

Golden Goose increases its global wholesale distribution by positioning itself in some of the most important stores in each country. Revenues increase from €40M to 140M.

Opening of the first store ever in Milan (Italy) and launch of the e-commerce channel.

2017

Golden Goose establishes itself as a global player, expanding its retail network globally.

2018

The company is acquired by Carlyle Group.

2019

Opening of the first LAB in Milan (Italy).

Birth of the Star Bag and California Bag.

Launch of the Golden Goose Passport App.

2020

Permira funds acquire The Carlyle Group's majority stake in Golden Goose.

Launch of new Digital Platforms.

2021

Establishment of the sustainability governance framework and creation of the Sustainability Department.

Preparation of the first-ever Sustainability Report and presentation of the company's first sustainability plan, the Forward Agenda.

Opening of the new headquarters in Milan (Italy).

2022

The company achieves a turnover of half a billion euros

Opening of the new retail concept Forward Store

Acquisition of our main sneaker supplier

Launch of our first sustainable sneaker Yatay

08 Main operations during the period

08.1. MACROECONOMIC FRAMEWORK

The global economy faced increasing challenges in 2022. Growth lost momentum, high inflation proved persistent, confidence weakened, and uncertainty was high. The Russia-Ukraine conflict has driven up prices substantially, especially for energy, adding inflationary pressures at a time when the cost of living was already rising rapidly around the world. Global financial conditions have tightened significantly, with central banks vigorously raising interest rates. Labor market conditions remain generally tight, but wage increases have not kept pace with price inflation, weakening real incomes despite actions taken by governments to cushion the impact of rising food and energy prices on households and businesses.

Global GDP growth is projected to reach 3.1% in 2022, about half the pace seen in 2021 during the rebound from the pandemic, and slowing further to 2.2% in 2023, well below the rate predicted before the war. In 2024 global growth is expected to be 2.7%, supported by a gradual reduction in interest rates in several countries. The global outlook is also becoming increasingly unbalanced, with Asia's major emerging market economies accounting for nearly three-quarters of global GDP growth in 2023, reflecting their expected steady expansion and slowdowns in the United States and Europe[6].

The Group has regularly monitored – and continues to do so – the developments in 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.

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

During 2022 we continued 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 Golden Goose operates in.

During the course of 2022 we continued to grow our retail network by opening *24 directly-operated stores* (DOS) including:

- 12 in Amer;
- 10 in EMEA;
- 2 in APAC

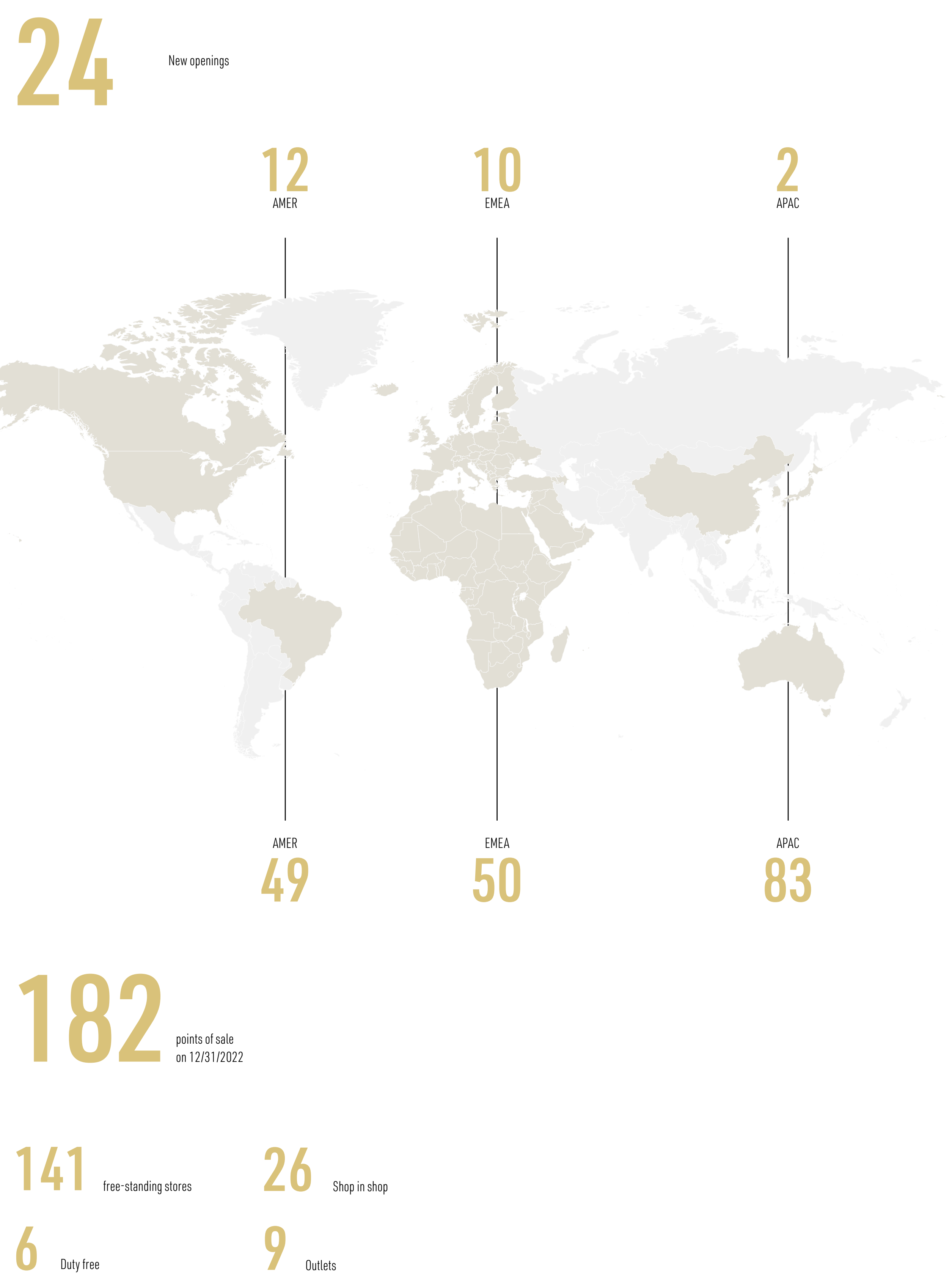
On December 31, 2022 our network counted **182 stores**, including:

- 141 *free-standing stores*;
- 26 Shop-in-Shops;
- 9 outlets;
- 6 Duty Frees

With the following geographical distribution:

- Amer 49
- EMEA 50
- APAC 83

Retail distribution network as of December 31, 2022



6 Source: OECD Economic Outlook, November 2022

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.

We continued to invest 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, launched multichannel development projects, and invested in the necessary ICT and tech.

08.3. FORWARD STORE: OUR NEW INNOVATIVE STORE CONCEPT

Forward Store is our new innovative retail concept that reflects our responsible journey and ambition to address some of the world's most crucial challenges.

Created based on the influence of the *Forward Agenda* – the brand's vision of sustainability and responsibility – Forward Store is where tradition meets progress and innovation.

The store's concept is based on the combination of craftsmanship and quality materials. It is the ultimate tribute to the brand's first location in Marghera, Venice, one of Italy's most important industrial and commercial ports. The design is based on a dual contrast between tradition and material recovery and innovation.

The Forward Store offers new responsible experiences: the coexistence of an artisanal approach and a range of interactive activities, giving customers the chance to embark on a memorable sustainable journey.

Conceived with the ambition of extending the product life cycle by giving them a new life, the store revolves around four pillars: *Repair, Remake, Resell, and Recycle.*

- **Repair** - customers have the opportunity to extend the life of their most beloved products through tailoring and shoe repair services.
- **Remake** - with this interactive customization experience, customers can design their own unique, custom-made garments and extend the life of used products.
- **Resell** - customers have the opportunity to resell a product they love but no longer use: customers' items are displayed in a dedicated area of the store, ready to be transferred to their next owner and begin a second life.
- **Recycle** - to have a positive impact on the environment customers can dispose of any product they no longer want. We ensure that these products and their materials are put back into the production chain, generating a new life for the products.

In 2022 we opened **three stores with the Forward Store format:** Milan Cusani, New York Soho and Dubai Mall of the Emirates, a new milestone in global luxury retail.

08.4. AN ACQUISITION IN PURSUIT OF ACCOUNTABILITY

In December 2022 we completed the acquisition of our main supplier, **Italian Fashion Team (IFT)**, taking a strategic step toward vertical integration of our supply chain.

Italian craftsmanship, dexterity, and tradition are at the heart of the Golden Goose brand. This is blended with a firm resolve to preserve traditional craftsmanship and Italian artisanal excellence. As a sign of further commitment to its values, Golden Goose has enthusiastically promoted its integration with IFT, whose effects **begin on January 1, 2023**.

Founded in 2007 and based in Casarano, Italy, IFT specializes in the design, manufacture, and sale of high-end footwear for some of Italy's best-known luxury brands. IFT aims to preserve the artisanal heritage of the Salento footwear district, overseeing all the central stages of the production chain to ensure the highest quality standards. In 2022 its team of more than 270 employees produced more than 870,000 pairs of sneakers, 80% of them for Golden Goose.

As part of the vertical integration strategy, in Q4 2022 we finalized the acquisition of a minority (30%) stake in another of our Italian suppliers and a concurrent investment in a production site in order to support an increase in production capacity in the medium to long term.

08.5. LAUNCH OF THE YATAY PROJECT

On April 22, 2022, we announced the launch of **YATAY**, the **first co-action platform for sustainable innovation Made in Italy, created in partnership with Coronet**, a leader in the research and production of animal-free, organic-based, and recycled materials, and a global benchmark for the sustainable luxury market. By combining Coronet's technical innovation with Golden Goose's knowledge of the end consumer and the luxury market, we have created a place where technological innovation shapes the future of fashion to positively impact the environment, the economy, and people. This partnership will enable continuous testing, directly verifying the results on Golden Goose products, gathering consumer feedback, and then making the innovations available to luxury players.

The first result of this partnership was the launch of **Yatay Model 1B**, a new sustainable sneaker concept that combines craftsmanship, vision, and cutting-edge sustainability. Entirely Made in Italy, the sneaker is made of *YatayTM B*, an organic-based material derived from plant sources that reduces CO_2 emissions by 90% and water consumption by 65% compared to leather, and other components such as recycled polyester and biodegradable rubber.

08.6. SPIRIT OF THE ARTIST: OUR FIRST GLOBAL BRAND CAMPAIGN

In September 2022 we launched our first brand campaign with global reach with China and South Korea at the epicenter: ***The Spirit of the Artist***.

The initiative's goal was to celebrate each person's creativity and artistic journey. An ode to *The Spirit of the Artist* that resides within each of us and allows us to create our own unique perfection.

The one-of-a-kind vision of each participating artist was shown through a series of visual representations each different from the other, reflecting the spirit and creative direction of that particular artist. From the art of craftsmanship to music, film, dance and many others, we celebrated imperfect beauty, challenging the ideal that perfection has only one meaning and is universally defined.

The initiative was a great success, especially for our community in China and South Korea, where we reinforced and increased our brand awareness and conveyed the founding values of our mission.

08.7. THE GOLDEN SPIRIT OF LOS ANGELES

On October 12, 2022, we hosted the second of our ***"From Venice to Venice"*** events inspired by skateboarding in Los Angeles with ***"The L.A. Golden Spirit."*** The event was held at the Pink Motel, an iconic venue for the American skateboarding community, which our brand has always had a strong connection with. Precisely to celebrate this close relationship, we transformed the Pink Motel's legendary pool into a skate bowl to host a spectacular performance by Cory Juneau, captain of the U.S. national skate team and bronze medalist at the Tokyo Olympic Games in 2021. The event was enthusiastically received by our local community, and strengthened the connection between our brand and US culture even more.

08.8. DRIVING THE FORWARD AGENDA

At Golden Goose, for more than two decades we have been committed to acting responsibly, promoting inclusivity, and engaging and listening to our communities. With the definition of the ***Forward Agenda***, our vision for sustainability, we sought 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 provide an annual update on their progress.

Despite the uncertain socio-economic environment, in 2022 we remained solidly committed to both achieving our goals and spreading a culture geared toward the creation of shared value. The company was actively engaged in this transformation process, helping to achieve important milestones such as the launch of our first sustainable sneaker, Yatay Model 1B, and the opening of our new retail concept, the Forward Store. Moreover, we have drafted a number of policies for environmental and health and safety management and human rights guidelines; we have strengthened our commitment to spreading a culture of responsibility throughout the entire value chain by developing a rigorous ethical-social audit plan and joining some of the leading associations, such as the Leather Working Group and the UN Global Compact.

Sustainability in Golden 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. "***Forward Leaders***" 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 "***Board 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.

Finally, for the second consecutive year in 2022 we prepared a **Sustainability Report** "in accordance" with the *Global Reporting Initiative Sustainability Reporting Standards* (*GRI Standards*) 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 also considered certain indicators provided by the Sustainability Accounting Standards Board (SASB). The financial statements are available on the Golden Goose website.

08.9. GOLDEN GOOSE TOP EMPLOYER 2023

The Group earned **Top Employer Italy 2023** certification for the second year in a row, and **Top Employer USA 2023** certification for the first time, issued by the Top Employer Institute following a rigorous process of analysis and evaluation of the HR procedures, planning and practices implemented by Golden Goose for its employees. The award is a prestigious recognition of the HR strategy, which is based on the pillars of Culture, Scalability, and Performance. As in 2022, Golden Goose continues to maintain its focus on its people, promoting a circular "*For You, For Your Loves, For the World*" approach, a new way of thinking about its people, their experiences and wellbeing, showing appreciation for their uniqueness and individuality, prioritizing social and environmental responsibility.

For You refers to the actions taken for our staff, including working from home and flexitime, inclusive leave, a structured welfare program, a concierge service to facilitate time management, a listening and psychological support center 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 leave so they can work on "giving back".

08.10. S&P RATING UPGRADE ON THE BOND ISSUE

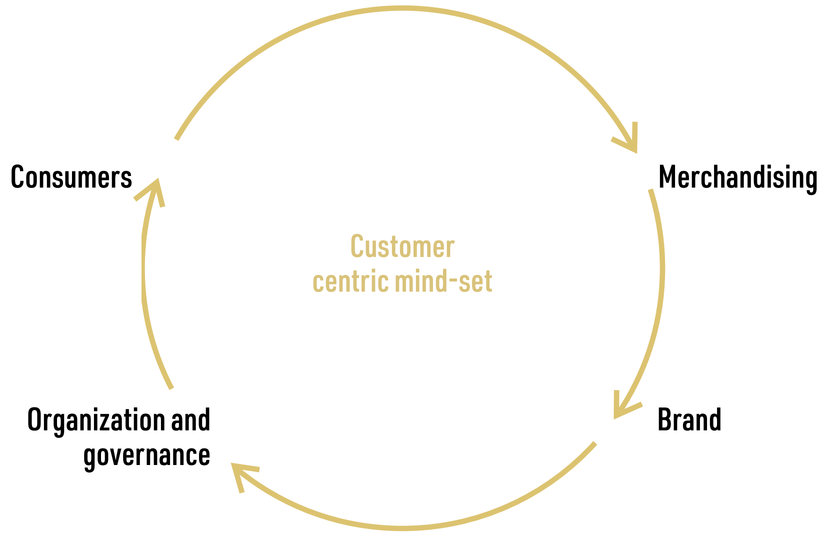
In May 2022 we completed the annual rating review of the floating-rate bond maturing in 2027 with a nominal value of Euro 480 million issued in May 2021. The Moody's and Fitch rating agencies confirmed their respective ratings (B2 and B), and **S&P upgraded its rating from B- to B**. This result is further evidence of the solid financial and economic results achieved by the Group.

09 Group Strategy

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, distinctive brand values of **craftsmanship, originality, freedom and personal style**, which permeate our organization and ways of working.

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.

To this end, we intend to continue to pursue our customer- and community-oriented strategy through our **four levers**: **Consumers, Merchandising, Organization & Governance, and Brand.**



Consumers

- Continue to grow our retail network
- Leverage the value of our wholesale channel through new business models
- Expand our digital business
- Enter new markets

Merchandising

- Strengthening the evolution of footwear toward the brand's origins
- Increase the impact of the Ready-to-Wear collection on sales
- Evolve from sneaker brand to lifestyle brand
- Move from fully-outsourced production to a different, more balanced operating model

Organization & Governance

- Embrace our *Forward Agenda* in all our touchpoints
- Stay true to our culture as we grow
- Build our effective, organized and agile way of working
- Define smart governance through the accountability of people and effective process flow
- Progress on our digital systems road map

Brand

- Increase brand awareness worldwide
- Connect new communities, including through social media
- Leverage multi-channel presence also for brand initiatives

10 Group performance

10.1. GROUP'S PRINCIPAL RESULTS IN 2022

Euro (thousand)		2022	2021	Change	% change
Key financial indicators	Revenues	500,918	385,601	115,317	29.9%
	Adjusted EBITDA	167,457	126,409	41,048	32.5%
	Adjusted EBITDA %	33.4%	32.8%		
	Adjusted EBITDA Pre-IFRS 16	138,053	103,102	34,951	33.9%
	Adjusted EBITDA Pre-IFRS 16 %	27.6%	26.7%		
	Adjusted EBITDA Pre-IFRS 16 and Hedge Accounting	145,363	102,776	42,588	41.4%
	Adjusted EBITDA Pre-IFRS 16 and Hedge Accounting %	29.0%	26.7%		
	Adjusted EBIT	109,910	77,332	32,578	42.1%
	Adjusted EBIT %	21.9%	20.1%		
Key financial indicators	Adjusted Net working capital (NWC)	1,317	2,364	(1,047)	
	NWC as % of Revenues	0.3%	0.6%		
	Adjusted Net Financial Position	490,073	509,169	(19,096)	
	Adjusted Operating Cash Flow	137,132	110,305	26,827	

In 2022, the Group generated total **sales** of **Euro 500.9** million, **up 29.9% from 2021**, driven mainly by the brilliant performance of **DTC channels** achieved in **America** and **EMEA**.

EBITDA adjusted to reflect nonrecurring items was Euro **167.5 million, up 32.5% from 2021** with **profitability of 33.4%**, higher than the margin achieved in 2021, while we continued to make significant investments in the area of facilities to serve future business growth.

Adjusted EBITDA neutralized by the effects from the application of IFRS 16 (*Adjusted EBITDA pre-IFRS 16*) was Euro **138.1 million**, **up 33.9% from 2021**, while Adjusted EBITDA neutralized by both the effects from the application of IFRS 16 and Hedge Accounting (**Adjusted EBITDA pre-IFRS 16 and Hedge Accounting**) was Euro **145.4 million, up 41.4% from 2021**.

Adjusted *EBIT* was Euro **109.9 million**, which is an **increase of 42.1% on 2021**.

The Group maintained an efficient, flexible management of working capital during 2022. The ratio of Adjusted NWC to revenues was 0.3%, higher than 2021.

Operating Cash Flow adjusted for investments related to extraordinary M&A operations during the year amounted to **Euro 137.1 million**, up Euro 26.8 million compared to 2021.

In 2022 the Group continued its ***deleveraging*** program and saw an **improvement in its Net Financial Position,** amounting to Euro ***490.1 million*** on December 31, 2022, including the portion of debt related to leases and excluding the extraordinary IFT transaction.

10.2. KEY FINANCIAL RESULTS IN 2022

Euro (thousand)	2022	% of revenues	2021	% of revenues	Change	Change %
Net Revenues	**500,918**	**100.0%**	**385,601**	**100.0%**	**115,317**	**29.9%**
Cost of goods sold	(144,775)	(28.9%)	(131,190)	(34.0%)	(13,586)	10.4%
Gross Margin	**356,143**	**71.1%**	**254,411**	**66.0%**	**101,732**	**40.0%**
Selling and distribution expenses	(146,936)	(29.3%)	(100,758)	(26.1%)	(46,178)	45.8%
General and administrative expenses	(69,219)	(13.8%)	(60,873)	(15.8%)	(8,346)	13.7%
Marketing expenses	(31,932)	(6.4%)	(17,769)	(4.6%)	(14,163)	79.7%
Operating profit/(loss) (EBIT)	**108,056**	**21.6%**	**75,012**	**19.5%**	**33,045**	**44.1%**
Financial income	13,631	2.7%	9,858	2.6%	3,773	38.3%
Financial expenses	(58,419)	(11.7%)	(49,332)	(12.8%)	(9,087)	18.4%
Earnings before taxes	**63,269**	**12.6%**	**35,538**	**9.2%**	**27,731**	**78.0%**
Income taxes	(15,558)	(3.1%)	52,188	13.5%	(67,746)	(129.8%)
Net profit/(loss)	**47,710**	**9.5%**	**87,726**	**22.8%**	**(40,016)**	**(45.6%)**
EBIT	**108,056**	**21.6%**	**75,012**	**19.5%**	**33,045**	**44.1%**
Non-recurring items[7]	1,854	0.4%	2,320	0.6%	(466)	(20.1%)
Adjusted EBIT	**109,910**	**21.9%**	**77,332**	**20.1%**	**32,578**	**42.1%**
Amortization, depreciation and write-downs	57,546	11.5%	49,077	12.7%	8,469	17.3%
Adjusted EBITDA	**167,457**	**33.4%**	**126,409**	**32.8%**	**41,048**	**32.5%**
IFRS 16 effects	(29,403)	(5.9%)	(23,307)	(6.0%)	(6,096)	26.2%
EBITDA Adjusted Pre-IFRS 16	**138,053**	**27.6%**	**103,102**	**26.7%**	**34,951**	**33.9%**
Hedge Accounting	7,310	1.5%	(326)	(0.1%)	7,636	(2339.3%)
Adjusted EBITDA Pre-IFRS 16 and Hedge Accounting	**145,363**	**29.0%**	**102,776**	**26.7%**	**42,588**	**41.4%**

10.2.1. CONSOLIDATED REVENUES

Breakdown by geographical area

Euro (thousand)	2022	% of total	2021	% of total	Change	Change %
Amer	230,351	46.0%	148,859	38.6%	81,492	54.7%
EMEA	193,080	38.5%	145,569	37.8%	47,511	32.6%
APAC	82,431	16.5%	85,889	22.3%	(3,459)	(4.0%)
Other	(4,944)	(1.0%)	5,283	1.4%	(10,227)	(193.6%)
Total	**500,918**	**100.0%**	**385,601**	**100.0%**	**115,317**	**29.9%**

7 Non-recurring items include extraordinary costs incurred in evaluating and adjusting certain business processes, start-up costs for sustainability initiatives, and other minor items.

Revenues by distribution channel

Euro (thousand)	2022	% of total	2021	% of total	Change	Change %
Retail	251,045	50.1%	163,107	42.3%	87,938	53.9%
Digital	100,403	20.0%	64,197	16.6%	36,206	56.4%
Wholesale	154,414	30.8%	153,014	39.7%	1,400	0.9%
Other	(4,944)	(1.0%)	5,283	1.4%	(10,227)	(193.6%)
Total	**500,918**	**100.0%**	**385,601**	**100.0%**	**115,317**	**29.9%**

The Group achieved significant growth in the **Americas and EMEA, with positive performance in every sales channel**, above pre-pandemic levels.

The Group's biggest growing market in 2022 was the **Americas**, with total sales of **Euro 230.4 million, up by 54.7% on 2021**. The performance was driven by the growth of the DTC channel in the United States where the Golden Goose brand further strengthened its positioning, the positive contribution of our selected wholesale partners, as well as the favorable EUR/USD exchange rate observed in 2022 (2021 like-for-like growth of 41.6%).

The performance in **EMEA** was also very positive. The Group earned revenues of Euro **193.1 million** in this area; this represents **an increase of 32.6% on 2021**. Growth was largely organic, driven by the retail and digital channels, supported by both solid local demand and a recovery in tourist traffic. The wholesale channel replicated the previous year's performance.

APAC generated total revenues of **Euro 82.4 million**, down **4.0% from 2021**, due to the strategic consolidation of the wholesale customer portfolio in the region, completed during 2022. Therefore, excluding the wholesale business, the DTC channel grew by 10%, showing encouraging signs of recovery following the gradual easing of pandemic restrictions in the second half of the year and confirming the successful strategy of expansion into new countries.

During 2022, the **retail** channel generated turnover of Euro **251.0 million**, which is **an increase of 53.9% on 2021**. Growth is equally distributed between the organic performance of the existing store network as of 2021 and the development and opening of new stores during 2022.

