

FERRAGAMO

REPORT OF THE BOARD OF DIRECTORS ON THE PROPOSAL UNDER ITEM 5 ON THE AGENDA OF THE SHAREHOLDERS' MEETING OF SALVATORE FERRAGAMO S.P.A., CONVENED IN A SINGLE CALL, IN ORDINARY SESSION, FOR APRIL 23, 2024

5. Modification in reduction, upon motivated proposal of the Board of Statutory Auditors, of the remuneration of the auditing firm KPMG S.p.A., competent for the legal audit of the accounts for the period 2020-2028. Related and consequent resolutions.

Shareholders,

it is reminded that the Ordinary Shareholders' Meeting held on April 18, 2019, upon motivated proposal of the Board of Statutory Auditors, pursuant to Article 13, paragraph 1, of Legislative Decree No. 39 of January 27, 2010 (the "Decree No. 39"), resolved to appoint KPMG S.p.A. as the independent auditors (hereinafter, respectively, the "Engagement" and "KPMG") for the fiscal years 2020-2028.

The KPMG Engagement, in paragraph 6.2, provides the following: *"Should circumstances arise that would result in an aggravation of time, significant changes in the timing of the engagement and/or a change in the professional level of the members of the audit team assigned to the engagement, including the involvement of different or additional specialists or external experts, compared to what is estimated in this letter such as, by way of example, the change in the group structure, size and activities of the Company and/or the investee companies included in this engagement letter, changes in the internal control system and/or the Company's financial reporting preparation process, including information systems, the non-delivery or delayed delivery of necessary documentation the unavailability of persons from whom we would deem it necessary to acquire evidence, the performance of additional procedures to the work performed by the component auditors, regulatory changes (including any supplementary and corrective provisions to the Decree) as well as any clarifications by the competent Authorities or different interpretations of the Decree and the Regulations, changes in accounting and/or auditing standards, new professional guidelines, the performance of complex or extraordinary transactions by the Company, they will be discussed and agreed with you and the Board of Statutory Auditors to formulate, by virtue of this paragraph, a consequent integration of the original fees indicated in paragraph 6.1 above, which may cover, depending on the circumstances, the individual fiscal year or even the remaining fiscal years covered by this letter. **Likewise, should less time be taken than anticipated, the fees will be reduced proportionally.**"*

The Ordinary Shareholders' Meeting held on April 26, 2023 approved KPMG's requests for integration of fees, submitted by KPMG to the Company and the Board of Statutory Auditors by letters dated December 21, 2022 and February 27, 2023, respectively. For more information in this regard, please refer to the documents made available for the 2023 Shareholders' Meeting at <https://group.ferragamo.com>, Governance/Shareholders' Meeting 2023 Section.

In a subsequent letter dated January 22, 2024, KPMG submitted to the attention of the Company and of the Board of Statutory Auditors a further request for a change in its remuneration, this time in reduction,

FERRAGAMO

specifically pertaining to the auditing activities of the subsidiaries of Salvatore Ferragamo S.p.A., in line with the process of reevaluation of the scope of the activities carried out on the basis of a "risk based" perspective already initiated as of 2023.

In this regard, KPMG represented that reevaluating the scope of interventions on Group companies would make the audit process more consistent with the significance of subsidiaries on the basis of size or in relation to specific risks potentially attributable to individual companies, resulting in more effective and efficient controls over the most significant companies.

Applying "risk based" logic, the significant companies based on size or specific risks that can be associated, as identified by the Board of Directors, would be as follows:

- Salvatore Ferragamo S.p.A.;
- Ferragamo USA Inc;
- Ferragamo Japan K.K.;
- Ferragamo Mexico S. de R.L. de CV;
- Ferragamo Fashion Trading (Shanghai) Co. Ltd;
- Ferragamo Moda (Shanghai) Co. Ltd;
- Ferragamo Hong Kong Ltd;
- Ferragamo Retail HK Ltd;
- Ferragamo Korea Ltd.

The Board of Directors in agreeing with KPMG's proposal of January 22, 2024, deemed that for the other companies, for which an audit of the annual financial statements is mandatory, only the audit of the local financial statements would be conducted, excluding the audit of the reporting package prepared for the purpose of the consolidated financial statements of the Ferragamo Group. In addition, for companies that are not significant and do not have audit requirements under local law, the Board of Directors deemed it reasonable not to audit either the reporting package or the local financial statements.

Besides, the Board of Directors deemed that the companies mentioned above (with the exception of Ferragamo Mexico S. de R.L. de CV and Ferragamo Moda (Shanghai) Co. Ltd), identified as significant for the purposes of the audit, are those identified as significant for the purposes of compliance with Art. 154 bis Consolidated Law on Finance - TUF (pursuant L. 262/05), confirming that the change in the scope of the audit would be consistent with the significance of the subsidiaries on the basis of size or in relation to specific risks potentially attributable to the individual companies, as well as by turnover, representing 86.1% of Consolidated Revenues and 81.8% of the Group's Total Assets as of September 30, 2023.