In 2022 the Group continued its **digital expansion**. The digital channel generated sales of **Euro 100.4 million in 2022, up 56.4% on 2021**, driven by the continued growth of the e-commerce channel and marketplaces, including the consolidation of the platforms opened in 2022, and the excellent performance seen by our partners on their respective digital platforms.

During 2022, the wholesale channel consolidated its growth, generating total turnover of **Euro 154.4 million**, which is **an increase of 0.9% on 2021**. The more restrained growth in this area compared to the other channels reflects the company's strategy of expanding of DTC distribution. At the same time the Group continued to raise the rating and selection of its partners in order to reflect the brand's prestige, and in particular to consolidate the customer portfolio in the APAC area and to maintain a no-replenishment policy in order to preserve the exclusivity of the products.

10.2.2. COST OF GOODS SOLD AND GROSS MARGIN

The Group posted a **gross margin** of **Euro 356.1 million**, which as a **percentage of revenues is 71.1%**, up by 5.1 p.p. on 2021.

The increase in profitability is mainly thanks to the growth of the DTC 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 in 2022, the Group has managed to contain the impact on margins partly thanks to multi-year agreements with our main suppliers, which have contained the increased costs of raw materials.

10.2.3. OPERATING COSTS AND PROFIT (EBIT)

Selling and distribution expenses amounted to **Euro 146.9 million**, up 45.8% from 2021 and **accounting for 29.3% of revenues**, up from 26.1% in 2021, mainly due to i) higher operating costs of sales outlets and sales facilities and ii) commissions paid to our partners converted to concession arrangements in 2021 and 2022.

General and administrative expenses were **Euro 69.2 million, accounting for 13.8% of revenues (i.e., 13.4% excluding nonrecurring charges)**, down from 15.8% in 2021, due to the operating leverage effect achieved with the increase in revenues in 2022.

Marketing costs were **Euro 31.9 million**, which as a **percentage of revenues is 6.4%**, compared to the 4.6% posted in 2021 after the Group stepped up its commitment to consolidating and further elevating the brand's value on the luxury goods market.

During the 2022 financial year, the Group earned operating profit adjusted by non-recurring items (**Adjusted *EBIT***) of **Euro 109.9 million**, with **profitability of 21.9%**, which is an increase on the 20.1% earned in 2021.

10.2.4. ADJUSTED EBITDA

Adjusted EBITDA in 2022 was **Euro 167.5 million**, which as a percentage of sales is 33.4%, higher than the 32.8% of 2021. Excluding the effects of IFRS 16 application, the *Adjusted EBITDA pre-IFRS 16* was **Euro 138.1 million** with **margins of 27.6%**.

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 2022 financial management had a net negative result of Euro **44.8 million**, of which:

→ Euro 28.9 million in interest on financial debt, mainly attributable, to the Euro 480 million bond and the RCF line, whose unused availability was Euro 63.750 million as of December 31, 2022;

→ Euro 7.3 million in financial interest connected with lease payables

→ Euro 8.2 million in net exchange losses;

→ Euro 0.2 million in other financial charges;

10.2.6. INCOME TAXES

In the 2022 financial year, income taxes amounted to Euro 15.6 million, compared to the positive effect of Euro 52.2 million recorded in 2021, resulting from the Group's adherence to the subsidy related to the tax alignment of trademarks and goodwill to the higher statutory value pursuant to Article 110 of Decree Law no. 104 of August 14, 2020, converted by Law no. 126 of October 13, 2020.

10.2.7. NET PROFIT/(LOSS)

The Group posted a net profit of **Euro 47.7 million**, which as a percentage of revenues is **9.5%**, compared to the net profit of Euro 87.7 million in 2021.

10.3. KEY DATA OF THE STATEMENT OF FINANCIAL POSITION

Euro (thousand)	12/31/2022	12/31/2021
Intangible fixed assets	1,416,663	1,433,435
Tangible fixed assets	66,091	46,677
Right-of-use assets	131,486	119,762
Other net non-current assets (liabilities)	(134,599)	(142,169)
Non-current financial assets	17,342	245
Total net non-current assets (liabilities)	**1,496,983**	**1,457,951**
Net working capital	22,229	15,499
Other net current assets (liabilities)	(29,156)	(29,824)
Current financial assets	38,822	1,166
Total net current assets (liabilities)	**31,896**	**(13,159)**
Invested capital	**1,528,879**	**1,444,792**
Net financial debt / (cash)	377,259	381,992
Financial payables for leases	144,359	127,177
Other current financial payables (derivative liabilities)	737	2,780
Employee severance indemnities and other non-current provisions	6,385	3,551
Shareholders' Equity	1,000,140	929,292
Total sources	**1,528,879**	**1,444,792**

In 2022 we continued to pursue prudent management of capital expenditures, but without compromising the strategic objectives of our investment program. Considering the significant growth in sales in 2022, we also worked successfully to keep our working capital under control.

10.3.1. WORKING CAPITAL

Euro (thousand)	12/31/2022	% of revenues	12/31/2021	% of revenues
Inventories	98,607	19.7%	55,737	14.5%
Trade receivables	34,632	6.9%	36,642	9.5%
Trade payables	(111,010)	(22.2%)	(76,880)	(19.9%)
Net working capital	**22,229**	**4.4%**	**15,499**	**4.0%**
Trade payables reclassified as financial payables	(20,913)		(13,135)	
Adjusted net working capital	**1,317**	**0.3%**	**2,364**	**0.6%**

The Group's adjusted working capital was **Euro 1.3 million**; as **a percentage** of sales this is **0.3%**, which is a reduction compared to 2021, thanks to:

- → Careful inventory management, increasing in 2022 to better serve the growth of DTC channels.
- → Constant monitoring of the status of trade receivables related to the wholesale business, decreasing as a percentage of sales in 2022.
- → Reverse factoring agreements aimed at providing our suppliers with adequate liquidity, benefiting from decidedly favorable financial conditions, allowing for an optimization of the Group's purchases.

10.3.2. NET FINANCIAL POSITION[8]

Euro (thousand)	12/31/2022	12/31/2021
Cash	(115,450)	(99,793)
Net current financial liabilities	48,262	36,214
Net long-term financial liabilities	588,805	572,748
Net financial debt / (cash)	**521,617**	**509,169**
Financial payables for leases	(144,359)	(127,177)
Net financial debt/(cash) excluding financial lease payables and other current financial payables	**377,259**	**381,992**
Net financial debt / (cash)	**521,617**	**509,169**
M&A - IFT[9]	(31,544)	-
Adjusted net financial debt / (cash)	**490,073**	**509,169**

8 Compared to the annual financial report for the year ended December 31, 2021, the definition of Net financial debt/(cash) was changed, excluding the net position related to derivative financial instruments included in current financial assets and liabilities, amounting to net receivables of Euro 5,345 thousand as of December 31, 2022 and net payables of Euro 2,758 thousand as of December 31, 2021, because these are instruments subscribed to hedge interest rate and exchange rate risk, and therefore it is expected to hold them until maturity. Note that in 2022 the extraordinary M&A transactions of Sirio, Clarosa and Yatay generated a cash outflow of Euro 6.4 million.

9 For the extraordinary IFT transaction, in December 2022 the Group paid Euro 31.5 million into an escrow account. The transaction was finalized on January 1, 2023 with the release of the funds in that account to the seller.

10 Net of cash flows from the acquisition of Clarosa (Euro 3.2 million), which is accounted for as a purchase of assets (and not a business combination), and therefore presented under Investments in property, plant and equipment in the statement of cash flows.

11 It includes Euro 31.5 million for the advance paid in December 2022 related to the acquisition of IFT and Euro 6.4 million in connection with the extraordinary M&A transactions of Sirio, Clarosa, and Yatay

10.4. CASH FLOW STATEMENT

Euro (thousand)		2022	2021
Cash Flow generated (absorbed) by operations		**105,294**	**83,088**
Cash Flow generated (absorbed) by investment activities		**(67,313)**	**(23,814)**
	of which Investments in tangible and intangible fixed assets[10]	(27,655)	(26,097)
FCF		**37,981**	**59,274**
Cash Flow generated (absorbed) by financial activities		(23,059)	(41,518)
Exchange rate effect on cash and cash equivalents		735	3,749
Net Cash Flow		**15,657**	**21,504**
FCF		**37,981**	**59,274**
Interest paid		33,338	39,129
Income taxes paid		27,907	11,903
Operating Cash Flow		**99,225**	**110,305**
FCF		37,981	59,274
Cash flows for M&A[11]		37,907	-
Adjusted FCF		**75,888**	**59,274**
Interest paid		33,338	39,129
Income taxes paid		27,907	11,903
Adjusted Operating Cash Flow		**137,132**	**110,305**

As of December 31, 2022 the Group's **Net Financial Position** was equal to Euro **521.6 million** including financial liabilities related to leases of Euro 144.4 million and equal to Euro **377.3 million** excluding the above liabilities, compared to Euro 382.0 million as of December 31, 2021. As described above, in 2022 the Group finalized a number of extraordinary M&A operations as part of its vertical integration strategy. Specifically, the acquisition of the IFT business, the most significant of the M&A operations, will produce its expected economic effects as from January 1, 2023. Therefore, note that as of December 31, 2022, the Group's **Adjusted Net Financial Position**, i.e., excluding the financial outlay underlying the IFT acquisition, was **Euro 490.1 million**.

In the 2022 financial year the Group generated ***operating cash flow*** of Euro **99.2 million**, compared to Euro 110.3 million in 2021, maintaining a **solid cash position throughout the period**. The ***free cash flow*** for 2022, calculated as the sum of cash flow from operating activities and cash flow from investing activities, is **Euro 38.0 million**. Excluding the 2022 extraordinary M&A activity as part of the vertical integration strategy described above, the 2022 **operating cash flow** would have been ***Euro 137.1 million***, while the **free cash flow** of 2022 would have been Euro **75.9 million**.

10.5. INVESTMENTS

During 2022, the Group made net investments **in tangible and intangible assets of Euro 27.7 million** excluding the Clarosa acquisition, which is an increase compared to the Euro 26.1 million overall in 2022. 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

11.1. KEY FINANCIAL RESULTS IN 2022

Euro (thousand)	Year 2022	% of revenues	Year 2021	% of revenues	Change	Change %
Net Revenues	**387,276**	**100.0%**	**277,540**	**100.0%**	**109,736**	**39.5%**
Cost of goods sold	(145,971)	(37.7%)	(119,047)	(42.9%)	(26,924)	22.6%
Gross Margin	**241,305**	**62.3%**	**158,493**	**57.1%**	**82,812**	**52.2%**
Selling and distribution expenses	(39,746)	(10.3%)	(31,227)	(11.3%)	(8,519)	27.3%
General and administrative expenses	(46,168)	(11.9%)	(37,634)	(13.6%)	(8,535)	22.7%
Marketing expenses	(20,038)	(5.2%)	(13,374)	(4.8%)	(6,665)	49.8%
Operating profit/(loss) (EBIT)	**135,353**	**34.9%**	**76,259**	**27.5%**	**59,093**	**77.5%**
Financial income	9,103	2.4%	9,791	3.5%	(688)	(7.0%)
Financial expenses	(45,766)	(11.8%)	(46,072)	(16.6%)	305	(0.7%)
Earnings before taxes	**98,689**	**25.5%**	**39,978**	**14.4%**	**58,711**	**146.9%**
Income taxes	(21,775)	(5.6%)	49,125	17.7%	(70,900)	(144.3%)
Net profit/(loss)	**76,915**	**19.9%**	**89,103**	**32.1%**	**(12,189)**	**(13.7%)**

Revenues totaled Euro 387.3 million in financial year 2022, up 39.5% from Euro 277.5 million in financial year 2021. Selling and distribution expenses amounted to Euro 39.7 million, accounting for 10.3% of sales, up from the previous period. General and administrative expenses amounted to Euro 46.2 million, representing 11.9 % of revenues (13.6 % in the previous year). Marketing expenses amounted to Euro 20.0 million, or 5.2% of revenues, up from 2021. In 2022 net financial charges were Euro 36.7 million, compared to charges of Euro 36.3 million in 2021. In 2022 income taxes amounted to Euro 21.8 million compared to a positive Euro 49.1 million in 2021 due to the tax realignment of the trademark and goodwill envisaged in article 110 of Decree Law no. 104/2020. Net profit was Euro 76.9 million compared to Euro 89.1 million earned in financial year 2021.

12 Key data of the Parent Company's financial position

Euro (thousand)	12/31/2022	12/31/2021
Intangible fixed assets	1,402,503	1,417,016
Tangible fixed assets	17,896	11,174
Right-of-use assets	27,502	27,635
Other net non-current assets (liabilities)	(167,916)	(161,645)
Non-current financial assets	95,925	35,774
Total net non-current assets (liabilities)	**1,375,910**	**1,329,953**
Net working capital	116,446	73,729
Other net current assets (liabilities)	(20,511)	(21,459)
Current financial assets	39,281	27,044
Total net current assets (liabilities)	**135,216**	**79,313**
Invested capital	**1,511,126**	**1,409,266**
Net financial debt / (cash)	428,884	424,526
Financial payables for leases	29,468	28,639
Other current financial liabilities	737	2,780
Employee severance indemnities and other non-current provisions	2,728	2,291
Shareholders' Equity	**1,049,309**	**951,030**
Total sources	**1,511,126**	**1,409,266**

As of December 31, 2022 Golden Goose S.p.A. reported a shareholders' equity of Euro 1,049.3 million compared to Euro 951.0 million at the end of the previous year, and a net financial position of Euro 458.4 million compared to Euro 453.2 million as of December 31, 2021, including lease liabilities arising from the IFRS 16 accounting standard.

13 Research and development

In 2022 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.

14 Transactions with related parties

Refer to the Explanatory Notes to the financial statements.

15 Principal risks

15.1. 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.

15.2. 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.

15.3. INTEREST RISK

The Group's exposure to the risk of changes in market interest rates is primarily related to long-term debt with variable interest rates.

In view of the increase of these rates, the Group stipulated two interest rate hedging contracts (IRS) in FY2022, partially hedging the Euro 480 million bond issue starting from May 2023. The total notional amount is Euro 360 million (equal to 75% of the nominal value of the bond) applicable from May 15, 2023 until May 15, 2024, and Euro 240 million (equal to 50% of the value of the bond) from May 15, 2024 until May 15, 2025. During the periods under consideration, the Company will receive the 3-month EURIBOR rate and pay the fixed rate of 1.65%.

15.4. 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.

15.5. 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 range of materials offered 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.

16 Business Outlook

The results achieved in 2022 reaffirmed the values of the Group's solid growth path, undertaken based on clear, effective development strategies.

The expected global macroeconomic environment in 2023 remains complex, characterized by uncertainties related to recession risks, inflation trends, and interest rate developments, amidst a still volatile geopolitical environment.

Regarding the Asian market, in early 2023 we are seeing encouraging signs of recovery, especially in the Chinese market, following a gradual reduction in pandemic containment measures. However, the situation remains volatile and is constantly being monitored by management.

Management still has full confidence in the strength and flexibility of our business model and our long-term competitive position. 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 over the long term.

17 Significant events after the reporting period

Subsequent to the close of FY2022 there were no significant events impacting the Group's operations.

18 Proposal for approval of financial statements

The consolidated financial statements of the Golden Goose Group and the separate financial statements of Golden Goose S.p.A. were approved by the board of directors today.

It is proposed that the Shareholders' Meeting approve the separate financial statements of Golden Goose S.p.A. as of December 31, 2022.

Milan, March 28, 2023

Silvio Campara
Chief Executive Officer

CONSOLIDATED FINANCIAL STATEMENTS

02

CONSOLIDATED FINANCIAL STATEMENTS

01 Consolidated profit and loss statement

Euro (thousand)	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
Net Revenues	05.1	**500,918**	**385,601**
Cost of goods sold	05.2	(144,775)	(131,190)
Gross Margin		**356,143**	**254,411**
Selling and distribution expenses	05.4	(146,936)	(100,758)
General and administrative expenses	05.3	(69,219)	(60,873)
Marketing expenses	05.3	(31,932)	(17,769)
Operating profit/(loss)		**108,056**	**75,012**
Financial income	05.8	13,631	9,858
Financial expenses	05.8	(58,419)	(49,332)
Earnings before taxes		**63,269**	**35,538**
Income taxes	05.10	(15,558)	52,188
Net profit/(loss), including minority interests		**47,710**	**87,726**
Minority interests		**0**	**49**
Group net profit/(loss)		**47,710**	**87,677**

02 Consolidated other comprehensive income

Euro (thousand)		For the year ended December 31, 2022	For the year ended December 31, 2021
Net profit/(loss)		**47,710**	**87,726**
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	29,905	(3,459)
	Taxes	(7,905)	953
	Total profits / (losses) from valuation of financial instruments	**21,999**	**(2,506)**
	Foreign exchange differences from translation of financial statements in currencies other than the Euro	482	622
	Total other components of the comprehensive income/(loss) statement that may be reclassified to the profit / (loss) in subsequent periods, net of taxes	**22,481**	**(1,884)**
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	140	(114)
	Taxes	(34)	27
	Total gains / (losses) on actuarial valuation	**106**	**(87)**
	Total other comprehensive income/(loss) will not be reclassified in profit / (loss) in subsequent periods, net of taxes	**106**	**(87)**
	Total comprehensive income for the period, net of taxes	**70,298**	**85,755**
	Minority interest	0	49
	Group interest	70,298	85,706

03 Consolidated statement of financial position

Euro (thousand)		Notes	12/31/2022	12/31/2021
ASSETS	Intangible fixed assets	04.1	1,416,663	1,433,435
	Tangible fixed assets	04.3	66,091	46,677
	Rights of use	04.2	131,486	119,762
	Deferred tax assets	04.10	54,794	44,112
	Other non-current financial assets	04.6	17,342	245
	Other non-current assets	04.11	8,806	7,147
	Non-current assets		**1,695,182**	**1,651,380**
	Inventories	04.12	98,607	55,737
	Trade receivables	04.13	34,632	36,642
	Current tax assets	04.14	0	120
	Other current non-financial assets	04.15	33,473	14,877
	Current financial assets	04.6	38,822	1,166
	Cash and cash equivalents	04.16	115,450	99,793
	Current assets		**320,984**	**208,335**
	Total assets		**2,016,165**	**1,859,714**

Euro (thousand)		Notes	12/31/2022	12/31/2021
LIABILITIES AND SHAREHOLDERS' EQUITY	Share capital		1,004	1,004
	Share premium reserve		182,628	182,628
	Other reserves		768,798	657,991
	Net profit/loss for the year		47,710	87,677
	Group shareholders' equity	04.17	**1,000,140**	**929,300**
	Minority reserves		0	(57)
	Profit (loss) pertaining to minority interests		0	49
	Shareholders' equity attributable to minority interests		**0**	**(8)**
	Total shareholders' equity		**1,000,140**	**929,292**
	Provisions for pensions	04.18	2,623	2,175
	Deferred tax liabilities	04.19	198,198	193,428
	Non-current provisions for risks and charges	04.20	3,762	1,376
	Non-current financial debt	04.7	588,805	572,748
	Non-current liabilities		**793,389**	**769,727**
	Trade payables	04.21	111,010	76,880
	Other current non-financial liabilities	04.22	31,371	20,905
	Tax payables	04.23	16,994	15,655
	Current provisions for risks and charges	04.20	14,264	8,261
	Current financial liabilities	04.7	48,999	38,994
	Current liabilities		**222,637**	**160,695**
	Total liabilities and shareholders' equity		**2,016,165**	**1,859,714**

04 Consolidated cash flow statement

04.1. CASH FLOW STATEMENT

Euro (thousand)		Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
A. Cash flows generated (absorbed) by operations	Net profit/(loss)		47,710	87,726
	Income taxes		15,559	(52,188)
	Interest expense (interest income)		44,787	39,474
	Provisions		17,898	14,265
	Depreciation of property, plant and equipment		57,509	46,830
	Write-downs for impairment losses		38	2,248
	Other adjustments for non-monetary items		(540)	(1,949)
	Decrease / (increase) in inventories		(49,472)	(12,894)
	Decrease/(Increase) in trade receivables		3,624	(2,746)
	Increase/(Decrease) in trade payables		41,375	11,845
	Other changes in net working capital		(11,194)	2,215
	Interest collected/(paid)		(33,338)	(39,129)
	(Income taxes paid)		(27,907)	(11,903)
	(Uses of provisions)		(755)	(705)
	CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		**105,294**	**83,088**
B. Cash flow generated (absorbed) by investment activities	* Tangible fixed assets	04.3		
	(Investments)		(24,521)	(19,395)
	Disposal price			
	* Intangible assets	04.1		
	(Investments)		(6,285)	(6,702)
	Disposal price			
	* Non-current financial assets			
	(Investments)		(36,508)	(771)
	Disposal price			3,054
	* Acquisitions, net of cash and cash equivalents			
	CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		**(67,313)**	**(23,814)**
C. Cash flows from financing activities	* Debt			
	Obtainment of loans	04.7	-	460,323
	Repayment of borrowings	04.7	(23,059)	(501,793)
	* Equity			
	Proceeds from issue of share capital			
	Sale (purchase) of treasury shares			
	Dividends (and advances on dividends) paid			
	CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)		**(23,059)**	**(41,518)**
	Exchange rate effect on cash and cash equivalents		735	3,749
	INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A +B +C + Exchange Rate Effect)		**15,657**	**21,504**
	Cash and cash equivalents at the beginning of the year		99,793	78,288
	Cash and cash equivalent at the end of the year		**115,450**	**99,793**

05 Consolidated statement of changes in 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 December 31, 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 December 31, 2021									87,677	87,677	49	87,726
Total comprehensive income	**0**	**0**	**622**	**0**	**(87)**	**0**	**(2506)**	**0**	**87,677**	**85706**	**49**	**85755**
Balances as of December 31, 2021	**1,004**	**182,628**	**1,000**	**0**	**(192)**	**683,770**	**(1,758)**	**(24,830)**	**87,677**	**929,300**	**(8)**	**929,292**
Previous year's profit/(loss)								87,677	(87,677)	0	8	8
IAS 29 hyperinflation								541		541		541
Net gain/(loss) on cash flow hedges							21,999			21,999		21,999
Change in actuarial reserve					106					106		106
Exchange differences on translation of foreign operations			482							482		482
Profit (loss) for the year ended December 31, 2022									47,710	47,710		47,710
Total comprehensive income	**0**	**0**	**482**	**0**	**106**	**0**	**21,999**	**0**	**47,710**	**70,297**	**0**	**70,297**
Balances as of December 31, 2022	**1,004**	**182,628**	**1,482**	**0**	**(86)**	**683,770**	**20,241**	**63,388**	**47,710**	**1,000,137**	**0**	**1,000,137**

03

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

01 Basis of preparation

The consolidated financial statements for the year ended December 31, 2022 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.

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.

02 Consolidation scope and methods

02.1. SCOPE 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	41,787,665	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.	100	100
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	Turkiye	TRY	11,200,000	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 Phila 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	5,000	Golden Goose S.p.A.	100	100
Golden Goose New Zealand	New Zealand	NZD	-	Golden Goose S.p.A.	100	100
Golden Goose Chicago Oakbrook	Illinois	USD	-	Golden Goose USA INC	100	100
Golden Goose Glendale	California	USD	-	Golden Goose USA INC	100	100
Golden Goose San Juan Pr LLC	Puerto Rico	USD	-	Golden Goose USA INC	100	100
Golden Goose Charleston	South Carolina	USD	-	Golden Goose USA INC	100	100
Golden Goose Miami Design	Miami	USD	-	Golden Goose USA INC	100	100
Golden Goose Chile	Chile	CLP	-	Golden Goose S.p.A.	100	100
Clarosa	Italy	EUR	100,000	Golden Goose S.p.A.	100	100

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 as of December 31, 2022	Average for the year ended December 31, 2022	Spot as of December 31, 2021	Average for the year ended December 31, 2021
U.S. dollar - USD	1.067	1.054	1.133	1.184
Pound Sterling - GBP	0.887	0.853	0.84	0.86
South Korea Won - KRW	1,344.09	1,358.071	1,346.38	1,354.069
HK dollar - HKD	8.316	8.251	8.833	9.199
Renminbi (Yuan) - CNY	7.358	7.08	7.195	7.634
Danish Krone - DKK	7.437	7.44	7.436	7.437
Swiss Franc - CHF	0.985	1.005	1.033	1.081
Japanese Yen - JPY	140.66	138.005	130.38	129.863
Arab Emirates Diram - AED	3.917	3.87	4.16	4.346
Macanese pataca - MOP	8.566	8.499	9.098	9.475
Taiwan dollar - TWD	32.76	31.33	31.367	33.06
Australian dollar - AUD	1.569	1.517	1.562	1.575
Canadian dollar - CAD	1.444	1.37	1.439	1.484
Turkish Lira (TRY):	19.965	N/A	15.234	10.466
Brazilian real - BRL	5.639	5.443	6.31	6.289
Singapore dollar - SGD	1.43	1.452	1.326	1.59
New Zealand Dollar - NZD	1.68	1.687		
Chilean Peso - CLP	913.82	931.17		

02.2. ACQUISITION OF CLAROSA SRL

On September 30, 2022 Golden Goose S.p.A acquired the company Clarosa Srl. On that date a binding agreement was signed for the total acquisition of the above company for an overall consideration of **Euro 4,500 thousand**, the first payment of Euro 3,150 thousand having been disbursed in 2022. The remaining Euro 1,350 thousand was paid in January 2023.

The acquisition is part of our strategy to vertically integrate the supply chain, with reference to the purchase of the minority stake in Calzaturificio Sirio (see the "Investments in associates" section). In fact, this is a company whose main asset is an industrial property measuring around 4,000 square meters, with significant strategic value in the vertical integration undertaken by the Group in 2022. The company had no revenues, only operating expenses of Euro 165 thousand in the quarter pertaining to the Group.

According to IFRS 3, the transaction does not qualify as a business combination, as practically all the fair value of the gross assets acquired are in fact concentrated in a single identifiable asset (the industrial property). Therefore, the Clarosa acquisition transaction was accounted for as the purchase of assets, without the emergence of any goodwill or the recognition of deferred taxation.

Details of net assets as of the date of acquisition are shown below (amounts in thousands of euros):

Euro (thousand)		Notes	12/31/2022
ASSETS	Intangible fixed assets		72
	Tangible fixed assets		5,028
	Other non-current assets		0
	Non-current assets		**5,100**
	Other current non-financial assets		88
	Cash and cash equivalents		0
	Current assets		**88**
	Total assets		**5,188**
LIABILITIES AND SHAREHOLDERS' EQUITY	Trade payables		0
	Other current non-financial liabilities		688
	Tax payables		0
	Current liabilities		**688**
	Total liabilities		**688**

02.3. ACQUISITION OF IFT/GGDB SRL

In 2022 Golden Goose Spa and Italian Fashion Team Srl signed a binding agreement for Golden Goose Spa's total acquisition of IFT/GGDB Srl, a newly established company resulting from the business unit spun off by Italian Fashion Team Srl. Business unit consisting of all the operations, assets and legal relations of Italian Fashion Team Srl (minus equity investments and a shareholder loan).

Italian Fashion Team Srl is one of the Group's main suppliers of sneakers. Founded in 2007 and based in Casarano, Lecce, Italy, Italian Fashion Team Srl specializes in the design, manufacture, and sale of high-end footwear for some of Italy's best-known luxury brands. Italian Fashion Team Srl aims to preserve the artisanal heritage of the Salento footwear district, overseeing all the central stages of the production chain to ensure the highest quality standards. In 2022 its team of more than 270 employees produced more than 870,000 pairs of sneakers, 80% of them for Golden Goose.

The acquisition is part of our supply chain vertical integration strategy. Italian craftsmanship, dexterity, and tradition are at the heart of the Golden Goose brand. This is blended with a firm resolve to preserve traditional craftsmanship and Italian artisanal excellence. The integration with the newly formed company IFT/GGDB Srl will give us strategic control of our supply chain, as well as the opportunity to govern the Group's production capacity in view of our brand's expected medium- to long-term growth.

The acquisition took place on January 1, 2023, and for this reason IFT/GGDB Srl was not included in the scope of consolidation as of the date of these financial statements. The total consideration defined for this acquisition is Euro 42.55 million, of which a first tranche amounting to Euro 31.54 million (Euro 25 million plus the provisional NFP of Euro 6.54 million) will be paid on January 1, 2023. In Q1 2023 the adjustment related to the Final NFP in the amount of Euro 419 thousand was finalized and will be paid in April 2023. The remaining part of the consideration will be paid in five deferred installments in the period 2024-2027.

As of the date of this report, the allocation of the price paid under the business combination has not yet been completed, as the Group is still determining the fair value of the assets acquired and liabilities assumed.

It is expected that the goodwill that will be recognized will capture the synergies that will be achieved as part of the consolidation of operations in the Golden Goose Group, as well as intangible assets that do not qualify for separate recognition, such as the workforce.

Costs related to the acquisition just described and already incorporated in the 2022 financial statements amount to Euro 0.4 million and mainly include legal and due diligence costs, accounted for in prepaid expenses.

02.4. HYPERINFLATION IN TURKEY

Turkey met the requirements to be designated as a hyperinflationary economy under IAS 29 "Financial Reporting in Hyperinflationary Economies" in the quarter ending June 30, 2022. Therefore, as from January 1, 2022 the Group has applied the accounting prescribed in IAS 29 to the assets and liabilities of its subsidiary Golden Goose Turkey Mağazacilik AS, whose functional currency is the Turkish lira.

In accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates," comparative amounts are not restated. Specifically:

- Non-monetary assets and liabilities were adjusted to historical cost from the date of initial recognition to the balance sheet date to reflect changes in the purchasing power of money caused by inflation, according to the CPI index published by the Turkish Statistical Institute. In the period from January 1 to December 31, 2022, the CPI index increased by 64.27%.
- The components of the income statement were adjusted to the year-end inflation index, taking into consideration the month in which expenses and revenues were recognized.
- The gain or loss on net monetary assets resulting from the application of IAS 29 is recognized in the income statement under financial income and expenses.
- The translation of the Turkish subsidiary's financial statements, both for assets and liabilities and for income and expenses, was done by applying the period-end exchange rate (1 euro = 19.965 Turkish lira).

The hyperinflation adjustment as of January 1, 2022 resulted in an increase in the Group's equity of Euro 541 thousand. The consolidated income statement for the year includes a gain on net monetary assets of Euro 263 thousand, while foreign exchange losses of the Turkish subsidiary amounted to Euro 334 thousand.

03 Significant accounting principles

03.1. 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.

03.2. FIXED ASSETS

03.2.1. 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

03.2.2. 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.

03.2.3. TANGIBLE FIXED 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.

03.2.4. 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 at the level of the cash-generating unit and when circumstances indicate that there may be a loss in value.

03.3. INVENTORIES

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

03.3.1. 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.

03.3.2. WORK IN PROGRESS AND SEMI-FINISHED PRODUCTS

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

03.3.3. 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.

03.4. 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.

03.5. 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.

03.6. 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 December 31, 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 December 27, 2006, the portion of provisions for severance indemnities accrued January 1, 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.

03.7. 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.

03.8. 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.

03.9. FINANCIAL ASSETS

03.9.1. 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.

03.9.2. 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.

03.9.3. 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.

03.9.4. INVESTMENTS IN ASSOCIATE COMPANIES AND JOINT VENTURES

Investments in associate companies are accounted for using the equity method.

Investments in associate companies are therefore initially recorded at acquisition cost, and then after acquisition adjusted as a result of changes in the investor's share of the net assets of the investee. The investor's profit or loss reflects its share of the investee's profit (loss) for the year, and the investor's other comprehensive income reflects its share of the investee's other comprehensive income.

The carrying amount of investments in associates is subsequently increased or decreased to recognize the company's share in the associate's profit or loss, or other changes in equity realized after the date of acquisition. Dividends received from an associate reduce the carrying amount of the investment. Adjustments of the carrying amount may also be necessary as a result of changes in the investor's share in the associate arising from changes in items in the investee's other comprehensive income. These changes include changes resulting from the restatement of property, plant and equipment and differences in the translation of foreign currency items. The investor's share of these changes is recognized in the investor's other comprehensive income.

03.9.5. 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.

03.10. FINANCIAL LIABILITIES

03.10.1. 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.

03.10.2. 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.

03.10.3. 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.

03.10.4. 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.

03.10.5. 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.

03.11. 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.

03.12. 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.

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).

03.13. INCOME TAXES

03.13.1. 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.

03.13.2. 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.

03.13.3. 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.

03.14. 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.

03.14.1. 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.

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.

03.14.2. 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.

03.14.3. HYPERINFLATION

In the event of a hyperinflationary economy, the Group adjusts non-cash items and equity up to the limit of their recoverable value using a price index that reflects changes in general purchasing power.

The effects of initial application are recognized in equity net of tax effects. Conversely, during the period of hyperinflation (until its cessation), the result (gain or loss) of adjustments is recognized in the Income Statement with separate disclosure under financial income and expenses.

The Group's financial statements include a company based in Turkey, whose economy was declared hyperinflationary as from 2022. Consequently, and in application of the provisions of the IAS 29 standard, the Group has

recognized the effects of its adoption from the start of this fiscal year (January 1, 2022).

03.15. DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

03.15.1. 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 04.8.4 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.

03.15.2. 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.

03.16. ACCOUNTING STANDARDS AND INTERPRETATIONS WITH APPLICATION FROM JANUARY 1, 2022 OR LATER.

The following changes apply from January 1, 2022:

- *Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37*
- *Reference to the Conceptual Framework – Amendments to IFRS 3*
- *Property, Plant and Equipment; Proceeds before Intended Use – Amendments to IAS 16*
- IFRS 9 Financial Instruments – Fees in the "10 percent" test for derecognition of financial liabilities Interest Rate Benchmark Reform – Phase 2: *Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16*

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

An onerous contract is one in which the non-discretionary costs (e.g., costs that the Group cannot avoid because it is a party to a contract) required to fulfill the obligations undertaken are greater than the economic benefits that are supposed to be obtainable from the contract.

The amendment clarifies that in determining whether a contract is onerous or loss-generating, an entity must consider costs directly related to the contract for the provision of goods or services that include both incremental costs (e.g., direct labor cost and materials) and costs directly attributed to contract activities (e.g., depreciation of equipment used to fulfill the contract as well as costs for contract management and supervision). 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 Group applied this amendment to contracts for which it had not yet fulfilled all its obligations at the beginning of the fiscal year.

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

03.16.2. REFERENCE TO THE CONCEPTUAL FRAMEWORK – AMENDMENTS TO IFRS

The amendments seek to replace the references to the Framework for the Preparation and Presentation of Financial Statements 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. The exemption requires entities to apply the requirements of IAS 37 or IFRIC 21 instead of the Conceptual Framework to determine whether an obligation exists at the date of acquisition.

The amendment also added a new paragraph to IFRS 3 to clarify that contingent assets do not qualify as assets recognizable at the date of acquisition.

These amendments had no impact on the Group's financial statements because no relevant contingent assets, liabilities, or contingent liabilities were recognized during the year.

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

The amendments prohibit 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 intended 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.

These changes had no impact on the Group's financial statements as there were no sales related to these items of property, plant and equipment before they came into operation before or after the beginning of the previous comparative period.

03.16.4. IFRS 9 FINANCIAL INSTRUMENTS – FEES IN THE "10 PER CENT" TEST FOR DERECOGNITION OF FINANCIAL LIABILITIES

This amendment clarifies the fees that an entity includes in determining whether the terms and 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. No such change was proposed with regard to IAS 39 Financial Instruments: Recognition and Measurement.

This amendment had no impact on the Group's financial statements as there were no changes in the Group's financial liabilities during the half year.

03.17. 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.

03.17.1. 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 January 1, 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.

03.17.2. 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 January 1, 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.

03.17.3. 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 January 1, 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.

03.17.4. DEFERRED TAXES RELATING TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION – AMENDMENTS TO IAS 12

In May 2021 the IASB issued amendments to IAS 12, narrowing the scope of the initial recognition exception included in IAS 12, which is no longer to be applied to those transactions that give rise to temporary differences that are taxable and deductible in equal measure.

The changes should be applied to transactions occurring after or at the beginning of the comparative period presented. Additionally, at the beginning of the comparative period presented, deferred tax assets (if there is sufficient taxable income) and deferred tax liabilities must be recognized for all deductible and taxable temporary differences associated with leases and restoration provisions. Amendments to IAS 12 shall apply from financial years starting on or after January 1, 2023, early application shall be permitted.

The Group is currently evaluating the impacts of these changes.

03.18. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

03.18.1. 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.

03.18.2. 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.

03.18.3. 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.

03.18.4. 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. 4.10.

03.18.5. 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.

03.18.6. 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.

03.18.7. 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. 04.18.

03.18.8. 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.

03.18.9. 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 2.2.1.22.

04 Main items of the consolidated statement of financial position

04.1. INTANGIBLE FIXED ASSETS

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

Description	Cost	Accumulated depreciation	Net value CY	Reclassification Assets in Progress	Increases	Decreases	Amortization	FX Changes	Cost	Accumulated depreciation	Net value CY
Trademarks and patents	703,914	(200)	703,713	0	1	(155)	(44)	2	703,762	(244)	703,517
Concessions, licenses, software and similar rights	16,214	(9,820)	6,394	0	5,649	(1)	(4,712)	(15)	21,901	(14,586)	7,315
Key Money	8,717	(5,073)	3,643	0	0	0	(1,042)	(40)	8,635	(6,073)	2,561
Goodwill	548,084	0	548,084	0	0	0	0	0	548,084	0	548,084
Backlog	11,900	(11,900)	0	0	0	0	0	0	11,900	(11,900)	0
Customer relationships	184,950	(18,374)	166,576	0	650	0	(12,486)	0	185,600	(30,860)	154,740
Intangible assets in progress	4,809	0	4,809	(4,729)	292	0	0	0	372	0	372
Other intangible assets	350	(134)	215	0	65	(160)	(43)	(3)	199	(125)	74
TOTAL	1,478,937	(45,502)	1,433,435	(4,729)	6,656	(316)	(18,328)	(56)	1,480,451	(63,789)	1,416,663

04.1.1. TRADEMARKS AND PATENTS

The amount mainly relates to the value relating to the "Golden Goose Deluxe Brand" trademark, recognized in the price allocation following the Group acquisition occurred in 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 December 31, 2022, the Group carried out an impairment test on the brand value, and the recoverable amount was estimated determining the brand fair value using a WACC of 11.1% and a royalty rate of 11.5%. No impairment loss was identified.

04.1.2. 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.

04.1.3. KEY MONEY

This item has a net book value as of December 31, 2022 of Euro 2,561 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 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.

04.1.4. INTANGIBLE ASSETS UNDER DEVELOPMENT AND ADVANCES

As of December 31, 2021, the item mainly included expenses incurred by the parent company Golden Goose S.p.A. for property redevelopment costs. During the year it was more properly classified to tangible fixed assets.

04.1.5. CUSTOMER RELATIONSHIPS

Customer relationships mainly refer to the purchase price allocation after the acquisition of Golden Goose in 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 in the five years before the acquisition in 2020) 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.

04.1.6. 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 units was determined based on a calculation of the value in use. On December 31, 2022 the impairment test was performed using the latest 2023-2027 business plan presented on February 28, 2023. The WACC applied was 11.1%, with a G rate of 2.3%, 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: -9.1%
- Increase in the WACC: +78 bps;
- Decrease of the growth rate: -115 bps.

04.2. 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 December 31, 2021	**119,442**	**316**	**4**	**119,762**	**(127,177)**
Increases for new contracts	29,208	854	0	30,062	(30,087)
Depreciation for the period	(27,203)	(297)	(3)	(27,503)	0
Write-downs	(307)	0	0	(307)	0
Contractual amendments and early terminations	5,956	(62)	0	5,893	(5,892)
Accrued interest	0	0	0	0	(7,315)
Hyperinflation adjustments	419	0	0	419	0
Repayments	0	0	0	0	29,409
Exchange rate effect	3,160	0	0	3,159	(3,296)
Book value as of December 31, 2022	**130,676**	**810**	**1**	**131,486**	**(144,358)**

These changes in rights of use mainly relate to the new property lease contracts entered into for Euro 30,062 thousand, and the depreciation for the year of Euro 27,503 thousand. Lease liabilities increased by Euro 30,087 in relation to new leases and by Euro 7,315 thousand for interest expense accrued. New contracts comprise Euro 28,565 thousand referring to contracts entered into for stores opened during the year. Repayments for the year amounted to Euro 29,409 thousand.

Hyperinflation adjustments refer to the application of IAS 29 for Euro 419 thousand to lease contracts of the Turkish subsidiary. 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 December 31, 2022
Depreciation of right of use assets	27,503
Interest expense on leases	7,315
Rental costs - variable rents	14,300
Total effects recorded in the profit and loss statement	**49,118**

The total outgoing cash flows relating to the leases of the Group is Euro 43,709 thousand for the year ended December 31, 2022. In addition, new contracts entered into by the Group during the year originated an increase in rights of use assets for Euro 30,062 thousand for the year ended December 31, 2022 and of right of use liabilities for Euro 30,087 thousand for the year ended December 31, 2022.

04.3. TANGIBLE FIXED ASSETS

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

Description	Cost	Accumulated depreciation	Net value CY	Reclassification Assets in Progress	Increases	Decreases	Amortization	IAS 29 reclassifications	FX Changes	Cost	Accumulated depreciation	Net value CY
Land and buildings	502	(60)	441	0	4,864	0	(40)	0	0	6,875	(1,609)	5,265
Plant and machinery	798	(442)	355	0	4	(17)	(57)	0	0	817	(531)	286
Industrial and commercial equipment	2,482	(1,324)	1,159	0	771	(15)	(434)	0	(24)	3,344	(1,888)	1,456
Other tangible assets	69,102	(25,379)	43,723	0	19,972	(1,365)	(10,884)	419	729	82,890	(30,297)	52,593
Assets in progress and advance payments	999	0	999	4,729	2,746	(2,044)	0	0	60	6,491	0	6,491
TOTAL	**73,883**	**(27,205)**	**46,678**	**4,729**	**28,357**	**(3,441)**	**(11,415)**	**419**	**764**	**100,416**	**(34,325)**	**66,091**

The item "Land and Buildings" mainly refers to an industrial property of approximately 4,000 square meters with significant strategic value in the context of the vertical integration undertaken by the Group in 2022 with the acquisition of the company Clarosa S.r.l and a building 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, 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 as of December 31, 2022, amounting to Euro 19,972 thousand, and mainly refer to the costs incurred for the renovation of the buildings where the Group carries out its main operations in Marghera (Via dell'Atomo 8 and Via dell'Elettricità 6) and the new headquarters in Shanghai, as well as the opening of new retail stores, including the new Forward Stores in New York, Dubai and Milan.

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

04.4. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

The breakdown of the financial instruments as of December 31, 2022 is as follows.

FINANCIAL ASSETS			
Euro (thousand)		12/31/2022	12/31/2021
Derivatives designated as hedging instruments	Forward foreign exchange contracts (see Note 04.5)	9,335	22
	Forward contracts on interest rates	10,259	0
Financial assets measured at amortized cost	Trade receivables (see Note 04.13)	34,632	36,642
	Other current financial assets (see Note 04.6)	32,787	1,144
	Other non-current financial assets (see Note 04.6)	264	211
	Loans to employees (see Note 04.6)	0	34
Equity investments	Investments in associate companies valued by the equity method	3,519	0
Total financial assets *		**90,796**	**38,054**
Total current portion		**73,454**	**37,808**
Total non-current portion		**17,342**	**245**
FINANCIAL LIABILITIES			
Euro (thousand)		12/31/2022	12/31/2021
Financial liabilities at fair value with changes recognized in the income statement	Contingent consideration from the business combination - current	0	1000
	Contingent consideration from the business combination – non-current	2,486	2,402
Derivatives designated as hedging instruments	Forward foreign exchange contracts (see Note 04.5)	737	2,780
Financial liabilities measured at amortized cost	Trade payables (see Note 04.21)	111,010	76,880
	Reverse factoring liabilities (see Note 04.7)	20,913	13,135
	Payables to banks - current	210	162
	Payables to bondholders - current	4,071	2,990
	Payables to bondholders – non-current	465,028	462,096
	Current lease liabilities	23,068	18,928
	Non-current lease liabilities	121,291	108,249
Total financial liabilities			**688,622**
Total current portion		**160,009**	**115,874**
Total non-current portion		**588,805**	**572,748**
* Financial assets other than cash and short-term deposits			

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

04.4.1. FAIR VALUE MEASUREMENT AND RELATED HIERARCHICAL VALUATION LEVELS

The main financial liability as of December 31, 2022 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 December 31, 2022, the fair value of the bond loan (derived directly from the stock market price at the end of the year) amounted to Euro 450.7 million (compared with the carrying amount of the debt measured at amortized cost and equal to Euro 469.1 million).

Most of all the other financial assets and liabilities outstanding are short-term items or mid-term liabilities entered 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 December 31, 2022 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 December 31, 2022 can be classified in the fair value hierarchy in level 2 as defined by IFRS 13. Furthermore, during the period ended December 31, 2022 there were no transfers from Level 1 to Level 2 or to Level 3 or vice versa.

04.5. DERIVATIVE FINANCIAL INSTRUMENTS

The breakdown of derivative financial instruments by category and maturity as of December 31, 2022 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 December 31, 2021							
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
As of December 31, 2022							
Forward foreign exchange contracts (highly probable expected sales)	Notional amount (in Euro thousand)	19,034	29,555	29,789	29,548	219,339	327,265
	Average forward rate (EUR/USD)	1.0718	1.0354	1.0071	1.0153	1.0030	1.0114
	Notional amount (in Euro thousand)	4,066	2,642	1,958	1,884	-	10,551
	Average forward rate (EUR/KRW)	1,328	1,362	1,379	1,380		1,355
	Notional amount (in Euro thousand)	1,748	1,602	1,316	-	-	4,666
	Average forward rate (EUR/CNY)	6.8650	6.8650	6.8400			6.8580

In 2022 the company stipulated two interest rate hedging contracts (IRS) whose underlying is the bond loan amounting to Euro 480 million. The main details on the two hedging contracts are provided below:

Interest Rate Swap with no Floor							
Bank	Hedging start date	Hedging end date	Notional Value as of December 31, 2022 (thousand euros)	Currency		Date stipulated	Reference interest rate %
Intesa	May-15-23	May-15-25	90,000	EUR	Quarterly 3M EURIBOR	07/12/2022	1.5290%
GS	May-15-23	May-15-25	270,000	EUR	Quarterly 3M EURIBOR	Jul-14-22	1.6910%

The interest rate hedging contracts outstanding as of December 31, 2022 have a total positive Mark-to-Market value of Euro 10,259 thousand and Euro 7,520 thousand for the portion stipulated with Goldman Sachs and Euro 2,739 thousand for the portion stipulated with Banca Intesa, respectively.

Derivatives not 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 December 31, 2022, 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.

Given the characteristics of the derivatives contracts, these instruments are closely related to the underlying element (specifically, the foreseen sales in the US, 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 December 31, 2022 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	Carrying amount (thousand euros)	Statement of financial position item
As of December 31, 2022			
Forward foreign exchange contracts	USD 331,000,000 / KRW 14,300,000,000 / CNY 32,000,000	8,598	Other current financial assets/ Current financial debt
As of December 31, 2021			
Forward foreign exchange contracts	USD 60,000 / KRW 18,300,000,000 / CNY 114,000,000	(2,758)	Other current financial assets/ Current financial debt

Currency hedging contracts outstanding as of December 31, 2022 with positive mark to market value amount to Euro 9,334 thousand, while those with negative market to market have a value of Euro 737 thousand.

These are broken down below:

Expiry	Notional	Mark to Market December 31, 2022 (thousand euros)
01/13/2023	CNY 4,000,000	26
01/13/2023	USD 1,800,000	52
02/10/2023	CNY 4,000,000	24
02/10/2023	USD 1,800,000	51
03/10/2023	CNY 4,000,000	26
03/10/2023	USD 1,800,000	50
04/14/2023	CNY 4,000,000	25
04/14/2023	USD 1,800,000	50
04/14/2023	USD 10,000,000	26
05/17/2023	USD 1,800,000	49
05/17/2023	CNY 4,000,000	24
05/17/2023	USD 10,000,000	91
06/15/2023	USD 7,000,000	188
06/15/2023	CNY 3,000,000	18
07/14/2023	CNY 3,000,000	19
07/14/2023	USD 10,000,000	328
08/18/2023	CNY 3,000,000	18
08/18/2023	USD 10,000,000	317
09/15/2023	CNY 3,000,000	18
09/15/2023	USD 10,000,000	445
10/13/2023	USD 7,000,000	198
10/13/2023	USD 3,000,000	131
11/15/2023	USD 10,000,000	272
12/14/2023	USD 8,000,000	159
12/14/2023	USD 2,000,000	53
01/17/2024	USD 10,500,000	305
02/16/2024	USD 10,500,000	300
03/15/2024	USD 10,500,000	295
04/18/2024	USD 10,500,000	289
05/15/2024	USD 10,500,000	284
06/14/2024	USD 10,500,000	279
07/17/2024	USD 10,500,000	271
08/16/2024	USD 10,000,000	217
09/13/2024	USD 10,000,000	208
10/15/2024	USD 7,500,000	151
11/15/2024	USD 9,000,000	111
12/13/2024	USD 10,000,000	116
01/17/2025	USD 8,500,000	381
02/14/2025	USD 8,500,000	376
03/14/2025	USD 8,500,000	368
04/16/2025	USD 8,500,000	363
05/16/2025	USD 8,000,000	334
06/18/2025	USD 8,000,000	329
07/16/2025	USD 8,000,000	290
08/13/2025	USD 8,000,000	285
09/17/2025	USD 8,500,000	291
10/16/2025	USD 8,500,000	286
11/14/2025	USD 8,500,000	278
12/17/2025	USD 8,500,000	270
	Total gains on derivatives	**9,335**
Expiry	**Notional**	**Mark to Market December 31, 2022 (thousand euros)**
01/13/2023	KRW 1,800,000,000	(10)
01/13/2023	USD 5,000,000	(184)
02/10/2023	KRW 1,800,000,000	(10)
02/10/2023	USD 5,000,000	(184)
03/10/2023	KRW 1,800,000,000	(9)
03/10/2023	USD 5,000,000	(186)
04/12/2023	KRW 1,800,000,000	(13)
05/17/2023	KRW 900,000,000	(22)
06/15/2023	KRW 900,000,000	(21)
07/14/2023	KRW 900,000,000	(17)
08/18/2023	KRW 900,000,000	(16)
09/15/2023	KRW 900,000,000	(16)
10/13/2023	KRW 900,000,000	(17)
11/15/2023	KRW 900,000,000	(17)
12/14/2023	KRW 800,000,000	(15)
	Total losses on derivatives	**(737)**
	NET TOTAL	**8,598**

Expiry	Notional	Mark to Market December 31, 2021 (thousand euros)
07/13/2022	KRW 1,250,000,000	3
08/03/2022	KRW 1,250,000,000	4
09/08/2022	KRW 1,250,000,000	4
10/12/2022	KRW 1,250,000,000	4
11/14/2022	KRW 1,250,000,000	4
12/12/2022	KRW 1,250,000,000	4
	Total gains on derivatives	**22**

Expiry	Notional	Mark to Market December 31, 2021 (thousand euros)
01/21/2022	CNY 8,000,000	(53)
02/23/2022	CNY 8,000,000	(52)
03/23/2022	CNY 8,000,000	(51)
04/20/2022	CNY 8,000,000	(52)
05/20/2022	CNY 8,000,000	(52)
06/21/2022	CNY 8,000,000	(51)
07/15/2022	CNY 11,000,000	(71)
08/05/2022	CNY 11,000,000	(71)
09/14/2022	CNY 11,000,000	(70)
10/14/2022	CNY 11,000,000	(70)
11/16/2022	CNY 11,000,000	(70)
12/14/2022	CNY 11,000,000	(70)
01/19/2022	KRW 1,800,000,000	(32)
02/21/2022	KRW 1,800,000,000	(31)
03/21/2022	KRW 1,800,000,000	(31)
04/14/2022	KRW 1,800,000,000	(31)
05/18/2022	KRW 1,800,000,000	(31)
06/17/2022	KRW 1,800,000,000	(30)
01/14/2022	USD 5,000,000	(180)
02/14/2022	USD 5,000,000	(177)
03/14/2022	USD 5,000,000	(175)
04/14/2022	USD 5,000,000	(150)
05/13/2022	USD 5,000,000	(150)
06/15/2022	USD 5,000,000	(147)
07/15/2022	USD 5,000,000	(156)
08/11/2022	USD 5,000,000	(155)
09/15/2022	USD 5,000,000	(151)
10/14/2022	USD 5,000,000	(142)
11/15/2022	USD 5,000,000	(141)
12/07/2022	USD 5,000,000	(140)
	Total losses on derivatives	**(2,780)**
	NET TOTAL	**(2,758)**

04.6. 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 accounts, which are payment platforms used for retail collections, mainly e-commerce, for Euro 709 thousand. As of December 31, 2022, the item also included the advance related to the acquisition in GGDB/IFT (Euro 31,544 thousand). See the section "Acquisition of IFT/GGDB Srl" for more information.

The item "Other non-current financial assets" also includes deposits paid for the establishment of new group companies for Euro 46 thousand as well as Euro 250 thousand registered as a joint venture for the production of a film.

04.7. FINANCIAL LIABILITIES MEASURED AT AMORTIZED COST

04.7.1. 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. Detailed information is provided below to users of the financial statements on both the effective interest rate and the maturity of loans.

Euro (thousand)		Interest rate	Expiry	12.31.2022	12.31.2021
Current loans and financing	Lease liabilities	2.97% - 8.43%	2020-2039	23,067	18,928
	Reverse factoring liabilities	0.00%	2023	20,913	13,135
	Revolving Facility liabilities	EURIBOR +3.50%	Cut-off date 2026	210	162
	Floating Rate Senior Secured Note	EURIBOR + margin of 4.875%	2027	4,071	2,990
	Total current loans and financing			**48,999**	**35,214**
Non-current loans and financing	Lease liabilities	2.97% - 8.43%	2023-2039	121,291	108,249
	Floating Rate Senior Secured Note	EURIBOR + margin of 4.875%	2027	465,028	462,096
	Total non-current loans and financing			**586,319**	**570,346**
	Total loans and financing to customers designated at amortized cost			**635,318**	**605,559**

04.7.2. 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".

04.8. RISK MANAGEMENT: OBJECTIVES AND CRITERIA

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

04.8.1. 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.

04.8.2. 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.

In 2022 the Group stipulated two interest rate hedging contracts (IRS) to partially hedge the Floating Rate Senior Secured Note. Specifically, the derivatives will take effect on May 15, 2023. The total notional amount is Euro 360 million (equal to 75% of the nominal value of the bond) applicable from May 15, 2023 until May 15, 2024, and Euro 240 million (equal to 50% of the value of the bond) from May 15, 2024 until May 15, 2025. During the periods under consideration, the Company will receive the 3-month EURIBOR rate and pay the fixed rate of 1.65%.

04.8.3. INTEREST RATE SENSITIVITY

The Group's exposure to the risk of changes in market rates is connected solely to the Floating Rate Senior Secured Note and the Revolving Credit Facility Agreement (the latter is currently not used). Taking into account the existing hedges just described, an increase or decrease of 100 basis points in Euribor would result in an increase or decrease of approximately Euro 2.5 million in financial expenses in 2023.

04.8.4. 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 36 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 33% of total sales in US dollars expected in the 36 months following the reporting date, 23% of total sales in South Korean won and 10% 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.

04.8.5. 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	(685)	0	**(685)**	685	0	**685**
AUD	(439)	0	**(439)**	439	0	**439**
CAD	(139)	0	**(139)**	139	0	**139**
CHF	(114)	0	**(114)**	114	0	**114**
CLP	(168)	0	**(168)**	168	0	**168**
CNY	(1,269)	240	**(1,029)**	1,269	(240)	**1,029**
GBP	(216)	0	**(216)**	216	0	**216**
HKD	(381)	0	**(381)**	381	0	**381**
JPY	(495)	0	**(495)**	495	0	**495**
KRW	(706)	459	**(247)**	706	(459)	**247**
MOP	(168)	0	**(168)**	168	0	**168**
NZD	(74)	0	**(74)**	74	0	**74**
SGD	(102)	0	**(102)**	102	0	**102**
TRY	(512)	0	**(512)**	512	0	**512**
TWD	(132)	0	**(132)**	132	0	**132**
USD	(8,332)	27,982	**19,649**	8,332	(27,982)	**(19,649)**

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	12.31.2022
AED	+/-9.0%
AUD	+/-6.1%
CAD	+/-6.2%
CHF	+/-5.6%
CLP	+/-10.7%
CNY	+/-5.5%
GBP	+/-4.6%
HKD	+/-8.6%
JPY	+/-8.0%
KRW	+/-4.3%
MOP	+/-8.6%
NZD	+/-5.3%
SGD	+/-5.5%
TRY	+/-14.5%
TWD	+/-4.6%
USD	+/-9.0%

04.8.6. 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. 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 December 31, 2022, the Group has 27 customers with a balance greater than Euro 200 thousand each (23 in 2021), which together represent around 60% of all trade receivables (49% in 2021).

The Group makes use of insurance and credit factoring instruments, without advances and solely for the purpose of credit management and insurance. 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 December 31, 2022, 49% (43.4% in 2021) 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:

12/31/2022	Days past due					
(thousand euros)	Current	<30 days	30-60 days	61-90 days	> 91 days	Total
Expected loss rate	4.86%	5.28%	7.31%	13.16%	83.57%	
Estimated gross book value at risk	30,318	4,287	1,052	644	1,115	37,416
Expected credit loss	1,473	226	77	85	932	2,793
12/31/2021	**Days past due**					
(thousand 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

04.9. INVESTMENTS IN ASSOCIATES

Entity name	Country	% stake	12.31.2022	12.31.2021
Sirio equity investment	Italy	30	2,712	-
Yatay equity investment	Italy	40	807	-
Total investments in associates			**3,519**	**-**

The Sirio and Yatay equity investments are associate companies and were valued using the equity method. They contributed equity investment valuation income of Euro 84 and 7 thousand respectively.

04.9.1. YATAY

The Group holds a 40% stake in Yatay Srl (Yatay S.r.l. Benefit Company). The remaining 60% is held by Coronet S.p.A.

This company was established as a result of a framework agreement between Golden Goose S.p.A, Coronet S.p.A., a leading company in the field of design, production, offer, marketing and sale of fabrics, microfibers, and technical materials for footwear and leather goods, including circular/eco-sustainable materials alternative to leather of animal origin, and Veroverde Srl, active in the field of design, production, offer, marketing and sale of footwear made with circular/eco-sustainable materials alternative to leather of animal origin and owner of the "YATAY" brand.

The Company's main purpose is the research and development and subsequent sale of innovative and environmentally sustainable raw materials, materials and products in the field of textiles and non-wovens and similar products that have the purpose of being able to be used among other things for the production of footwear, leather goods, furniture, clothing, and paper products.

The Yatay equity investment is accounted for in the financial statements using the equity method.

The following table summarizes the company's key financial information:

Euro (thousand)	12.31.2022
Current assets	717
Non-current assets	142
Current liabilities	(31)
Non-current liabilities	0
Shareholders' Equity	(828)
Share of equity attributable to the Group (40%)	**(331)**
Revenues from sales and services	39
Costs of production	(17)
Financial income and expenses	0
Profit before taxes	**22**
Taxes	(4)
Net profit for the year	**18**
Net profit for the year attributable to the Group (40%)	**7**

04.9.2. SIRIO

In September 2022 Golden Goose completed the acquisition of a connecting stake of one of its suppliers: the Sirio Company (Calzaturificio Sirio Srl), of which Golden Goose currently holds a 30% stake. Sirio produces high-quality men's and women's footwear, striving to combine craftsmanship, evolution and research on a daily basis while preserving that which is truly Made in Italy.

The parties also agreed on a system of options that may allow the Group to have majority control of the company from 2023. The Sirio equity investment is accounted for in the financial statements using the equity method.

The following table summarizes the company's key financial information:

Euro (thousand)	12.31.2022	09.30.2022 (purchase date of the equity investment)
Current assets	6,128	5,211
Non-current assets	2,008	2,031
Current liabilities	(6,182)	(5,946)
Non-current liabilities	(454)	(405)
Shareholders' Equity	(1,500)	(891)
Share of equity attributable to the Group (30%)	**(450)**	**(267)**
Reversal of unrealized gains (assets still held by Golden Goose)	(139)	N/A
Goodwill	2,400	2,400
Carrying amount of the equity investment	**2,712**	**2,712**

Euro (thousand)	For the three months ended 12/31/2022
Revenues from sales and services	**5,674**
Cost of production	(2,182)
Gross Margin	**3,492**
Selling and distribution expenses	(115)
General and administrative expenses	(2,442)
Operating profit/(loss) (EBIT)	**934**
Financial Income	0
Financial Expenses	(66)
Earnings before taxes	**868**
Income taxes	(260)
Net profit/(loss)	**608**
Profit for the year attributable to the Group - 30%	**183**

04.9.3. 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.

04.9.4. 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 December 31, 2022, 21% of the Group's liabilities mature in less than one year, calculated on undiscounted liabilities as shown in the table below (as of December 31, 2021, it was 16%).

The reverse factoring liabilities refer to key suppliers of the parent company Golden Goose S.p.A., agreements made with leading 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 December 31, 2022	on demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Financing and loans		8,141	27,507	608,570		644,219
Interest rate hedging derivatives		0	(1,898)	(4,383)		(6,285)
Lease liabilities		7,957	22,264	89,147	56,773	176,144
Other financial liabilities			210			210
Reverse factoring financial liabilities	5,270	15,643				20,913
Trade payables	**16,021**	**54,083**	**40,683**	**180**	**43**	**111,010**
Total	**21,291**	**85,824**	**88,766**	**693,514**	**56,816**	**946,211**

Guarantees

The Group does not hold restricted cash or cash guarantees. The deposit accounts guaranteeing lease agreements amount to Euro 2,751 thousand as of December 31, 2022 and are classified under "Other non-current assets."

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Changes in liabilities deriving from financing activities

The changes in financial liabilities for the year ended December 31, 2022 are shown below.

Euro (thousand)		December 31, 2021	New loans	Business combination	Repayments	Change in exchange rates	Non-monetary IFRS 16 changes	Fair value changes	Reclass.	Other	December 31, 2022
Current loans and financing	Lease liabilities	18,928			(22,094)	491	0		25,743		23,067
	Revolving credit facility	162								49	210
	Senior Secured Floating Rate Note	2,990								1,081	4,071
	Reverse factoring financial liabilities	13,135								7,778	20,913
	Contingent consideration from business combination	1,000			(1,000)						0
	Other current financial liabilities	2,781						(2,043)	0		737
	Total current financial liabilities	**38,994**	**0**	**0**	**(23,094)**	**491**	**0**	**(2,043)**	**25,743**	**8,907**	**48,998**
Non-current loans and financing	Non-current loans and financing	0									0
	Lease liabilities	108,250				2,806	35,979		(25,743)	(0)	121,292
	Senior Secured Floating Rate Note	462,096								2,932	465,028
	Contingent consideration from business combination	2,402								84	2,486
	Total non-current financial liabilities	**572,748**	**0**	**0**	**0**	**2,806**	**35,979**	**0**	**(25,743)**	**3,016**	**588,806**
	Total financial liabilities	**611,742**	**0**	**0**	**(23,094)**	**3,296**	**35,979**	**(2,043)**	**0**	**11,924**	**637,804**

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 December 31, 2022 and December 31, 2021 is as follows:

Euro (thousand)		12/31/2022			12/31/2021		
		Trade payables	Financial liabilities	Payment Terms	Trade payables	Financial liabilities	Payment Terms
Payables for reverse factoring	210 For Golden - Intesa	27,903	5,317	240 days from the invoice date	19,013	3,399	240 days from the invoice date
	210 For Golden - Illimity	1,142	14,536	120 to 210 days from the invoice date	15,837	9,305	120 to 210 days from the invoice date
	Credemfactor	239	1,059	120 days from the invoice date eom	196	430	120 days from the invoice date eom
Total payables for reverse factoring		**29,284**	**20,912**	-	**35,045**	**13,135**	-

In comparison, as of December 31, 2022 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.

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

04.10. 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.

04.11. 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.

04.12. INVENTORIES

The breakdown of inventories is as follows:

Euro (thousand)	December 31, 2022	December 31, 2021
Raw and ancillary materials and consumables	1,914	973
Finished products and goods	96,692	54,764
Total inventories	**98,607**	**55,737**

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 29,321 thousand.

Euro (thousand)	December 31, 2022	December 31, 2021
Opening balance of provisions	**21,366**	**11,547**
Provisions	10,070	11,422
Uses	(2,109)	(1,603)
Other	(5)	
Closing balance of provisions	**29,321**	**21,366**

During the year, new provisions were added for a total value of Euro 10,070 thousand.

04.13. TRADE RECEIVABLES

The breakdown of trade receivables is as follows:

Euro (thousand)	December 31, 2022	December 31, 2021
Trade receivables, gross	37,425	39,495
Allowance for doubtful accounts	(2,792)	(2,853)
Trade receivables, net	**34,632**	**36,642**

“Trade receivables” include all trade receivables for a total of Euro 37,425 thousand, accounted for at their nominal value and presented in the financial statements net of the allowance for doubtful accounts, which amounts to Euro 2,792 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)	December 31, 2022	December 31, 2021
Opening balance of provisions	2,853	3,309
Provisions	94	264
Uses	(154)	(733)
Exchange rate effect	(2)	13
Closing balance of provisions	**2,792**	**2,853**

04.14. CURRENT TAX ASSETS

As of December 31, 2022, "income tax receivables" amounted to Euro 0 thousand (the item was Euro 120 thousand as of December 31, 2021).

04.15. OTHER CURRENT NON-FINANCIAL ASSETS

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

Euro (thousand)	December 31, 2022	December 31, 2021
Prepaid expenses	8,649	4,208
Sundry receivables	7,684	2,699
VAT receivable	15,596	5,599
Advances to suppliers	1,543	2,370
Total Other current non-financial assets	**33,473**	**14,877**

The item “VAT receivable” mainly includes the credit balance of Golden Goose Spa and Asian companies.

“Sundry receivables” mainly include transitional accounts linked to collection through payment instruments such as PayPal, Adyen and credit cards and receivables from L’Ermitage for grants to renovate a building (Euro 568 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.

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.

04.16. CASH AND CASH EQUIVALENTS

The breakdown of cash and cash equivalents is as follows:

Euro (thousand)	December 31, 2022	December 31, 2021
Bank deposits	114,349	98,949
Cash in hand	1,100	843
Total cash and cash equivalents	**115,450**	**99,793**

At December 31, 2022 the cash and cash equivalents amount to Euro 115,450 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.

04.17. SHAREHOLDERS' EQUITY

Authorized, issued and fully released shares (number of shares)	12/31/2022
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.

04.17.1. DISTRIBUTION OF DIVIDENDS MADE AND PROPOSALS

No dividends were paid during the year.

As of December 31, 2022 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.

04.18. PROVISIONS FOR PENSIONS

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

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:

(Euro)	December 31, 2022	December 31, 2021
Opening value	2,175	1,710
Service cost	792	614
Interest cost	20	5
Benefits paid	(225)	(268)
Actuarial (gains)/losses	(140)	114
Closing value	**2,623**	**2,175**

- 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	December 31, 2022	December 31, 2021
Annual discount rate	3.77%	0.98%
Annual inflation rate	2.30%	1.75%
Annual rate of TFR increase	3.23%	2.81%
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 January 1, 2007, intended for supplementary pension schemes pursuant to Legislative Decree no. 252 of December 5, 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 December 31, 2022	
Turnover rate + 1.00%	20
Turnover rate - 1.00%	(24)
Inflation rate + 0.25%	65
Inflation rate - 0.25%	(62)
Discount rate + 0.25%	(75)
Discount rate - 0.25%	79

04.19. 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.

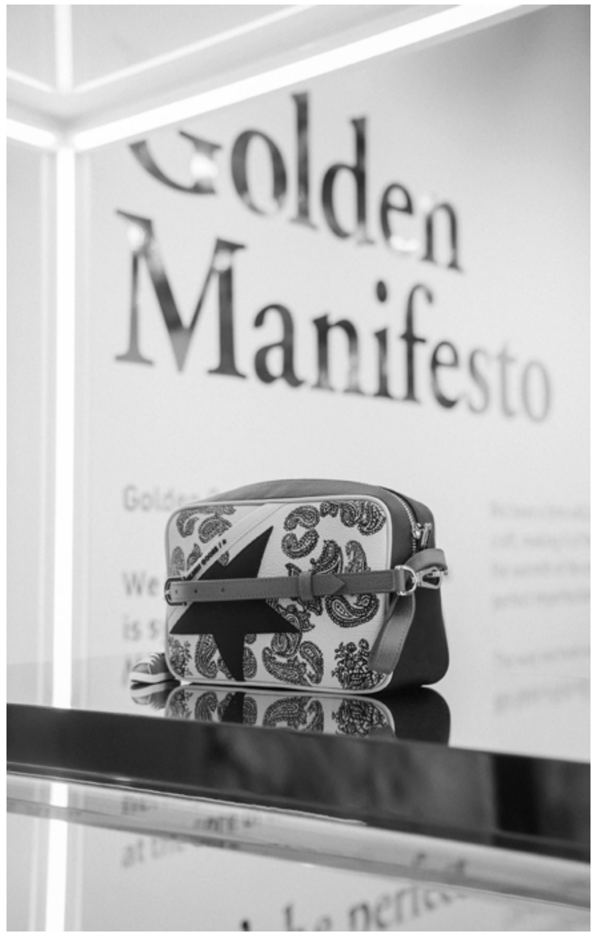
04.20. PROVISIONS FOR RISKS AND CHARGES (CURRENT AND NON-CURRENT)

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.



Euro (thousand)	December 31, 2021	Increases	Decreases	December 31, 2022
Agents' leaving indemnities	123	0	0	123
Other provisions for non-current risks	1,253	2,386	0	3,639
TOTAL	**1,376**	**2,386**	**0**	**3,762**

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 December 31, 2022, this item amounted to Euro 3,762 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 December 31, 2022 amounts to Euro 14,264 thousand.

04.21. TRADE PAYABLES

The breakdown of trade payables is as follows:

Euro (thousand)	December 31, 2022	December 31, 2021
Trade payables	111,010	76,880
Total trade payables	**111,010**	**76,880**

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.

04.22. OTHER CURRENT NON-FINANCIAL LIABILITIES

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

Euro (thousand)	December 31, 2022	December 31, 2021
Payables due to employees	8,966	6,184
Miscellaneous payables	3,292	2,388
Tax payables	11,125	5,836
Advances from clients	3,958	3,064
Payables to social security institutions	2,329	1,712
Accrued liabilities and deferred income	1,701	1,721
Total Other current non-financial liabilities	**31,371**	**20,905**

Payables to social security institutions mainly refer to payables for social security contributions, both for Golden Goose S.p.A. and for the other companies of the Group.

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" (Euro 3,292 thousand) includes the payable to Clarosa for the remaining payment for the equity investments that will be paid in 2023 (Euro 1,350 thousand).

04.23. TAX PAYABLES

Tax liabilities amount to Euro 16,994 thousand as of December 31, 2022 and they refer to IRES and IRAP liabilities as well as current taxes liabilities of foreign subsidiaries for Euro 13,222 thousand, and to the tax liability for tax alignment for Euro 3,772 thousand.

04.24. COMMITMENTS AND GUARANTEES

The breakdown of commitments and guarantees is as follows:

Guarantees and sureties given		
(Thousands of euros)	December 31, 2022	December 31, 2021
Sureties in favor of third parties and companies	13,350	10,931
Total	**13,350**	**10,931**

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

05 Main Items of the consolidated profit and loss statement

05.1. NET TURNOVER

The tables listed below show the net revenues for the year ended December 31, 2022 analyzed by distribution channel and by geographic area.

05.1.1. REVENUES BY DISTRIBUTION CHANNEL

(Euro thousand)	2022	2021
Wholesale	154,414	153,014
Retail	251,045	163,107
Digital	100,403	64,197
Other	(4,944)	5283
Total	**500,918**	**385,601**

05.1.2. REVENUE BY GEOGRAPHICAL AREA

Euro (thousand)	2022	2021
Amer	230,351	148,859
EMEA	193,080	145,569
APAC	82,431	85,889
Other	(4,944)	5283
Total	**500,918**	**385,601**

05.2. COST OF GOODS SOLD

The Group posted a gross margin of Euro 356.1 million, which as a percentage of revenues is 71.1%, up by 5.1 p.p. on 2021.

The increase in profitability is mainly thanks to the growth of the DTC 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 in 2022, the Group has managed to contain the impact on margins partly thanks to multi-year agreements with our main suppliers, which have contained the increased costs of raw materials.

05.3. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses were Euro 69.2 million, accounting for 13.8% of revenues (i.e., 13.4% excluding nonrecurring charges), down from 15.8% in 2021, due to the operating leverage effect achieved with the increase in revenues in 2022.

05.4. SELLING AND DISTRIBUTION EXPENSES

Selling and distribution expenses amounted to Euro 146.9 million, up 45.8% from 2021 and accounting for 29.3% of revenues, up from 26.1% in 2021, mainly due to i) higher operating costs of stores and sales functions and ii) commissions paid to our partners converted to concession arrangements in 2021 and 2022.

Selling and distribution expenses mainly relate to depreciation related to stores of Euro 36,591 thousand, cost of stores' staff of Euro 42,393 thousand, variable commissions on sales of Euro 20,046 thousand and Wholesession commissions of 16,834 thousand.

05.5. MARKETING EXPENSES

Marketing expenses were Euro 31.9 million, which as a percentage of revenues is 6.4%, compared to the 4.6% posted in 2021 consistent with the Group's strategy to consolidate and further elevate the brand's value on the luxury goods market.

05.6. PERSONNEL COSTS

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)	2022	2021
Wages and salaries	57,723	43,769
Social security contributions	11,060	7,371
Other personnel costs	2,692	1,398
Employee severance indemnities	1,629	1,145
Total personnel costs	**73,104**	**53,684**

The Group workforce, broken down by category as of December 31, 2022, was as follows:

Workforce	2022	2021
Senior managers	25	21
Headquarters employees	346	298
Showroom employees	2	11
Direct store employees	846	650
Total Workforce	**1219**	**980**

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

05.7. AMORTIZATION, DEPRECIATION AND WRITE-DOWNS

Details of the costs are provided below:

2021	2022	2021
Amortization and impairment of intangible assets	18.628	15.756
Depreciation and impairment of tangible assets	11.414	10.757
Depreciation of right of use	27.504	22.564
Total Amortization, depreciation and write-downs	**57.546**	**49.077**

05.8. FINANCIAL INCOME AND EXPENSES

The breakdown of financial income and expenses is as follows:

Euro (thousand)	2022	2021
Interest expense and bank charges	(28,963)	(39,009)
Exchange losses	(21,649)	(5,062)
IFRS 16 financial charges	(7,312)	(5,208)
Other charges	(495)	(53)
Total financial expenses	**(58,419)**	**(49,332)**
Exchange gains	13,426	9,292
Other financial income	205	567
Total financial income	**13,631**	**9,858**
Net balance of financial charges and income	**(44,787)**	**(39,474)**

In 2022 the net balance of financial charges had a net negative result of Euro 44,787 thousand, of which:

→ Euro 28,963 thousand in interest on financial debt, mainly attributable to the RCF line in the amount of Euro 831 thousand and to the new bond in the amount of Euro 28,131 thousand.

→ Euro 7,312 thousand in financial interest connected with lease payables

→ Euro 8,223 thousand in net foreign exchange losses

→ Euro 205 thousand of other financial income

05.9. EXCHANGE GAINS AND LOSSES

Net exchange losses for the year ended December 31, 2022, equal Euro 8,223 thousand, of which Euro 7,258 thousand not realized.

05.10. 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	2022	2021
Current taxes:		
IRES	26,987	13,557
IRAP	6,005	3,632
Income taxes relating to prior years	(2,689)	(2,623)
Deferred tax liabilities	(14,745)	(78,069)
Substitute tax for tax alignment	0	11,315
Total income taxes for the year	**15,558**	**(52,188)**

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 December 31, 2022 is as follows:

Effective tax rate reconciliation		For the year ended December 31, 2022	%	For the year ended December 31, 2021	%
Profit before taxes		**63,269**		**35,538**	
Theoretical taxes		15,185	24.0%	8,529	24.0%
Actual taxes		15,558	24.6%	(52,188)	n/a
Profit/loss for the year		**47,711**		**87,726**	
Tax rate deviation from effective tax rate		**374**	**0.6%**	**(60,717)**	
Differences that generate the deviation	IRAP on income produced in Italy	4,066	6.4%	2,803	7.9%
	ACE (Aid to Economic Growth) deductions	(3,201)	(5.1%)	(972)	(2.7%)
	Prior-year taxes	(2,679)	(4.2%)	(2,623)	(7.4%)
	Failure to recognize tax losses and prior write-downs	2,995	4.7%	0	n/a
	Deferred taxes on tax realignment	-	n/a	(69,863)	n/a
	Substitute tax on tax realignment	-	n/a	11,315	31.8%
	Effect of different rates in force in other countries	336	0.5%	(1,373)	(3.9%)
	Other differences	1,142	(1.8%)	(4)	0.0%
	Total	**374**	**0.6%**	**(60,717)**	**n/a**

In 2020, following the acquisition of Sneakers Maker S.p.A. by Astrum 3 S.p.A., both of which were merged by reverse merger again in 2020 by Golden Goose S.p.A., a request for a private letter ruling was submitted for the purpose of disapplying the ACE (Aid to Economic Growth) anti-avoidance rules under Art. 10 of the Italian Ministerial Decree dated August 3, 2017, with respect to the cash contributions made in order to finalize the acquisition and received by Golden Goose S.p.A. both as the Acquirer and in its own right. In August 2022 the Italian Revenue Agency responded with a favorable opinion. The total IRES tax benefit amounts to Euro 3,389,406. 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 August 14, 2020, converted into Law no. 126 of October 13, 2020. Specifically, Golden Goose S.p.A. submitted a specific request concerning the possibility of benefiting from this subsidy 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 December 31, 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 million, 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 million). The tax alignment of the net book value of the trademark gave rise to a positive reversal effect of Euro 49 million of lower deferred IRES and IRAP tax liabilities. As regards goodwill, deferred tax assets of Euro 19 million 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).

05.11. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax liabilities are mainly composed of the provision for deferred tax liabilities, whose total balance at December 31, 2022 was Euro 198,198 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)		2022	2021
Deferred tax assets	Intercompany profit	19,832	8,820
	Inventory write-down provision	7,772	6,978
	Non-deductible interest expense	-	4,009
	Temporary differences due to IFRS 16 accounting	2,433	1,385
	Allowance for doubtful accounts	528	601
	Returns provision	3,253	1,810
	US tax losses	-	101
	Exchange losses	911	524
	Goodwill deficit after merger (realigned)	17,683	18,788
	Employee benefits	1,153	826
	Amortization, depreciation and write-downs	518	0
	Other	710	270
	Total deferred tax assets	**54,794**	**44,112**
Deferred tax liabilities	Brand value allocated following the 2020 acquisition	148,138	147,139
	Customer relationship value allocated following the 2020 acquisition	42,325	45,714
	Derivative financial instruments	7,187	
	Other	**549**	**576**
	Total deferred tax liabilities	**198,198**	**193,428**
	Net balance of deferred taxes	**143,405**	**149,316**

05.12. 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 December 31, 2022 were equal to Euro 330 thousand.

The table below shows transactions relations of the Parent Golden Goose S.p.A. with its subsidiaries, for the year ended December 31, 2022. Note that as of April 2022, intercompany sales to US subsidiaries are not attributed to Golden Goose SpA but rather to Golden Goose Usa Inc. 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	0	0	5,158	(697)	2,043	2,079	0	0	(*)
Golden Goose Atlanta LLC	0	285	(1)	0	0	204	0	(9)	(*)
Golden Goose Austria Gmbh	0	0	1,758	0	0	587	0	0	
Golden Goose Belgium Sprl	0	1,811	94	(213)	0	85	34	0	(*)
Golden Goose Boston LLC	0	967	(2)	0	0	116	13	0	(*)
Golden Goose Chicago LLC	0	611	(2)	0	0	273	0	(5)	(*)
Golden Goose Shanghai Trading	0	3,084	28,922	(9,029)	0	6,935	120	0	
Golden Goose Dallas LLC	(604)	0	(1)	0	0	462	0	(50)	(*)
Golden Goose Denmark ApS	0	0	460	(439)	1,393	(406)	0	0	(*)
Golden Goose Trading	0	0	5,878	0	1,721	2,925	0	0	
Golden Goose Hampton LLC	0	365	(0)	0	0	84	4	0	(*)
Golden Goose France Sas	0	1,189	4,552	(929)	0	10,364	24	0	
Golden Goose Germany Gmbh	0	540	614	(177)	0	946	16	0	(*)
Golden Goose Hawaii LLC	0	1,217	0	0	0	102	23	0	(*)
Golden Goose Holland Bv	0	632	458	0	0	891	15	0	
Golden Goose Japan Ltd	0	1,113	2,905	(1,448)	3,394	(447)	8	0	(*)
Golden Goose Korea Ltd	0	0	18,814	(2,584)	0	19,950	0	0	
Golden Goose Las Vegas LLC	0	278	(1)	0	0	343	0	(14)	(*)
Golden Goose Lux Canada Ltd	0	0	0	0	94	0	0	0	
Golden Goose Macau	0	0	1,106	(43)	887	384	0	0	
Golden Goose Nashville LLC	(189)	0	(1)	0	0	346	0	(20)	(*)
Golden Goose New Jersey LLC	0	600	0	0	0	162	9	0	(*)
Golden Goose NY LLC	(991)	0	(7)	0	0	191	0	(28)	(*)
Golden Goose Portugal	0	0	1,193	0	960	2,296	0	0	(*)
Golden Goose Santa Clara LLC	0	769	(1)	0	0	123	10	0	(*)
Golden Goose Scottsdale LLC	0	205	(1)	0	0	302	0	(12)	
Golden Goose Spain SL	0	608	5,382	0	0	9,758	24	0	(*)
Golden Goose Switzerland Gmbh	0	95	1,755	(192)	364	517	1	0	(*)
Golden Goose TORONTO LTD	0	1,138	229	(79)	206	424	18	0	
Golden Goose Turkey	0	1,100	2,295	(84)	226	4,791	41	0	
Golden Goose UK Ltd	0	2,355	847	(152)	0	2,963	65	0	
Golden Goose USA INC	(4)	3,983	62,841	(571)	(2)	120,324	5	(61)	

Golden Goose Virginia LLC	0	455	0	0	0	135	5	0	(*)
Golden Goose Woodbury LLC	(1,960)	0	(1)	(746)	0	(541)	0	(25)	(*)
Golden Goose Americana LLC	0	47	(1)	0	0	94	0	(4)	
Golden Goose Aspen LLC	(70)	0	0	0	0	0	0	(3)	
Golden Goose Austin	0	40	(1)	0	0	314	0	(13)	
GOLDEN GOOSE BD LLC	0	107	(1)	0	0	328	0	(11)	
Golden Goose Bevcen LLC	0	398	(1)	(5)	0	281	5	0	
Golden Goose Beverly	0	1,051	(42)	0	0	197	19	0	
Golden Goose Boca LLC	0	31	(1)	0	0	274	0	(14)	(*)
Golden Goose Charlotte LLC	(157)	0	(1)	0	0	209	0	(11)	(*)
Golden Goose Chicago Oakbrook LLC	0	0	(4)	0	0	(4)	0	0	(*)
Golden Goose Chile	0	853	536	0	177	536	7	0	
Golden Goose Denver LLC	(40)	0	0	0	0	160	0	(6)	(*)
Golden Goose Detroit LLC	(6)	0	0	0	0	115	0	(2)	(*)
Golden Goose Glendale LLC	0	0	(2)	0	0	(2)	0	0	
Golden Goose HK Ltd	0	4,868	752	(1,857)	25	(184)	107	0	
Golden Goose Houston LLC	0	6	(0)	0	0	360	0	(24)	(*)
Golden Goose Israel LLC	0	0	0	0	21	0	0	0	
Golden Goose LA LLC	0	1,038	(9)	0	0	101	13	0	(*)
Golden Goose LA Topanga LLC	(78)	0	(2)	0	0	110	0	(2)	(*)
Golden Goose Legacy West LLC	0	377	(0)	0	0	(0)	5	0	
Golden Goose LV Crystals LLC	(475)	0	(1)	0	0	241	0	(17)	(*)
Golden Goose Madison LLC	0	2,502	(12)	0	0	182	49	0	(*)
Golden Goose Mexico	0	0	0	0	5	0	0	0	
Golden Goose Miami LLC	(353)	0	(3)	0	0	422	0	(31)	(*)
Golden Goose New Orleans LLC	0	0	(2)	0	0	(2)	0	0	(*)
Golden Goose New Zealand	0	81	601	(173)	806	428	1	0	(*)
Golden Goose Phila LLC	(14)	0	(2)	0	0	198	0	(14)	(*)
Golden Goose Portland LLC	0	524	0	0	0	105	8	0	(*)
Golden Goose Saint Louis LLC	(45)	0	0	0	0	0	0	(1)	(*)
Golden Goose San Antonio LLC	(28)	0	0	0	0	143	0	(4)	(*)
Golden Goose SCP LLC	0	853	(1)	0	0	166	13	0	(*)
Golden Goose San Francisco LLC	0	1,764	(1)	0	0	95	34	0	(*)
Golden Goose Singapur	(1,513)	100	1,491	(23)	319	1,355	2	(12)	
Golden Goose do Brasil Ltd	0	3,960	(2)	0	0	55	77	0	
Golden Goose Taiwan	0	201	2,621	(324)	363	273	1	0	
Golden Goose Tampa LLC	(204)	0	0	0	0	158	0	(7)	(*)
	(6,731)	**42,201**	**151,155**	**(19,765)**	**13,002**	**194,376**	**776**	**(400)**	

(*) 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.

Note also that as of December 31, 2022, trade payables to the associated company Calzaturificio Sirio S.r.l. amounted to Euro 6,866 thousand, while product purchase costs for the year amounted to Euro 15,490 thousand.

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.

05.13. 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.

05.13.1. REMUNERATION OF KEY GROUP EXECUTIVES

Euro (thousand)	For the year ended December 31, 2022	For the year ended December 31, 2021
Short-term benefits	4,979	4,265
Post-employment pension and healthcare benefits	427	502
Employee severance indemnities	183	135
Total remuneration paid to executives with strategic responsibilities	**5,589**	**4,902**

05.13.2. 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 0 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.

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

Pursuant to law, the expenses for the year ended December 31, 2022 for the services rendered by the independent auditing firm and by entities belonging to its network amount to a total of Euro 741 thousand.

Audits, certification and other services	Fees for 2022
(Euro)	
Audit services	495
Other services	246
Total	**741**

05.15. 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 December 31, 2022. The amounts are stated in thousands of Euro.

Qualifications	Remuneration
Directors	1,349
Board of Statutory Auditors	35

05.16. 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

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04

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01 Profit and Loss Statement

(Euro)	Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
Net Revenues	06.1	**387,275,700**	**277,539,769**
Cost of goods sold	06.2	(145,970,548)	(119,046,562)
Gross Margin		**241,305,152**	**158,493,207**
Selling and distribution expenses	06.3	(39,745,688)	(31,226,701)
General and administrative expenses	06.4	(46,168,401)	(37,633,635)
Marketing expenses	06.3	(20,038,266)	(13,373,682)
Operating profit/(loss)		**135,352,797**	**76,259,188**
Financial income	06.7	9,102,554	9,790,577
Financial expenses	06.7	(45,766,209)	(46,071,584)
Earnings before taxes		**98,689,142**	**39,978,182**
Income taxes		(21,774,509)	49,125,112
Net profit/(loss)		**76,914,633**	**89,103,294**

02 Other Comprehensive Income statement

(Euro)		For the year ended December 31, 2022	For the year ended December 31, 2021
Net profit/(loss)		**76,914,633**	**89,103,294**
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	28,929,118	(2,178,273)
	Taxes	(7,671,113)	607,738
	Total profits / (losses) from valuation of financial instruments	**21,258,005**	**(1,570,535)**
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	139,965	(113,942)
	Taxes	(33,591)	27,346
	Total gains / (losses) on actuarial valuation	**106,373**	**(86,596)**
Total comprehensive income/(loss) for the year	**Total comprehensive income/(loss) for the year**	**98,279,011**	**87,446,160**

03 Statement of Financial Position

(Euro)		Notes	12/31/2022	12/31/2021
ASSETS	Intangible fixed assets	05.1	1,402,502,648	1,417,016,366
	Tangible fixed assets	05.3	17,896,012	11,173,522
	Rights of use	05.2	27,502,285	27,634,668
	Deferred tax assets	05.4	26,636,186	29,527,471
	Other non-current financial assets	05.7	95,924,891	35,773,935
	Other non-current assets	05.8	3,119,572	1,758,668
	Non-current assets		**1,573,581,593**	**1,522,884,629**
	Inventories	05.9	62,186,178	35,174,392
	Trade receivables	05.10	19,605,396	22,697,206
	Receivables from Group companies	05.11	135,730,488	84,048,710
	Current tax assets	05.12	8,055	25,818
	Other current non-financial assets	05.13	15,871,632	7,915,957
	Current financial assets	05.14	39,281,281	27,044,027
	Cash and cash equivalents	05.15	72,512,354	76,764,710
	Current assets		**345,195,384**	**253,670,819**
	Total assets		**1,918,776,977**	**1,776,555,448**
LIABILITIES AND SHAREHOLDERS' EQUITY	Share capital		1,004,341	1,004,341
	Share premium reserve		182,627,580	182,627,580
	Other reserves		788,762,175	678,294,503
	Profit (loss) for the year		76,914,633	89,103,294
	Shareholders' equity	**05.16**	**1,049,308,729**	**951,029,718**
	Provisions for pensions	05.17	2,605,001	2,167,999
	Deferred tax liabilities	05.18	197,671,491	192,931,376
	Non-current provisions for risks and charges	05.19	123,194	123,194
	Non-current financial debt	05.6	492,424,928	489,448,531
	Non-current liabilities		**692,824,614**	**684,671,100**
	Trade payables	05.20	97,018,804	66,417,449
	Payables to Group companies	05.21	4,057,636	1,774,329
	Other current non-financial liabilities	05.22	12,955,712	10,042,580
	Tax payables	05.23	16,124,945	14,719,893
	Current provisions for risks and charges	05.19	7,309,844	4,638,794
	Current financial liabilities	05.6	39,176,693	43,261,584
	Current liabilities		176,643,634	140,854,630
	Total liabilities and shareholders' equity		1,918,776,977	1,776,555,448

04 Cash Flow Statement

(Euro)		Notes	For the year ended December 31, 2022	For the year ended December 31, 2021
A. Cash flows generated (absorbed) by operations	Profit/(loss) for the year		76,914,633	89,103,294
	Income taxes		21,774,509	(49,125,112)
	Interest expense (interest income)		36,663,655	36,281,007
	Allocations to provisions		7,195,279	7,523,548
	Depreciation of property, plant and equipment		25,080,963	23,670,531
	Write-downs for impairment losses		-	-
	Other adjustments for non-monetary items		3,037,547	(649,555)
	Decrease / (increase) in inventories		(30,561,115)	(7,923,100)
	Decrease/(Increase) in trade receivables		(51,079,572)	(8,987,509)
	Increase/(Decrease) in trade payables		40,624,079	11,752,355
	Other changes in net working capital		(6,302,481)	(1,256,124)
	Interest collected/(paid)		(24,447,240)	(35,517,732)
	(Income taxes paid)		(20,424,998)	(10,888,442)
	Dividends cashed		-	-
	(Use of Provision for Charges)		(225,024)	(1,169,109)
	CASH FLOW GENERATED (ABSORBED) BY OPERATIONS (A)		**78,250,236**	**52,814,054**
B. Cash flow generated (absorbed) by investment activities	* Tangible fixed assets	05.3		
	(Investments)		(5,826,312)	(6,290,171)
	* Intangible assets	05.1		
	(Investments)		(6,029,594)	(4,775,140)
	* Non-current financial assets			
	(Investments)		(58,848,177)	(2,758,906)
	Disposal price		5,711,855	970,515
	CASH FLOW GENERATED (ABSORBED) BY INVESTMENT ACTIVITIES (B)		**(64,992,228)**	**(12,853,701)**
C. Cash flows from financing activities	* Debt			
	Obtainment of loans	05.6	3,746,435	460,322,713
	Repayment of borrowings	05.6	(21,983,696)	(495,004,165)
	* Equity			
	Dividends (and advances on dividends) paid		-	
	Share capital increase		-	
	CASH FLOW GENERATED (ABSORBED) BY FINANCIAL ACTIVITIES (C)		**(18,237,261)**	**(34,681,452)**
	Exchange rate effect on cash and cash equivalents		726,898	2,629,006
	INCREASE (DECREASE) OF CASH AND CASH EQUIVALENTS (A+-B+-C)		**(4,252,356)**	**7,907,907**
	Cash and cash equivalents at the beginning of the year		76,764,710	68,856,807
	Cash and cash equivalent at the end of the year		**72,512,354**	**76,764,710**

05 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	Reserve for parent shares	Retained earnings (losses carried forward)	Profit (loss) for the year	TOTAL SHAREHOLDERS' EQUITY
Shareholders' equity as of 1/1/2021	**1,004,341**	**182,627,580**	**200,868**	**565,770**	**318,527**	**2,778,414**	**(303,003)**	**37,531,692**	**596,588,974**	**88,990**	**-**	**39,779,303**	**2,402,100**	**863,583,555**
Allocation of previous year's profit												2,402,100	(2,402,100)	0
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	89,103,294
Total comprehensive income/ (loss)	**0**	**0**	**0**	**0**	**(1,570,535)**	**0**	**(86,596)**	**0**	**0**	**0**	**0**	**0**	**89,103,294**	**87,446,163**
Other changes in shareholders' equity														0
Shareholders' equity as of 12/31/2021	**1,004,341**	**182,627,580**	**200,868**	**565,770**	**(1,252,008)**	**2,778,414**	**(389,599)**	**37,531,692**	**596,588,974**	**88,990**	**-**	**42,181,403**	**89,103,294**	**951,029,719**
Shareholders' equity as of 1/1/2022	**1,004,341**	**182,627,580**	**200,868**	**565,770**	**(1,252,008)**	**2,778,414**	**(389,599)**	**37,531,692**	**596,588,974**	**88,990**	**-**	**42,181,403**	**89,103,294**	**951,029,719**
Allocation of previous year's profit				530,545							176,000	88,396,748	(89,103,294)	0
Change in hedging derivative reserve					21,258,005									21,258,005
Discounting of severance indemnities							106,373							106,373
Reclassification of tax realignment														0
Profit/(Loss) for the period													76,914,633	76,914,633
Total comprehensive income/ (loss)	**0**	**0**	**0**	**0**	**21,258,005**	**0**	**106,373**	**0**	**0**	**0**	**0**	**0**	**76,914,633**	**98,279,011**
Other changes in shareholders' equity														0
Shareholders' equity as of 12/31/2022	**1,004,341**	**182,627,580**	**200,868**	**1,096,315**	**20,005,997**	**2,778,414**	**(283,226)**	**37,531,692**	**596,588,974**	**88,990**	**176,000**	**130,578,151**	**76,914,633**	**1,049,308,729**

05

EXPLANATORY NOTES TO THE ANNUAL FINANCIAL STATEMENTS

01 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 December 31, 2022, 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 74 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.

02 Group structure

As of December 31, 2022, 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 March 2, 2020.

On June 16, 2020, the company Astrum 3 S.p.A., a vehicle company belonging to the Permira investment funds, established on March 3, 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.

02.1. ACQUISITION OF IFT/GGDB SRL

In 2022 Golden Goose Spa and Italian Fashion Team Srl signed a binding agreement for Golden Goose Spa's total acquisition of IFT/GGDB Srl, a newly established company resulting from the business unit spun off by Italian Fashion Team Srl. Business unit consisting of all the operations, assets and legal relations of Italian Fashion Team Srl (minus equity investments and a shareholder loan).

Italian Fashion Team Srl is one of the Group's main suppliers of sneakers. Founded in 2007 and based in Casarano, Lecce, Italy, Italian Fashion Team Srl specializes in the design, manufacture, and sale of high-end footwear for some of Italy's best-known luxury brands. Italian Fashion Team Srl aims to preserve the artisanal heritage of the Salento footwear district, overseeing all the central stages of the production chain to ensure the highest quality standards. In 2022 its team of more than 270 employees produced more than 870,000 pairs of sneakers, 80% of them for Golden Goose.

The acquisition is part of our supply chain vertical integration strategy. Italian craftsmanship, dexterity, and tradition are at the heart of the Golden Goose brand. This is blended with a firm resolve to preserve traditional craftsmanship and Italian artisanal excellence. The integration with the newly formed company IFT/GGDB Srl will give us strategic control of our supply chain, as well as the opportunity to govern the Group's production capacity in view of our brand's expected medium- to long-term growth.

The acquisition took place on January 1, 2023. The total consideration defined for this acquisition is Euro 42.55 million, of which a first tranche amounting to Euro 31.54 million (Euro 25 million plus the provisional NFP of Euro 6.54 million) will be paid on January 1, 2023. In Q1 2023 the adjustment related to the Final NFP in the amount of Euro 419 thousand was finalized and will be paid in April 2023. The remaining part of the consideration will be paid in five deferred installments in the period 2024-2027.

Costs related to the acquisition just described and already incorporated in the 2022 financial statements amount to Euro 0.4 million and mainly include legal and due diligence costs, accounted for in prepaid expenses, pending allocation in 2023 to increase the value of the acquired equity investment.

03 Basis of preparation

The financial statements for the year ended December 31, 2022 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 January 27, 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.

04 Significant accounting principles

04.1. 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.

04.2. FIXED ASSETS

04.2.1. 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 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 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.

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

04.2.2. 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 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.

04.2.3. TANGIBLE FIXED 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 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.

04.2.4. 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.

04.3. INVESTMENTS IN SUBSIDIARIES, ASSOCIATE COMPANIES, AND JOINT VENTURES

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.

Investments in associate companies are accounted for using the equity method.

Investments in associate companies are therefore initially recorded at acquisition cost, and then after acquisition adjusted as a result of changes in the investor's share of the net assets of the investee. The investor's profit or loss reflects its share of the investee's profit (loss) for the year, and the investor's other comprehensive income reflects its share of the investee's other comprehensive income.

The carrying amount of investments in associates is subsequently increased or decreased to recognize the company's share in the associate's profit or loss, or other changes in equity realized after the date of acquisition. Dividends received from an associate reduce the carrying amount of the investment. Adjustments of the carrying amount may also be necessary as a result of changes in the investor's share in the associate arising from changes in items in the investee's other comprehensive income. These changes include changes resulting from the restatement of property, plant and equipment and differences in the translation of foreign currency items. The investor's share of these changes is recognized in the investor’s other comprehensive income.

04.4. INVENTORIES

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

04.4.1. 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.

04.4.2. WORK IN PROGRESS AND SEMI-FINISHED PRODUCTS

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

04.4.3. 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.

04.5. 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.

04.6. 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.

04.7. 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 December 31, 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 December 27, 2006, the portion of provisions for severance indemnities accrued January 1, 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.

04.8. 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 depreciated 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.

04.9. 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.

04.10. FINANCIAL ASSETS

04.10.1. 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 (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.

04.10.2. 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 Company 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 Company had no activities included in this category.

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.

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.

04.10.3. 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 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.

04.10.4. 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.

04.11. FINANCIAL LIABILITIES

04.11.1. 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.

04.11.2. 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 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.

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.

04.11.3. 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 profit and loss statement for the year.

04.11.4. 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.

04.11.5. 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.

04.12. 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.

04.13. 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 05.06.7 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).

04.14. INCOME TAXES

04.14.1. 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.

04.14.2. 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.

04.14.3. 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.

04.15. TRANSLATION OF VALUES IN FOREIGN CURRENCIES OTHER THAN THE EURO

04.15.1. 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.

04.16. DERIVATIVE CONTRACTS AND HEDGE ACCOUNTING

04.16.1. 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:

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.

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.

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.

04.16.2. 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.

04.17. ACCOUNTING STANDARDS AND INTERPRETATIONS WITH APPLICATION FROM JANUARY 1, 2022 OR LATER.

The following changes apply from January 1, 2022:

- Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37
- Property, Plant and Equipment; Proceeds before Intended Use – Amendments to IAS 16
- IFRS 9 Financial Instruments – Fees in the "10 per cent" test for derecognition of financial liabilities

04.17.1. ONEROUS CONTRACTS - COSTS OF FULFILLING A CONTRACT - AMENDMENTS TO IAS 37

An onerous contract is one in which the non-discretionary costs (e.g., costs that the Company cannot avoid because it is a party to a contract) required to fulfill the obligations undertaken are greater than the economic benefits that are supposed to be obtainable from the contract.

The amendment clarifies that in determining whether a contract is onerous or loss-generating, an entity must consider costs directly related to the contract for the provision of goods or services that include both incremental costs (e.g., direct labor cost and materials) and costs directly attributed to contract activities (e.g., depreciation of equipment used to fulfill the contract as well as costs for contract management and supervision). 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 Company applied this amendment to contracts for which it had not yet fulfilled all its obligations at the beginning of the fiscal year.

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

04.17.2. PROPERTY, PLANT AND EQUIPMENT; PROCEEDS BEFORE INTENDED USE - AMENDMENTS TO IAS 16

The amendments prohibit 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 intended 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.

These changes had no impact on the Company's financial statements as there were no sales related to these items of property, plant and equipment before they came into operation before or after the beginning of the previous comparative period.

04.17.3. IFRS 9 FINANCIAL INSTRUMENTS - FEES IN THE "10 PER CENT" TEST FOR DERECOGNITION OF FINANCIAL LIABILITIES

This amendment clarifies the fees that an entity includes in determining whether the terms and 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. No such change was proposed with regard to IAS 39 Financial Instruments: Recognition and Measurement.

This amendment had no impact on the Company's financial statements as there were no changes in the Company's financial liabilities during the half year.

04.18. 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.

04.18.1. 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 January 1, 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.

04.18.2. 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 January 1, 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.

04.18.3. 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 January 1, 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 Company is currently evaluating the impact of these amendments to determine the effect they will have on the Company's accounting policy disclosures.

04.18.4. DEFERRED TAXES RELATING TO ASSETS AND LIABILITIES ARISING FROM A SINGLE TRANSACTION – AMENDMENTS TO IAS 12

In May 2021 the IASB issued amendments to IAS 12, narrowing the scope of the initial recognition exception included in IAS 12, which is no longer to be applied to those transactions that give rise to temporary differences that are taxable and deductible in equal measure.

The changes should be applied to transactions occurring after or at the beginning of the comparative period presented. Additionally, at the beginning of the comparative period presented, deferred tax assets (if there is sufficient taxable income) and deferred tax liabilities must be recognized for all deductible and taxable temporary differences associated with leases and restoration provisions. Amendments to IAS 12 shall apply from financial years starting on or after January 1, 2023, early application shall be permitted.

The Company is currently evaluating the impacts of these changes.

04.19. SIGNIFICANT ESTIMATES AND ASSUMPTIONS

04.19.1. 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.

04.19.2. 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.

04.19.3. 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.

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.

04.19.4. 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.

04.19.5. 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.

04.19.6. 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.

04.19.7. 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 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.

04.19.8. 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.

04.19.9. 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 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.

05 Main items of the statement of financial position

05.1. 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.

	01.01.2022 Cost	01.01.2021 Accumulated	01.01.2021 Net Value	Reclassification of fixed assets in progress	Increases	Reclassification	Depreciation	12.31.2022 Cost	12.31.2022 Accumulated depreciation	12.31.2022 Net Value
Trademarks and Patents	703,761,058	(200,080)	703,560,978		629	-	(44,269)	703,761,687	(244,348)	703,517,339
Concessions, Licenses, Software	15,860,402	(9,691,967)	6,168,434		4,473,339	614,010	(4,522,075)	20,947,751	(14,214,043)	6,733,708
Key Money	3,155,218	(2,544,716)	610,502		-	-	(299,160)	3,155,218	(2,843,876)	311,342
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	(18,252,291)	163,847,709		-	-	(12,146,070)	182,100,000	(30,398,361)	151,701,639
Customer Relationship Korea	2,850,000	(121,808)	2,728,192		650,000	-	(340,205)	3,500,000	(462,014)	3,037,986
Assets in progress and advance payments	3,271,632	-	3,271,632	(3,191,533)	905,626	(614,010)	-	371,715	-	371,715
Others	42,748	(42,748)	-		-	-	-	42,748	(42,748)	-
TOTAL	**1,459,769,976**	**(42,753,611)**	**1,417,016,366**	**(3,191,533)**	**6,029,594**	**-**	**(17,351,779)**	**1,462,608,037**	**(60,105,390)**	**1,402,502,647**

The amount of -3,191,533 reported in the item "Reclassification of fixed assets in progress" refers to the reclassification of all those costs incurred during 2021 on leased assets from Intangible Assets to Tangible Assets.

05.1.1. 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 702,900,000 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 December 31, 2022 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 11.1%. No impairment loss was identified.

05.1.2. 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.

05.1.3. KEY MONEY

The item under consideration having a net book value as of December 31, 2022 equal to Euro 311,342 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.

05.1.4. INTANGIBLE ASSETS UNDER DEVELOPMENT AND OTHERS

At the end of the 2022 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.

05.1.5. 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.

05.1.6. 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 in the five years before the acquisition in 2020) 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.

05.1.7. 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 units was determined based on a calculation of the value in use at consolidated level. Specifically, as of December 31, 2022 impairment testing was conducted using the latest 2023-2027 Business Plan presented on February 28, 2023. The WACC applied is 11.1%, with a g rate of 2.3% 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.

05.2. 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 January 1, 2022	**27,321,620**	**308,905**	**4,143**	**27,634,668**	**(28,639,237)**
Increases for new contracts	2,962,391	788,673	-	3,751,064	(3,751,064)
Depreciation for the period	(5,137,908)	(293,446)	(3,271)	(5,434,625)	
Remeasurements	1,545,834	5,344	-	1,551,178	(1,550,075)
Accrued interest					(1,367,112)
Repayment cash flows					5,839,769
Book value on December 31, 2022	**26,691,937**	**809,475**	**872**	**27,502,285**	**(29,467,719)**

Changes in rights of use in the period primarily regard new real estate lease contracts stipulated, like the new flagship store in Cortina, as well as amortization for the period, amounting to Euro 5,434,625, and remeasurements following revision of the contractual amount and the considerable ISTAT adjustments of certain commercial properties, totaling Euro 1,151,178. Liabilities for rights of use increased by Euro 3,751,064 for new leases and by Euro 1,367,112 for interest expense for the year. Principal repayments for the period amounted to Euro 4,472,657.

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 December 31, 2022 the Company has no lease agreements in currencies other than the euro.

05.3. TANGIBLE FIXED ASSETS

This item breaks down as follows:

	01.01.2022 Cost	01.01.2022 Accumulated	01.01.2022 Net Value	Reclassification of fixed assets in progress	Increases	Reclassification	Depreciation	12.31.2022 Cost	12.31.2022 Accumulated depreciation	12.31.2022 Net Value
Land and buildings	501,543	(60,185)	441,358		-	-	(15,046)	501,543	(75,231)	426,312
Plant and machinery	754,407	(431,023)	323,384		(14,124)	-	(42,450)	740,283	(473,473)	266,810
Industrial and commercial equipment	1,486,507	(1,080,116)	406,391		381,292	-	(215,758)	1,867,799	(1,295,874)	571,925
Other assets	15,405,911	(6,116,595)	9,289,316		2,129,022	998,712	(2,016,794)	18,533,645	(8,133,389)	10,400,256
Assets in progress and advance payments	713,073	-	713,073	3,191,533	3,324,818	(998,712)	-	6,230,712	-	6,230,712
TOTAL	**18,861,441**	**(7,687,919)**	**11,173,522**	**3,191,533**	**5,821,008**	**-**	**(2,290,048)**	**27,873,982**	**(9,977,967)**	**17,896,015**

"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 2022 amounted to Euro 5,475,274 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 offices in Milan (Via Marelli 10) and the charges deriving from the renovation of the premises of the stores.

05.4. 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.

05.5. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENTS

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 December 31, 2022.

FINANCIAL ASSETS				
Euro		Notes	12/31/2022	12/31/2021
Non-hedging derivatives	Derivatives - not qualifying as hedges		198,030	21,738
	Forward foreign exchange contracts		9,136,957	-
	IRS forward contracts		10,259,266	
Equity investments in subsidiaries posted at cost	Equity investments in subsidiaries posted at cost		23,895,798	19,332,522
	Advances on equity investments recorded at cost		31,544,358	
Equity investments in associates posted in equity	Equity investments in associates posted in equity		3,519,067	
Financial assets measured at amortized cost	Trade receivables		19,605,396	22,697,206
	Receivables from subsidiaries		135,730,488	84,048,710
	Intercompany cash pooling		32,153,816	26,038,810
	Other current financial assets		1,045,898	983,479
	Non-current receivables from subsidiaries		23,452,981	16,407,218
	Loans to employees			34,195
Total financial assets*			**290,542,054**	**169,563,878**
Total current portion			**194,617,165**	**133,789,943**
Total non-current portion			**95,924,891**	**35,773,935**
FINANCIAL LIABILITIES				
Euro				
Financial liabilities at fair value with changes recognized in the income statement	Potential Price Adjustment from Business Combination - current		-	1,000,000
	Potential Price Adjustment from Business Combination - non-current		2,486,136	2,402,064
	Derivatives - not qualifying as hedges		183,275	917,676
Derivatives designated as hedging instruments	Forward foreign exchange contracts		553,785	1,862,433
	Interest rate hedging contracts			
Financial liabilities measured at amortized cost	Trade payables		97,018,804	66,417,449
	Payables to subsidiaries		4,057,636	1,774,329
	Liabilities from Reverse Factoring		20,912,696	13,134,810
	Bonds, current portion		4,070,693	2,990,000
	Bonds, non-current portion		465,028,296	462,096,205
	Bank financing and short-term loans		123,733	98,271
	Non-current bank loans		0	0
	Current lease liabilities (see Note 05.6)		4,557,223	3,688,976
	Non-current lease liabilities (see Note 05.6)		24,910,495	24,950,261
	Intercompany cash pooling		8,775,287	19,569,419
	Other financial liabilities		-	-
Total financial liabilities			**632,678,060**	**600,901,893**
Total current portion			**140,253,132**	**111,453,363**
Total non-current portion			**492,424,928**	**489,448,531**

* Financial assets other than cash and short-term deposits

05.5.1. 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 December 31, 2022 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 December 31, 2022 fall within the hierarchical level of fair value measurement defined in IFRS 13. Furthermore, during the 2022 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 December 31, 2021 (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)	12,640,094	-	-	-	-	**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**
As of December 31, 2022							
Forward foreign exchange contracts (highly probable expected sales)	Notional amount (in Euro thousand)	19,034,236	29,555,096	29,789,092	29,547,586	219,339,249	**327,265,259**
	Average forward rate (EUR/USD)	1.071753	1.0354	1.0071	1.0153	1.0030	**1.0114**
Forward foreign exchange contracts (not qualifying as hedges)	Notional amount (in Euro thousand)	4,066,265	2,642,284	1,957,941	1,884,058	-	**10,550,548**
	Average forward rate (EUR/KRW)	1,328.00	1,362.46	1,379.00	1,380.00	-	**1,355.38**
	Notional amount (in Euro thousand)	1,747,997	1,602,331	1,315,789	-	-	**4,666,117**
	Average forward rate (EUR/CNY)	6,865	6,865	6,840	-	-	**6,858**

In 2022 the company stipulated two interest rate hedging contracts (IRS) whose underlying is the Floating Rate Senior Secured Note amounting to Euro 480,000,000. The main details on the two hedging contracts are provided below:

Interest Rate Swap with no Floor							
Bank	Hedging start date	Hedging end date	Notional Value as of December 31, 2022 (thousand euros)	Currency		Date stipulated	Reference interest rate %
Intesa	May-15-23	May-15-25	90,000	EUR	Quarterly 3M EURIBOR	07/12/2022	1.5290%
GS	May-15-23	May-15-25	270,000	EUR	Quarterly 3M EURIBOR	Jul-14-22	1.6910%

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 by 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 December 18, 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 December 31, 2022, 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 12/31/2022 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 December 31, 2022	Forward foreign exchange contracts	USD 331,000,000 / KRW 14,300,000,000 / CNY 32,000,000	8,597,927	Other current financial assets/ Current financial debt
	IRS contracts	Euro 360,000,000	10,259,266	Other current financial assets/ Current financial debt
As of December 31, 2021	Forward foreign exchange contracts	USD 60,000 / KRW 18,300,000,000 / CNY 114,000,000	(2,758,372)	Other current financial assets/ Current financial debt

Currency hedging contracts outstanding as of December 31, 2022 with positive mark to market value amount to Euro 9,334,987 thousand, while those with negative mark to market value amount to Euro 737,060.

Currency hedging contracts outstanding as of December 31, 2021 with positive mark to market value amounted to Euro 21,738 thousand, while those with negative mark to market value amounted to Euro 2,780,109.

The interest rate hedging contracts outstanding as of December 31, 2022 have a total positive Mark-to-Market value of Euro 10,259,266 and Euro 7,520,426 for the portion stipulated with Goldman Sachs and Euro 2,738,840 for the portion stipulated with Banca Intesa, respectively.

Details are listed below:

Expiry	Notional	Mark to Market December 31, 2022 (Euro)
01/13/2023	CNY 4,000,000	26,174
01/13/2023	USD 1,800,000	51,511
02/10/2023	CNY 4,000,000	23,913
02/10/2023	USD 1,800,000	50,531
03/10/2023	CNY 4,000,000	25,547
03/10/2023	USD 1,800,000	50,351
04/14/2023	CNY 4,000,000	24,897
04/14/2023	USD 1,800,000	49,714
04/14/2023	USD 10,000,000	26,058
05/17/2023	USD 1,800,000	48,610
05/17/2023	CNY 4,000,000	24,421
05/17/2023	USD 10,000,000	91,480
06/15/2023	USD 7,000,000	187,571
06/15/2023	CNY 3,000,000	17,934
07/14/2023	CNY 3,000,000	18,735
07/14/2023	USD 10,000,000	327,561
08/18/2023	CNY 3,000,000	18,356
08/18/2023	USD 10,000,000	316,536
09/15/2023	CNY 3,000,000	18,053
09/15/2023	USD 10,000,000	445,283
10/13/2023	USD 7,000,000	197,567
10/13/2023	USD 3,000,000	131,203
11/15/2023	USD 10,000,000	272,392
12/14/2023	USD 8,000,000	159,300
12/14/2023	USD 2,000,000	53,379
01/17/2024	USD 10,500,000	304,717
02/16/2024	USD 10,500,000	300,420
03/15/2024	USD 10,500,000	294,879
04/18/2024	USD 10,500,000	288,772
05/15/2024	USD 10,500,000	284,147
06/14/2024	USD 10,500,000	278,825
07/17/2024	USD 10,500,000	271,406
08/16/2024	USD 10,000,000	217,345
09/13/2024	USD 10,000,000	207,887
10/15/2024	USD 7,500,000	150,527
11/15/2024	USD 9,000,000	111,195
12/13/2024	USD 10,000,000	116,357
01/17/2025	USD 8,500,000	380,780
02/14/2025	USD 8,500,000	376,278
03/14/2025	USD 8,500,000	367,986
04/16/2025	USD 8,500,000	363,092
05/16/2025	USD 8,000,000	333,862
06/18/2025	USD 8,000,000	329,464
07/16/2025	USD 8,000,000	290,026
08/13/2025	USD 8,000,000	284,872
09/17/2025	USD 8,500,000	291,436

10/16/2025	USD 8,500,000	285,652
11/14/2025	USD 8,500,000	277,623
12/17/2025	USD 8,500,000	270,359
	Total gains on derivatives	**9,334,984**
Expiry	**Notional**	**Mark to Market December 31, 2022 (Euro)**
01/13/2023	KRW 1,800,000,000	(10,087)
01/13/2023	USD 5,000,000	(183,774)
02/10/2023	KRW 1,800,000,000	(10,464)
02/10/2023	USD 5,000,000	(184,180)
03/10/2023	KRW 1,800,000,000	(8,967)
03/10/2023	USD 5,000,000	(185,831)
04/12/2023	KRW 1,800,000,000	(12,519)
05/17/2023	KRW 900,000,000	(21,515)
06/15/2023	KRW 900,000,000	(21,387)
07/14/2023	KRW 900,000,000	(16,789)
08/18/2023	KRW 900,000,000	(16,220)
09/15/2023	KRW 900,000,000	(15,888)
10/13/2023	KRW 900,000,000	(17,344)
11/15/2023	KRW 900,000,000	(16,954)
12/14/2023	KRW 800,000,000	(15,141)
	Total losses on derivatives	**(737,060)**
	NET TOTAL	**8,597,927**
Expiry	**Notional**	**Mark to Market December 31, 2021 (Euro)**
07/13/2022	KRW 1,250,000,000	3,444
08/03/2022	KRW 1,250,000,000	3,566
09/08/2022	KRW 1,250,000,000	3,513
10/12/2022	KRW 1,250,000,000	3,651
11/14/2022	KRW 1,250,000,000	3,733
12/12/2022	KRW 1,250,000,000	3,831
	Total gains on derivatives	**21,738**
Expiry	**Notional**	**Mark to Market December 31, 2021 (Euro)**
01/21/2022	CNY 8,000,000	(52,598)
02/23/2022	CNY 8,000,000	(51,556)
03/23/2022	CNY 8,000,000	(51,353)
04/20/2022	CNY 8,000,000	(51,847)
05/20/2022	CNY 8,000,000	(51,624)
06/21/2022	CNY 8,000,000	(51,487)
07/15/2022	CNY 11,000,000	(70,695)
08/05/2022	CNY 11,000,000	(70,553)
09/14/2022	CNY 11,000,000	(70,192)
10/14/2022	CNY 11,000,000	(70,152)
11/16/2022	CNY 11,000,000	(69,926)
12/14/2022	CNY 11,000,000	(69,822)
01/19/2022	KRW 1,800,000,000	(31,763)
02/21/2022	KRW 1,800,000,000	(31,287)
03/21/2022	KRW 1,800,000,000	(30,965)

04/14/2022	KRW 1,800,000,000	(31,109)
05/18/2022	KRW 1,800,000,000	(30,521)
06/17/2022	KRW 1,800,000,000	(30,225)
01/14/2022	USD 5,000,000	(179,847)
02/14/2022	USD 5,000,000	(177,447)
03/14/2022	USD 5,000,000	(174,800)
04/14/2022	USD 5,000,000	(149,970)
05/13/2022	USD 5,000,000	(149,980)
06/15/2022	USD 5,000,000	(146,728)
07/15/2022	USD 5,000,000	(155,904)
08/11/2022	USD 5,000,000	(155,134)
09/15/2022	USD 5,000,000	(150,612)
10/14/2022	USD 5,000,000	(141,654)
11/15/2022	USD 5,000,000	(140,824)
12/07/2022	USD 5,000,000	(139,535)
	Total losses on derivatives	**(2,780,109)**
	NET TOTAL	**(2,758,372)**

05.5.2. INVESTMENTS IN SUBSIDIARIES

The breakdown of this item, whose amount is included in the item Other non-current financial assets, is given below.

Entity name	Country	% stake	12.31.2022	12.31.2021
Golden Goose Holland Bv	Netherlands	100	200,000.00	200,000.00
Golden Goose Usa Inc	USA	100	787,695.48	787,695.48
Golden Goose France Sas	France	100	900,161.00	900,161.00
Golden Goose Db Uk Ltd	Great Britain	100	1,207,773.00	1,207,773.00
Golden Goose Germany Gmbh	Germany	100	1,303,280.60	1,303,280.60
Golden Goose HK Ltd	Hong Kong	100	200,941.91	200,941.91
Golden Goose Korea Ltd	Republic of Korea	100	6,787,416.11	6,787,416.11
Golden Goose Switzerland Gmbh	Switzerland	100	728,873.30	728,873.30
Golden Goose Austria Gmbh	Austria	100	308,505.14	308,505.14
Golden Goose Spain SL	Spain	100	13,630.18	13,630.18
Golden Goose Belgium Sprl	Belgium	100	37,031.92	37,031.92
Golden Goose Denmark ApS	Denmark	100	22,710.00	22,710.00
Golden Goose Shanghai Trading Co	China	100	5,250,000.00	5,250,000.00
Golden Goose Japan Ltd	Japan	100	67,145.59	67,145.59
Golden Goose Portugal Lda	Portugal	100	5,000.00	5,000.00
Golden Goose Trading LLC	United Arab Emirates	100	78,129.66	64,854.13
Golden Goose Macau Ltd	Macau	100	22,425.94	22,425.94
Golden Goose Singapore Ltd	Singapore	100	9,607.00	9,607.00
Golden Goose Taiwan Ltd	Taiwan	100	28,679.66	28,679.66
Golden Goose Libano	Lebanon	100	-	-
Golden Goose Turkey Mağazacilik AS	Turkiye	100	1,038,606.69	1,038,606.69
Golden Goose Australia Ltd	Australia	100	6,192.33	6,192.33
Golden Goose Do Brasil Ltda	Brazil	100	128,395.31	128,395.31
Golden Goose Russia LLC	Russia	100	10,930.38	10,930.38
Golden Goose Mexico	Mexico	100	2,666.67	2,666.67
Golden Goose New Zealand	New Zealand	100	-	-
Associazione in Partecipazione Fenix	Italy	**	250,000.00	200,000.00
Clarosa equity investment	Italy	100	4,500,000.00	
Advance on purchase of the Italian Fashion Team equity investment	Italy	*	31,544,358.00	-
Total investments in subsidiaries			**55,440,156**	**19,332,522**

* Non-operating companies as of 12.31.2022. On December 31, 2022 we paid the sum of Euro 31,544,358 into an escrow account relating to the consideration for the purchase of 100% of Mizon SRL, the newco transferee of the Italian Fashion Tea business unit. The effects of the operation are postponed until January 2, 2023.

** 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.

05.5.3. INVESTMENTS IN ASSOCIATES

The Sirio and Yatay equity investments are associate companies and were valued using the equity method.

They contributed equity investment valuation income of Euro 84,094 and 7,254 respectively.

Entity name	Country	% stake	12.31.2022	12.31.2021
Sirio equity investment	Italy	30	2,711,812.62	-
Yatay equity investment	Italy	40	807,254.40	-
Total investments in associates			3,519,067	-

Yatay

The Group holds a 40% stake in Yatay Srl (Yatay S.r.l. Benefit Company). The remaining 60% is held by Coronet S.p.A.

This company was established as a result of a framework agreement between Golden Goose S.p.A, Coronet S.p.A., a leading company in the field of design, production, offer, marketing and sale of fabrics, microfibers, and technical materials for footwear and leather goods, including circular/eco-sustainable materials alternative to leather of animal origin, and Veroverde Srl, active in the field of design, production, offer, marketing and sale of footwear made with circular/eco-sustainable materials alternative to leather of animal origin and owner of the "YATAY" brand.

The Company's main purpose is the research and development and subsequent sale of innovative and environmentally sustainable raw materials, materials and products in the field of textiles and non-wovens and similar products that have the purpose of being able to be used among other things for the production of footwear, leather goods, furniture, clothing, and paper products.

The Yatay equity investment is accounted for in the financial statements using the equity method.

The following table summarizes the company's key financial information:

	12.31.2022
Current assets	717,307
Non-current assets	141,830
Current liabilities	(31,001)
Non-current liabilities	0
Shareholders' Equity	(828,136)
Share of equity attributable to the Group (40%)	**(331,254)**

	12.31.2022
Revenues from sales and services	39,515
Costs of production	(17,490)
Financial income and expenses	0
Profit before taxes	**22,025**
Taxes	(3,889)
Net profit for the year	**18,136**
Net profit for the year attributable to the Group (40%)	**7,254**

Sirio

In September 2022 Golden Goose completed the acquisition of a connecting stake of one of its suppliers: the Sirio Company (Calzaturificio Sirio Srl), of which Golden Goose currently holds a 30% stake. Sirio produces high-quality men's and women's footwear, striving to combine craftsmanship, evolution and research on a daily basis while preserving that which is truly Made in Italy.

The parties also agreed on a system of options that may allow the Group to have majority control of the company from 2023.

The Sirio equity investment is accounted for in the financial statements using the equity method.

The following table summarizes the company's key financial information:

(Euro)	12.31.2021	12.31.2022 (purchase date of the equity investment)
Current assets	6,127,817	5,211,232
Non-current assets	2,008,089	2,030,682
Current liabilities	(6,182,031)	(5,945,781)
Non-current liabilities	(454,208)	(404,866)
Shareholders' Equity	1,499,667)	891,267
Share of equity attributable to the Company (30%)	**449,900**	**267,380**
Reversal of unrealized gains (assets still held by Golden Goose)	(138,569)	N/A
Goodwill	2,400,482	2,400,482
Carrying amount of the equity investment	**2,711,813**	**2,711,813**

(Euro)	For the three months ended 12/31/2022
Revenues from sales and services	**5,673,837**
Cost of production	(2,181,942)
Gross Margin	**3,491,895**
Selling and distribution expenses	(115,442)
General and administrative expenses	(2,442,331)
Operating profit/(loss) (EBIT)	**934,123**
Financial Income	0
Financial Expenses	(65,832)
Earnings before taxes	**868,291**
Income taxes	(259,891)
Net profit/(loss)	**608,400**
Profit for the year attributable to the Company - 30%	**182,520**

05.5.4. 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 accounts, which are payment platforms used for retail collections, mainly e-commerce, for Euro 709,048.

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

05.6. 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	12.31.2022	12.31.2021
Current loans and financing	Lease liabilities	2.97% - 8.43%	2020-2039	4,557,223	3,688,976
	Reverse factoring liabilities	0.00%		20,912,696	13,134,810
	Revolving Facility liabilities	EURIBOR +3.50%	Cut-off date 2026	123,734	98,270
	Floating Rate Senior Secured Note	EURIBOR + margin of 4.875%	2027	4,070,693	2,990,000
	Intercompany cash pooling	2.00%		8,775,287	19,569,419
Total current loans and financing				**38,439,633**	**39,481,475**
Non-current loans and financing	Lease liabilities	2.97% - 8.43%	2020-2039	24,910,495	24,950,261
	Floating Rate Senior Secured Note	EURIBOR + margin of 4.875%	2027	465,028,296	462,096,205
Total non-current loans and financing				**498,938,791**	**487,046,466**
Total loans and financing to customers designated at amortized cost				**528,378,424**	**526,527,942**

In 2021 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%. This bond is 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 December 31, 2022, the fair value of the bond loan (derived directly from the stock market price at the end of the year) amounted to Euro 450.7 million (compared with the carrying amount of the debt measured at amortized cost and equal to Euro 469.1 million).

As of 12/31/2022 the company has not utilized the following credit line: Revolving credit line for a total of Euro 63,750 thousand. The applicable interest rate is EURIBOR (which may not be less than zero) currently increased by 2.5% per annum.

05.6.1. RISK MANAGEMENT: OBJECTIVES AND CRITERIA

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

05.6.2. 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.

05.6.3. 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. In 2022 the company stipulated two interest rate hedging contracts (IRS) to partially hedge the Floating Rate Senior Secured Note. Specifically, the derivatives will take effect on May 15, 2023. The total notional amount is Euro 360 million (equal to 75% of the nominal value of the bond) applicable from May 15, 2023 until May 15, 2024, and Euro 240 million (equal to 50% of the value of the bond) from May 15, 2024 until May 15, 2025. During the periods under consideration, the Company will receive the 3-month EURIBOR rate and pay the fixed rate of 1.65%.

05.6.4. INTEREST RATE SENSITIVITY

The Company's exposure to the risk of changes in market rates is connected solely to the Floating Rate Secured Note and the Revolving Credit Facility Agreement (the latter is currently not used). Taking into account the existing hedges just described, an increase or decrease of 100 basis points in Euribor would result in an increase or decrease of approximately Euro 2.5 million in financial expenses in 2023.

05.6.5. 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 36 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 foreign exchange risk based on the budget for the period and then gradually hedges this risk. 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 33% of total US dollar sales. These future transactions are considered highly probable.

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.

05.6.6. 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.

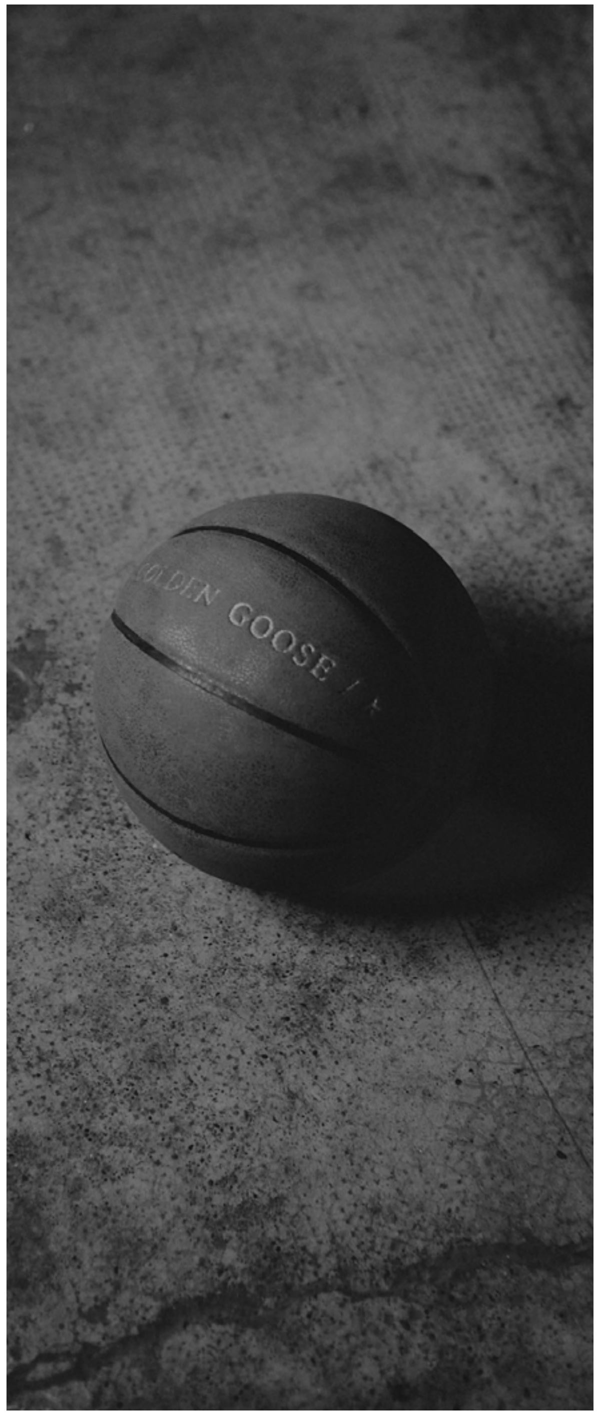
Currency (thousand euros)	Euro appreciation scenario			Euro depreciation scenario		
	Effect on pre-tax profit	Pre-tax effect on other shareholders' equity items	Total pre-tax effect on equity	Effect on pre-tax profit	Pre-tax effect on other shareholders' equity items	Total pre-tax effect on equity
AED	0	0	**0**	(0)	0	**(0)**
AUD	(40)	0	**(40)**	40	0	**40**
CAD	(117)	0	**(117)**	117	0	**117**
CHF	(5)	0	**(5)**	5	0	**5**
CNY	240	0	**240**	(240)	0	**(240)**
GBP	(176)	0	**(176)**	176	0	**176**
HKD	(584)	0	**(584)**	584	0	**584**
JPY	(108)	0	**(108)**	108	0	**108**
KRW	457	0	**457**	(457)	0	**(457)**
NZD	(51)	0	**(51)**	51	0	**51**
SGD	(16)	0	**(16)**	16	0	**16**
TRY	(159)	0	**(159)**	159	0	**159**
USD	(8,280)	27,982	**19,702**	8,280	(27,982)	**(19,702)**

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	12.31.2022
AED	+/-9.02%
AUD	+/-6.13%
CAD	+/-6.21%
CHF	+/-5.64%
CNY	+/-5.52%
GBP	+/-4.62%
HKD	+/-8.61%
JPY	+/-7.98%
KRW	+/-4.31%
NZD	+/-5.31%
SGD	+/-5.47%
TRY	+/-14.46%
USD	+/-9.02%

05.6.7. 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.



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 December 31, 2022 the Company has approximately 21 customers (2021: 18 customers with a balance greater than Euro 200,000 each, which together represent around 49% (2010: 44%) 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 2021, the receivables from three distributor customers of Golden Goose S.p.A. were factored for an amount equal to Euro 391,749 as of December 31, 2022 (Euro 2 thousand as of December 31, 2021).

As of December 31, 2022, 55% (57% in 2021) 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:

12/31/2022	Days past due					
(thousand euros)	Current	<30 days	30-60 days	61-90 days	> 91 days	Total
Expected loss rate	6.26%	8.53%	12.51%	23.67%	100%	
Estimated gross book value at risk	18,374	1,869	491	320	927	**21,980**
Expected credit loss	1,151	159	61	76	927	**2,374**
12/31/2021	**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**

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.

05.6.8. 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 December 31, 2022, 21% of the Company's debt matures in less than one year (17% in 2021), calculated based on undiscounted maturities.

Reverse factoring liabilities relate to few key suppliers of the company Golden Goose S.p.A. (as of December 31, 2022 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 December 31, 2022	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Financing and loans		8,141,387	27,507,480	608,569,760		644,218,627
Interest rate hedging derivatives		0	(1,897,960)	(4,387,313)		(6,285,273)
Lease liabilities		1,632,579	4,198,186	17,552,248	12,416,877	35,799,891
Other financial liabilities			101,048			101,048
Reverse factoring financial liabilities	5,269,761	15,642,934				20,912,696
Liabilities for Acq. Adjustment Price Sneakers Maker Spa			2,500,000			2,500,000
Cash pooling			8,775,287			8,775,287
Trade payables	14,523,267	45,979,040	40,574,133			101,076,440
Total	**19,793,028**	**71,395,940**	**81,758,174**	**621,734,695**	**12,416,877**	**807,098,716**

Guarantees

The Company does not hold restricted cash or liquidity guarantees. The escrow accounts to guarantee lease contracts amount to Euro 2,750,637 on December 31, 2022 and are classified under the item "Other non-current assets".

Changes in liabilities deriving from financing activities

A breakdown of changes in financial liabilities for the year under review is provided below.

(Euro)		12.31.2021	Obtainment of loans	Repayments	Non-monetary IFRS 16 changes	Fair value changes	Reclassification	Other	12.31.2022
Current loans and financing	Lease liabilities	3,688,976		(4,472,657)			5,340,904		4,557,223
	€75,000,000 Revolving Credit Facility 2020	32,813						(11,563)	21,250
	€480,000,000 Floating Rate Senior Secured Note	2,990,000						1,080,693	4,070,693
	Reverse factoring financial liabilities	13,134,810						7,777,886	20,912,696
	Astrum 3 loan	-							-
	Liabilities for Acq. Adjustment Price Sneakers Maker Spa	1,000,000		(1,000,000)					-
	Liabilities for derivative financial instruments	2,780,109				(2,043,049)			737,060
	Intercompany cash pooling	19,569,419		(11,661,997)				867,865	8,775,287
	Other current financial liabilities	65,458						37,025	102,483
	Total current financial liabilities	43,261,585	0	(17,134,654)	0	(2,043,049)	5,340,904	9,751,906	39,176,692
Non-current loans and financing	Lease liabilities	24,950,261			5,301,139		(5,340,904)		24,910,496
	€480,000,000 Floating Rate Senior Secured Note	462,096,205						2,932,091	465,028,296
	Liabilities for Acq. Adjustment Price Sneakers Maker Spa	2,402,064						84,072	2,486,136
	Total non-current financial liabilities	489,448,530	0	0	5,301,139	0	(5,340,904)	3,016,163	492,424,928
	Total financial liabilities	**532,710,115**	**0**	**(17,134,654)**	**5,301,139**	**(2,043,049)**	**0**	**12,768,069**	**531,601,620**

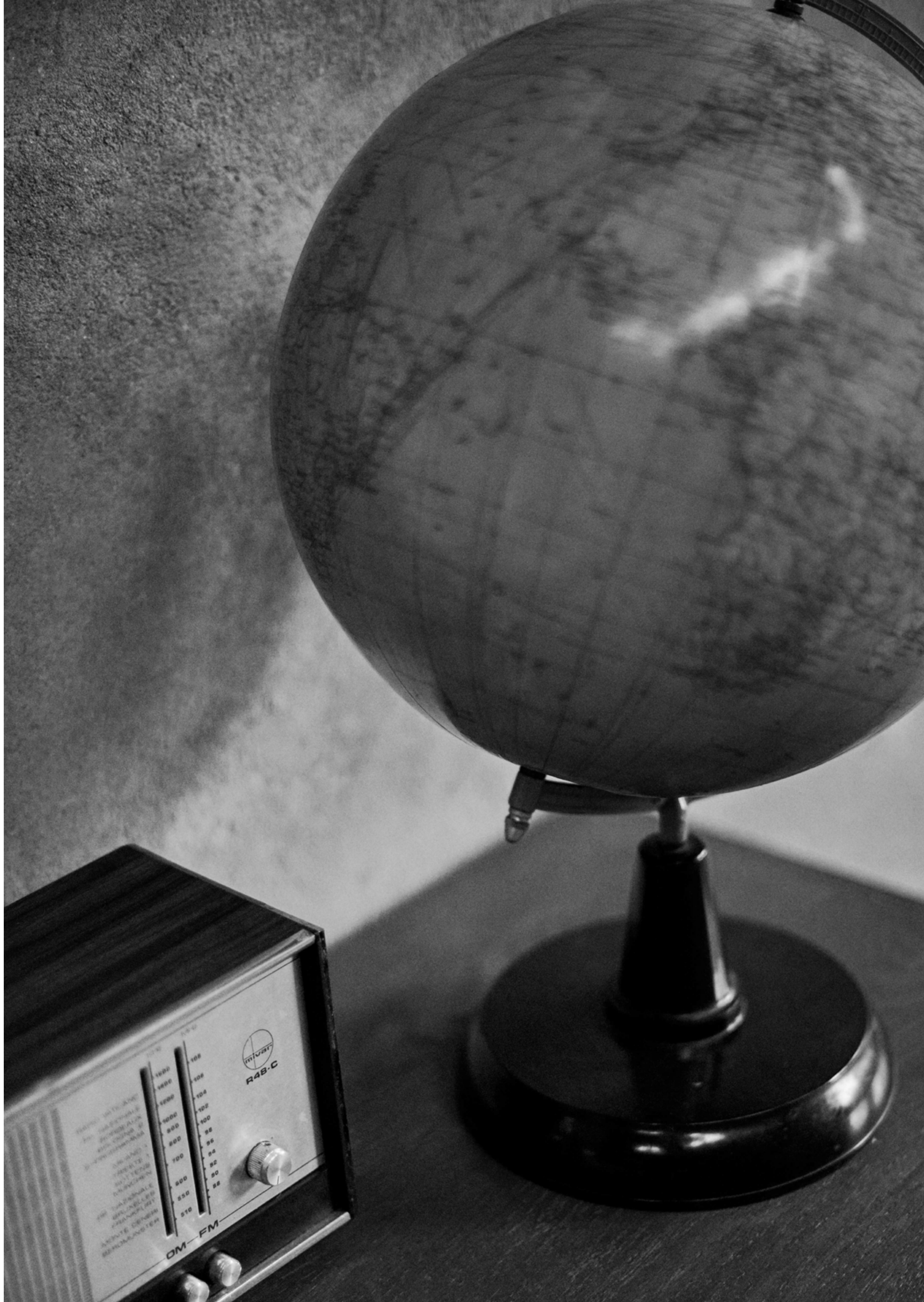
The column "Other" includes interest accrued but not yet paid and the reclassification from trade payables to reverse factoring financial liabilities recorded when the original payment term granted by the supplier elapsed from the invoice date, the date on which the supplier receives the payment (with 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 December 31, 2022 and December 31, 2021 is as follows:

Euro (thousand)	12/31/2022			12/31/2021		
	Trade payables	Financial liabilities	Payment Terms	Trade payables	Financial liabilities	Payment Terms
Payables for reverse factoring						
210 For Golden - Intesa	27,903	5,317	240 days from the invoice date	19,013	3,399	240 days from the invoice date
210 For Golden - Illimity	1,141	14,536	120 to 210 days from the invoice date	15,837	9,305	120 to 210 days from the invoice date
Credemfactor	239	1,059	120 days from the invoice date eom	196	430	120 days from the invoice date eom
Total payables for reverse factoring	**29,283**	**20,913**	-	**35,045**	**13,135**	-

In comparison, as of December 31, 2022 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 December 31, 2021: 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.



05.7. OTHER NON-CURRENT FINANCIAL ASSETS

The details of this item are shown below:

Description	12.31.2022	12.31.2021
Investments in subsidiaries	55,440,156	19,332,522
Investments in associates	3,519,067	
Loans and other receivables due from subsidiaries	23,452,981	16,407,218
Loans to employees	**0**	**34,195**
Total Other non-current financial assets	**82,412,204**	**35,773,935**

05.8. 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.

05.9. INVENTORIES

Inventories are composed as follows:

Description	12/31/2022	12/31/2021
Raw and ancillary materials and consumables	1,914,198	984,530
Work in progress and semi-finished products	-	-
Finished products and goods	60,271,980	34,189,862
TOTAL	**62,186,178**	**35,174,392**

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 15,235,385 (Euro 11,686,057 in 2021).

During the 2022 financial year, provisions were recorded net of uses for a total net value of Euro 3,549,329.

Description	2022	2021
Opening balance of provisions	(11,686,057)	(7,687,842)
Uses	2,109,007	1,426,702
Provisions	(5,658,335)	(5,424,917)
Closing balance of provisions	**(15,235,385)**	**(11,686,057)**

05.10. TRADE RECEIVABLES

The balances of trade receivables due from customers are as follows:

(Euro)	12.31.2022	12.31.2021
Gross value of trade receivables	21,979,598	25,224,943
Allowance for doubtful accounts	(2,374,202)	(2,527,737)
Net value of trade receivables	**19,605,396**	**22,697,206**

"Trade receivables" include all trade receivables for a total of Euro 19,605,396 (Euro 22,697,206 on December 31, 2021), accounted for at their nominal value and presented in the financial statements net of the allowance for doubtful accounts, which amounts to Euro 2,374,202 (Euro 2,527,737 in 2021).

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)	12.31.2022	12.31.2021
Opening balance of provisions	(2,527,737)	(2,923,837)
Provisions		
Uses	153,535	396,100
Closing balance of provisions	**(2,374,202)**	**(2,527,737)**

05.11. RECEIVABLES FROM GROUP COMPANIES

"Receivables from Group companies" amounting to Euro 135,730,488 (Euro 84,048,710 in 2021) refer to trade receivables due from foreign subsidiaries.

05.12. CURRENT TAX ASSETS

"Tax receivables" amounting to Euro 8,055 refer to a residual receivable for tax reimbursements.

05.13. OTHER CURRENT NON-FINANCIAL ASSETS

This item breaks down as follows:

(Euro)	12.31.2022	12.31.2021
Supplier advances	515,476	499,199
Sundry receivables	1,917,722	761,267
Prepaid expenses	5,042,532	3,428,840
IVA credits	8,395,903	3,226,649.61
Total Other current non-financial assets	**15,871,632**	**7,915,957**

"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 568,482.

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 1,091,698 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.

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 December 31, 2022, there were no accruals or deferrals of a duration of more than five years.

05.14. CURRENT FINANCIAL ASSETS

The details of this item are shown below.

Euro	12.31.2022	12.31.2021
Derivative financial instruments	9,334,987	21,738
IRS financial derivative assets	10,259,266	
Intercompany cash pooling	32,153,816	26,038,810
Payment platform deposits	709,048	807,479
Treasury shares	**336,850**	**176,000**
Total Current financial assets	**52,793,967**	**27,044,027**

05.15. 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)	12.31.2022	12.31.2021
Bank deposits	72,295,475	76,670,692
Cash in hand	216,880	94,018
Total Cash and cash equivalents	**72,512,354**	**76,764,710**

As of December 31, 2022, the amount of cash and cash equivalents was Euro 72,512,354 (Euro 76,764,710 as of December 31, 2021) 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.

05.16. SHAREHOLDERS' EQUITY

As of December 31, 2022, as also on December 31, 2021, the subscribed and paid-up share capital consists of 1,004,341 shares equal to Euro 1,004,341 with a nominal 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
Legal reserve	200,868	B			
Reserve for unrealized exchange gains	1,096,315	A,B			
Reserve for the hedging of expected financial flows	20,005,997				
IAS/IFRS adoption reserve	37,531,692	B			
IAS reserve 19	(283,226)				
Stock option reserve	2,778,414	A,B,C	2,778,414		
Merger surplus reserve	596,588,974	A,B,C	596,588,974		
Reserve for parent shares	176,000				
Other reserves	88,990	A,B,C	88,990		
Profit/(loss) carried forward	130,578,151	A, B, C, D	130,578,151		
Profit (loss) for the year	76,914,633				
Total	**1,049,308,729**	**A, B, C, D**	**912,662,108**		
Non-distributable portion (unrealized foreign exchange gains)			0		
Residual distributable portion			**912,662,108**		
(*) A: capital increase B: to cover losses C: distribution to shareholders D: other by-law restrictions					

In view of the realignment of the tax value of the trademark and goodwill, described in more detail in the section on "Income taxes for the year," the Company recognizes tax deferral reserves amounting to Euro 365.9 million. In view of the fact that the Company does not provide for the distribution or other use of reserves such that these reserves are taxable, no tax was recorded on these values.

05.17. PROVISIONS FOR PENSIONS

This item includes provisions for employee severance indemnities and is broken down as follows:

(Euro)	12.31.2022	12.31.2021
Opening value	2,167,998	1,709,943
Service cost	781,352	606,734
Interest cost	20,146	5,358
Benefits paid	(224,532)	(267,978)
Actuarial (gains)/losses	(139,964)	113,941
Closing value	**2,605,000**	**2,167,998**

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	12.31.2022	12.31.2021
Annual discount rate	3.77%	0.98%
Annual inflation rate	2.30%	1.75%
Annual rate of TFR increase	3.23%	2.81%
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 January 1, 2007, intended for supplementary pension schemes pursuant to Legislative Decree no. 252 of December 5, 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 12/31/2022 or will fall due in the following year. Uses during the year refer solely to settlements for voluntary resignations. In the year subsequent to 12/31/2022 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 December 31, 2022	
Turnover rate + 1.00%	19,607
Turnover rate - 1.00%	(24,339)
Inflation rate + 0.25%	64,938
Inflation rate - 0.25%	(62,498)
Discount rate + 0.25%	(74,743)
Discount rate - 0.25%	78,592

05.18. 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.

05.19. 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:

(Euro)	01.01.2022	Increases	Decreases	12.31.2022
Provisions for agents' severance indemnities	123,194	-	-	123,194
Returns provision	4,638,794	7,309,844	(4,638,794)	7,309,845
TOTAL	**4,761,989**	**7,309,844**	**(4,638,794)**	**7,433,039**

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 7,309,844 at the end of financial year 2022, and Euro 4,638,794 at the end of financial year 2021.

05.20. TRADE PAYABLES

(Euro)	12.31.2022	12.31.2021
Trade payables	97,018,804	66,417,449
Total trade payables	**97,018,804**	**66,417,449**

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.

05.21. PAYABLES TO GROUP COMPANIES

"Payables to Group companies" amounting to Euro 4,057,636 refer to payables due to foreign subsidiaries.

05.22. OTHER CURRENT NON-FINANCIAL LIABILITIES

This item breaks down as follows:

	12.31.2022	12.31.2021
Payables to social security institutions	1,311,647	1,269,644
Advances from clients	943,054	1,212,486
Miscellaneous payables	10,701,010	7,560,450
Total Other current non-financial liabilities	**12,955,712**	**10,042,580**

Amounts due to social security institutions mainly refer to amounts due for social security contributions pertaining to the years 2022 and 2021 paid respectively in 2023 and 2022.

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).

05.23. TAX PAYABLES

On December 31, 2022 tax payables totaled Euro 16,124,945 (Euro 14,719,893 on December 31, 2021). The payable refers to the net payable position for IRES and IRAP current taxes of Golden Goose Spa.

05.24. COMMITMENTS AND GUARANTEES

Guarantees and sureties given	12.31.2022	12.31.2021
(Euro)		
Sureties in favor of third parties and companies	13,350,677	10,931,271
Total	**13,350,677**	**10,931,271**

Guarantees refer to lease contracts for points of sale, both in Italy and of foreign subsidiaries in countries where Golden Goose operates.

06 Main Items of the profit and loss statement

06.1. 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 2022 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.

06.1.1. RY PRODUCT TYPE

(Euro)	12.31.2022	12.31.2021
Sales of goods and raw materials	5,569,238	6,445,154
Product sales	381,706,463	271,094,615
Accessory sales	-	-
Others	-	-
Total	**387,275,700**	**277,539,769**

06.1.2. REVENUE BY CATEGORY

(Euro)	2022	2021
Main revenue	388,885,605	297,598,588
Revenue adjustments	(7,179,142)	(26,503,972)
Other revenue	5,569,238	6,445,154
Total	**387,275,700**	**277,539,769**

06.1.3. REVENUE BY SALES CHANNEL

(Euro)	2022	2021
Wholesale	178,530,496	161,009,027
Retail	139,726,801	70,700,400
Web	69,018,404	45,830,342
Total	387,275,700	277,539,769

06.1.4. 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)	2022	2021
Italy	73,582,383	73,007,591
EMEA	104,990,442	75,508,707
Non-EU	208,702,875	129,023,471
Total	**387,275,700**	**277,539,769**

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 1,834,689 as of December 31, 2022 (Euro 1,339,891 as of December 31, 2021).

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 7,309,844 thousand as of December 31, 2022 (Euro 4,638,794 as of December 31, 2021).

06.2. COST OF GOODS SOLD

The items and related amounts relating to the cost of sales are shown below:

(Euro)	12.31.2022	12.31.2021
Consumption of raw materials and finished products	128,524,109	103,313,340
Personnel expenses	7,456,376	6,250,270
Overhead - Other production costs	3,557,106	3,008,713
Industrial depreciation and amortization	499,223	330,891
Logistics	4,473,602	4,322,817
Cost for Samples	1,460,132	1,820,531
Total	**145,970,548**	**119,046,562**

In 2021 the cost of sales increased in absolute terms by Euro 26,923,986, going from Euro 119,046,562 in 2021 to Euro 145,970,548 in 2022. The cost of sales as a percentage of revenues remained virtually unchanged (38% versus 43% in 2021).

06.3. SELLING AND DISTRIBUTION EXPENSES

Selling expenses increased in absolute terms, with an increase of Euro 8,518,987 between 2022 and 2021, attributable to the development of the retail business. They mainly include commercial expenses of Euro 8,586,692 (Euro 7,255,859 in 2021), sales personnel costs of Euro 9,819,675 (Euro 7,110,144 in 2021) and logistics costs of Euro 10,424,584 (Euro 8,825,378 in 2021).

06.4. GENERAL AND ADMINISTRATIVE EXPENSES

This item breaks down as follows:

General and administrative expenses	2022	2021
(Euro)		
Non-industrial depreciation and amortization	16,901,249	17,051,054
ROU non-industrial depreciation and amortization	1,793,164	1,876,811
Cost of G&A personnel	10,292,751	9,061,030
Other Operating Costs	17,796,253	11,026,529
Other Operating Income	(615,015)	(1,381.789)
Total	**46,168,401**	**37,633,635**

The item General and administrative expenses decreased from Euro 37,633,635 in 2021 to Euro 46,168,401 in 2022. The increase totaling Euro 8,534,766 is mainly related to the increase in the item Other operating costs (for Euro 6,769,724), which 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.

06.5. MARKETING EXPENSES

This item breaks down as follows:

Marketing expenses	12.31.2022	12.31.2021
(Euro)		
Marketing and advertising	15,154,277	10,574,685
Amortization	158,506	22,073
Personnel costs	4,725,483	2,776,925
Total	**20,038,266**	**13,373,683**

06.6. 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:

Marketing expenses	12.31.2022	12.31.2021
(Euro)		
Included in the Cost of goods sold	7,456,376	6,250,270
Included in General and administrative expenses	10,292,751	9,061,030
Included in Marketing expenses	4,725,483	2,776,925
Included in Selling and distribution expenses	9,819,675	7,110,144
Total personnel costs	**32,294,284**	**25,198,368**

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	2022	2021
(Euro)		
Wages and salaries, including bonuses and incentives	24,607,476	18,610,245
Social security contributions	4,987,200	4,411,645
Employee severance indemnities	1,602,477	1,085,899
Adjustment from discounting of employee severance indemnity	(193,056)	(48,729)
Other personnel costs	1,290,186	1,139,308
Stock incentive plans		-
Total personnel costs	**32,294,284**	**25,198,368**

(Euro)		12.31.2022	12.31.2021
Included in the cost of goods sold:	Industrial amortization of intangible assets	299,074	179,869
	Industrial depreciation of tangible assets	200,149	151,022
Included in general and administrative expenses:	Depreciation of tangible assets	784,014	1,007,278
	Amortization of intangible assets	16,117,236	16,043,776
	Depreciation of Rights of Use	1,793,164	1,876,811
	Impairment of Rights of Use		-
Included in selling and distribution expenses:	Depreciation of tangible assets	1,294,800	714,625
	Amortization of intangible assets	1,010,709	925,550
	Depreciation of Rights of Use	3,423,313	2,749,528
	Impairment of Rights of Use		
Included in marketing expenses:	Depreciation of tangible assets	16,392	16,619
	Amortization of intangible assets	142,114	5,454
	Depreciation of Rights of Use		
Total amortization, depreciation and write-downs of fixed assets included in the profit and loss statement		**25,080,965**	**23,670,531**

Total depreciation, amortization and impairment of fixed assets went from Euro 23,670,531 in 2021 to Euro 25,080,953 in 2022.

06.7. FINANCIAL INCOME AND EXPENSES

This item breaks down as follows:

(Euro)	2022	2021
Interest expense and bank charges	(28,962,692)	(39,008,564)
Interest on discounted severance indemnity	(20,146)	(5,358)
Income/(charges) derivative financial instruments	(9,308,959)	(3,256)
IFRS 16 financial charges	(1,367,112)	(1,164,760)
Charges other than the above	524	(3,317)
Bank interest receivable	0	0
Income other than the above	91,349	260
Net interest income/ (expense) from subsidiaries	384,852	585,988
Exchange gains (losses)	2,518,529	3,318,000
Total Financial charges and income	**(36,663,655)**	**(36,281,007)**

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 28,962,692 for the year 2022 (Euro 39,008,564 in 2021) and break down as follows:

- Charges relating to the Revolving Credit Facility for a total amount of Euro 831,148;
- Charges related to the new Senior Secured Floating Rates Note for a total amount of Euro 28,131,544.

06.8. EXCHANGE GAINS AND LOSSES

Of the total amount of net profits resulting from the profit and loss statement for 2022, equal to a total of Euro 2,518,529, the unrealized valuation component corresponds to losses equal to Euro 2,134,288. The amounts indicated do not include the amount of income from derivative financial instruments.

06.9. 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)	2022	2021
Current taxes:	**26,136,592**	**15,866,192**
IRES	20,131,595	12,233,992
IRAP	6,004,997	3,632,199
Taxes relating to prior years and other taxes	**(4,290,062)**	**(2,621,543)**
Deferred tax liabilities	**(73,611)**	**(73,684,737)**
Substitute tax for tax alignment	**-**	**11,314,977**
Total Tax charge for the year	**21,772,919**	**(49,125,112)**

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 December 31, 2022 and 2021 is as follows:

Reconciliation of tax burden (euros)		2022	%	2021	%
Profit before taxes		**98,687,552**		**39,978,182**	
Theoretical taxes		23,685,012	24.00%	9,594,382	24.00%
Actual taxes		21,772,919	22.06%	(49,125,112)	n/a
Result for the year		**76,914,633**	**n/a**	**89,103,294**	**n/a**
Deviation from effective tax rate		(1,912,093)	(1.94%)	(58,719,494)	n/a
Differences that generate the deviation	IRAP on income produced in Italy	5,605,356	5.68%	3,230,613	8.08%
	ACE deductions	(3,201,436)	(3.24%)	(971,678)	(2.43%)
	Prior-year taxes	(4,290,062)	(4.35%)	(2,623,133)	(6.56%)
	Deferred taxes on tax realignment	0	0.00%	(69,863,158)	(174.75%)
	Substitute tax on tax realignment	0	0.00%	11,314,977	28.30%
	Other increases and/or decreases	(25,951)	(0.03%)	192,885	0.48%
Total		**(1,912,093)**	**(1.94%)**	**(58,719,495)**	**n/a**

In 2020, following the acquisition of Sneakers Maker S.p.A. by Astrum 3 S.p.A., both of which were merged by reverse merger again in 2020 by Golden Goose S.p.A., a request for a private letter ruling was submitted for the purpose of disapplying the ACE (Aid to Economic Growth) anti-avoidance rules under Art. 10 of the Italian Ministerial Decree dated August 3, 2017, with respect to the cash contributions made in order to finalize the acquisition and received by Golden Goose S.p.A. both as the Acquirer and in its own right. In August 2022 the Italian Revenue Agency responded with a favorable opinion. The total IRES tax benefit amounts to Euro 3,389,406.

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 August 14, 2020, converted into Law no. 126 of October 13, 2020. Specifically, Golden Goose S.p.A. submitted a specific request concerning the possibility of benefiting from this subsidy 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 December 31, 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 resulted in the posting in 2021 of a registration tax of 3% (Euro 11,314,977, the first installment of which was paid in 2021, the second in 2022, while the remaining installment will be paid in 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).

06.10. DEFERRED AND PREPAID TAXES

Deferred taxation is expressed mainly by deferred tax liabilities, the total balance of which at the end of the 2022 financial year was Euro 197,671,491 (Euro 192,941,785 in 2021). This balance was mainly 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.

06.10.1. 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)		2022	2021
Deferred tax assets	Inventory write-down provision	4,250,672	3,260,410
	Non-deductible Interest expense	0	3,949,345
	Registration IFRS 16 ROU	177,712	186,332
	Amortization, depreciation and write-downs	518,345	532,304
	Allowance for doubtful accounts	527,777	527,777
	Provision for returns	1,527,518	920,394
	Exchange losses from valuation	911,095	39,173
	Employee benefits	914,828	665,577
	Goodwill deficit after merger (realigned)	17,683,064	18,788,256
	Currency hedges		484,480
	Other	125,481	181,355
	Total deferred tax assets	**26,636,493**	**29,535,404**
Deferred tax liabilities	Brand value allocated following the 2020 acquisition	146,139,390	146,139,390
	Brand value allocated following the 2020 acquisition (realignment)	1,998,788	999,394
	Customer relationship value allocated following the 2020 acquisition	42,324,757	45,713,511
	Derivative financial instruments	7,186,632	
	Other	**21,924**	**89,490**
	Total Deferred tax liabilities	**197,671,491**	**192,941,785**
Net balance of deferred taxes		**(171,034,999)**	**(163,406,381)**

06.11. 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 2022 (Euro 330,000 for 2021). Relations between the Parent Company, Golden Goose S.p.A., and its subsidiaries are shown below.

The table below shows the data for the year 12.31.2022:

Company	Fin. Pay.	Fin. Rec.	Trade Rec.	Trade Pay.	Other Rec.	Sales	Interest income	Interest expenses	Guarantees
Golden Goose Australia Ltd	0	0	5,158	(697)	2,043	2,079	0	0	(*)
Golden Goose Atlanta LLC	0	285	(1)	0	0	204	0	(9)	(*)
Golden Goose Austria Gmbh	0	0	1,758	0	0	587	0	0	
Golden Goose Belgium Sprl	0	1,811	94	(213)	0	85	34	0	(*)
Golden Goose Boston LLC	0	967	(2)	0	0	116	13	0	(*)
Golden Goose Chicago LLC	0	611	(2)	0	0	273	0	(5)	(*)
Golden Goose Shanghai Trading	0	3,084	28,922	(9,029)	0	6,935	120	0	
Golden Goose Dallas LLC	(604)	0	(1)	0	0	462	0	(50)	(*)
Golden Goose Denmark ApS	0	0	460	(439)	1,393	(406)	0	0	(*)
Golden Goose Trading	0	0	5,878	0	1,721	2,925	0	0	
Golden Goose Hampton LLC	0	365	(0)	0	0	84	4	0	(*)
Golden Goose France Sas	0	1,189	4,552	(929)	0	10,364	24	0	
Golden Goose Germany Gmbh	0	540	614	(177)	0	946	16	0	(*)
Golden Goose Hawaii LLC	0	1,217	0	0	0	102	23	0	(*)
Golden Goose Holland Bv	0	632	458	0	0	891	15	0	
Golden Goose Japan Ltd	0	1,113	2,905	(1,448)	3,394	(447)	8	0	(*)
Golden Goose Korea Ltd	0	0	18,814	(2,584)	0	19,950	0	0	
Golden Goose Las Vegas LLC	0	278	(1)	0	0	343	0	(14)	(*)
Golden Goose Lux Canada Ltd	0	0	0	0	94	0	0	0	
Golden Goose Macau	0	0	1,106	(43)	887	384	0	0	
Golden Goose Nashville LLC	(189)	0	(1)	0	0	346	0	(20)	(*)
Golden Goose New Jersey LLC	0	600	0	0	0	162	9	0	(*)
Golden Goose NY LLC	(991)	0	(7)	0	0	191	0	(28)	(*)
Golden Goose Portugal	0	0	1,193	0	960	2,296	0	0	(*)

(*) 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.
Note finally that as of December 31, 2022, trade payables to the associated company Calzaturificio Sirio S.r.l. amounted to Euro 6,866 thousand, while product purchase costs for the year amounted to Euro 15,490 thousand.

Golden Goose Santa Clara LLC	0	769	(1)	0	0	123	10	0	(*)
Golden Goose Scottsdale LLC	0	205	(1)	0	0	302	0	(12)	
Golden Goose Spain SL	0	608	5,382	0	0	9,758	24	0	(*)
Golden Goose Switzerland Gmbh	0	95	1,755	(192)	364	517	1	0	(*)
Golden Goose TORONTO LTD	0	1,138	229	(79)	206	424	18	0	
Golden Goose Turkey	0	1,100	2,295	(84)	226	4,791	41	0	
Golden Goose UK Ltd	0	2,355	847	(152)	0	2,963	65	0	
Golden Goose USA INC	(4)	3,983	62,841	(571)	(2)	120,324	5	(61)	
Golden Goose Virginia LLC	0	455	0	0	0	135	5	0	(*)
Golden Goose Woodbury LLC	(1,960)	0	(1)	(746)	0	(541)	0	(25)	(*)
Golden Goose Americana LLC	0	47	(1)	0	0	94	0	(4)	
Golden Goose Aspen LLC	(70)	0	0	0	0	0	0	(3)	
Golden Goose Austin	0	40	(1)	0	0	314	0	(13)	
GOLDEN GOOSE BD LLC	0	107	(1)	0	0	328	0	(11)	
Golden Goose Bevcen LLC	0	398	(1)	(5)	0	281	5	0	
Golden Goose Beverly	0	1,051	(42)	0	0	197	19	0	
Golden Goose Boca LLC	0	31	(1)	0	0	274	0	(14)	(*)
Golden Goose Charlotte LLC	(157)	0	(1)	0	0	209	0	(11)	(*)
Golden Goose Chicago Oakbrook LLC	0	0	(4)	0	0	(4)	0	0	(*)
Golden Goose Chile	0	853	536	0	177	536	7	0	
Golden Goose Denver LLC	(40)	0	0	0	0	160	0	(6)	(*)
Golden Goose Detroit LLC	(6)	0	0	0	0	115	0	(2)	(*)
Golden Goose Glendale LLC	0	0	(2)	0	0	(2)	0	0	
Golden Goose HK Ltd	0	4,868	752	(1,857)	25	(184)	107	0	
Golden Goose Houston LLC	0	6	(0)	0	0	360	0	(24)	(*)
Golden Goose Israel LLC	0	0	0	0	21	0	0	0	
Golden Goose LA LLC	0	1,038	(9)	0	0	101	13	0	(*)
Golden Goose LA Topanga LLC	(78)	0	(2)	0	0	110	0	(2)	(*)
Golden Goose Legacy West LLC	0	377	(0)	0	0	(0)	5	0	
Golden Goose LV Crystals LLC	(475)	0	(1)	0	0	241	0	(17)	(*)
Golden Goose Madison LLC	0	2,502	(12)	0	0	182	49	0	(*)
Golden Goose Mexico	0	0	0	0	5	0	0	0	
Golden Goose Miami LLC	(353)	0	(3)	0	0	422	0	(31)	(*)
Golden Goose New Orleans LLC	0	0	(2)	0	0	(2)	0	0	(*)
Golden Goose New Zealand	0	81	601	(173)	806	428	1	0	(*)
Golden Goose Phila LLC	(14)	0	(2)	0	0	198	0	(14)	(*)
Golden Goose Portland LLC	0	524	0	0	0	105	8	0	(*)
Golden Goose Saint Louis LLC	(45)	0	0	0	0	0	0	(1)	(*)
Golden Goose San Antonio LLC	(28)	0	0	0	0	143	0	(4)	(*)
Golden Goose SCP LLC	0	853	(1)	0	0	166	13	0	(*)
Golden Goose San Francisco LLC	0	1,764	(1)	0	0	95	34	0	(*)
Golden Goose Singapur	(1,513)	100	1,491	(23)	319	1,355	2	(12)	
Golden Goose do Brasil Ltd	0	3,960	(2)	0	0	55	77	0	
Golden Goose Taiwan	0	201	2,621	(324)	363	273	1	0	
Golden Goose Tampa LLC	(204)	0	0	0	0	158	0	(7)	(*)
	(6,731)	**42,201**	**151,155**	**(19,765)**	**13,002**	**194,376**	**776**	**(400)**	

06.12. 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 "managers" and "executives" with strategic responsibilities.

	2022	2021
Short-term benefits	3,482,736	2,837,790
Post-employment pension and healthcare benefits	328,692	399,801
Employee severance indemnities	183,209	135,146
Share payments	-	-
Total remuneration paid to key executives	**3,994,637**	**3,372,737**

06.13. AGREEMENTS NOT PRESENTED IN THE STATEMENT OF FINANCIAL POSITION

The Company has no agreements that were not recognized in the statement of financial position.

06.14. 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	900,656	Adjustment of the reversion for TF state aid limitation year 2020.

06.15. 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 2022
Audit services	EY S.p.A.	374,200
Other services	EY S.p.A.	245,707
Total		**619,907**

06.16. 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).

Qualifications	Remuneration
Directors	1,349,456
Board of Statutory Auditors	35,000

06.17. EMPLOYMENT DATA

Golden Goose's workforce, broken down by category as of 12/31/2022, was as follows:

Workforce	12/31/2022	12/31/2021
Senior managers	22	18
Headquarters employees	259	225
Showroom employees	2	11
Direct store employees	94	49
Total Workforce	**377**	**303**

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

06.18. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

06.19. PROPOSED ALLOCATION OF THE PROFIT

It is proposed to distribute the profit for the year totaling Euro 76,914,633 as follows:

- An unavailable reserve for shares of the parent company pursuant to Article 2359 bis of the Italian Civil Code in the amount of Euro 160,850.
- A non-distributable reserve from revaluation of equity investments in accordance with Article 2426, para. 1, no. 4 of the Italian Civil Code in the amount of Euro 91,349.
- The remainder to retained earnings in the amount of Euro 76,662,434.

It is also proposed to release the reserves for unrealized foreign exchange gains in the amount of Euro 1,096,315 and allocate this amount to other available reserves.

06

ATTACHMENTS

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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, 2022, 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, 2022, 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.

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The Board of Statutory Auditors ("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 significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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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 Golden Goose Group as at December 31, 2022, 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 Golden Goose Group as at December 31, 2022 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 Golden Goose Group as at December 31, 2022 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 3, 2023

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.

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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, 2022, 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, 2022, 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 Board of Statutory Auditors ("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.

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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, 2022, 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, 2022 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, 2022 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 3, 2023

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.

01 Financial statements as of december 31, 2022 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 December 31, 2022:

- 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 an updated version and now in force.

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 January 27, 2010 relating to the financial statements for the year ended December 31, 2022 was prepared on April 3, 2023 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 December 31, 2022. In their opinion, the directors' report on operations is consistent with the financial statements of Golden Goose S.p.A. as of December 31, 2022.

01.1. 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 2022.
- The human resources constituting the "workforce" increased, taking into account the development plan carried out in 2022.
- 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 (2022) and the previous one (2021).

During the year ended December 31, 2022, 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 December 31, 2022, 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 2022, the Company reported growth in all geographies it operates in through its subsidiaries, with positive performance in every sales area.

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 €536,828,918, 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 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 December 31, 2022 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 currency hedging contracts is positive by €9,334,987 and negative by €737,060. The mark-to-market valuation of interest rate hedging contracts is positive by €10,259,266.

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 December 31, 2022 as prepared by the Directors, which show a profit for the year of 76,914,633.

The board recalls that with the approval of the financial statements for the year ending December 31, 2022, our three-year term of office comes to an end, so we invite the shareholder to resolve on this matter.

The Board agrees with the Directors' proposal regarding the allocation of the profit for the year.

Milan, April 03, 2023

The Board of Statutory Auditors

Andrea Franzini (Chairman)
Lorenzo Boer
Federico De Pasquale

GOLDEN GOOSE