The other companies that would be excluded from the audit of the reporting package, but whose financial statements would still be audited, represent only 12.8% of Consolidated Revenues and 17.1% of Total Group Assets as of September 30, 2023 (of these, those whose financial statements will be audited by a firm belonging to KPMG's network represent 7.9% of Consolidated Revenues and 10.5% of Total Group Assets as of September 30, 2023).

In addition, companies that are not significant and do not have audit requirements under local law account represent only 1.1% of Consolidated Revenues and 1.1% of Total Group Assets as of September 30, 2023.

FERRAGAMO

This change in the scope of activities, which is also shared by the Board of Statutory Auditors, would allow the Company to reduce the overall costs recognized to KPMG, without impacting the audit process. The new values would be applicable from the Financial Year 2023 for the whole term of the Engagement, subject to annual revaluation based on the value of local inflation for each country.

* * *

Taking into account the motivated proposal expressed by the Board of Statutory Auditors attached to this Report, the Board of Directors invites the Shareholders' Meeting to adopt the following proposed resolution:

"The Ordinary Shareholders' Meeting of Salvatore Ferragamo S.p.A:

- having regard to the motivated proposal of the Board of Statutory Auditors and the Report of the Board of Directors;*
- considered the proposal to modify in reduction the fees related to Salvatore Ferragamo S.p.A. and the companies of the Salvatore Ferragamo Group, formulated by KPMG in the letter dated January 22, 2024, consistent with the reevaluation of the scope of activities according to a "risk based" logic, for each year from 2023 to 2028;*
- shared the evaluations of the Board of Directors;*
- considering the provision contained in paragraph 6.2 of KPMG's proposal ("Update and changes in fees for the period covered by this engagement letter");*

resolves

to approve the reduction by Euro 86,811 of the total annual fees for each fiscal year of the period 2023-2028 to be paid to the auditing firm KPMG S.p.A. for the performance of the statutory auditing activities at Salvatore Ferragamo S.p.A. and some foreign subsidiaries of the Salvatore Ferragamo Group so that the new amount to be paid starting from fiscal year 2023 would be as follows:

Years 2023 - 2028

<i>Services on Salvatore Ferragamo SpA and its foreign subsidiaries</i>	<i>Annual Fees (Euro)*</i>
<i>Integration letter dated February 27, 2023</i>	<i>671.337</i>
<i>Reduction resulting from the change in scope</i>	<i>(86.811)</i>
<i>Total annual fees 2023 - 2028</i>	<i>584.526</i>

**Values are expressed net of the increase related to inflation applicable for 2023 and net of exchange rate effect (data were converted with average 2022 exchange rates).*

- to confer on the Chairman of the Board of Directors and the Chief Executive Officer, severally and with the power to sub-delegate, all the broadest powers, none excluded, so that they may carry out all that is necessary*

FERRAGAMO

to execute the above resolution and sign the proposal of KPMG S.p.A. and any other deed, contract or document inherent and consequent thereto.

Florence, March 14, 2024

**For the Board of Directors
The Chairman
Leonardo Ferragamo**

Attachments:

- KPMG S.p.A.'s letter dated January 22, 2024;
- Motivated proposal of the Board of Statutory Auditors.



KPMG S.p.A.
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Reserved Dear
Salvatore Ferragamo S.p.A.
Via dei Tornabuoni, 2
50123 Florence FI

To the kind attention of Mr. Leonardo Ferragamo, Chairman of the Board of Directors
and p.c.

Of Mr. Andrea Balelli, Chairman of the Board of Statutory Auditors

January 22, 2024

**Statutory audit assignment conferred pursuant to Article 13 of Legislative Decree No. 39
of January 27, 2010 - Communication pursuant to paragraph 6.2 of our letter of
Appointment dated December 3, 2018**

Dear Sirs

with reference to the engagement for the legal audit of the consolidated financial statements of the Ferragamo Group with respect to the financial years ending December 31, 2020 to December 31, 2028 conferred on us by the Shareholders' Meeting on April 18, 2019, we report below some aspects, already shared with your administrative structure, that have led to the request for a change in fees. This request is consistent with the conditions contained in paragraph 6.²¹ of our letter of Assignment.

The change in fees referred to below relates to the audit of subsidiaries performed by companies in the KPMG network. _____

¹ *Should circumstances arise that would result in an aggravation of the timeframe, significant changes in the timeframe of the engagement, and/or a change in the professional level of the members of the audit team assigned to the engagement, including the involvement of different or additional specialists or external experts, compared to what is estimated in this letter of Appointment, changes in the internal control system and/or in the Company's financial reporting preparation process, including information systems, non-delivery or re-delivery of required documentation, / unavailability of the persons from whom we deem it necessary to acquire evidence, the performance of additional procedures with respect to work performed by the component auditors, regulatory changes (including any supplementary and corrective provisions to the Decree) as well as any clarifications by the competent Authorities or different interpretations of the Decree and the Regulations, changes in accounting and/or auditing principles, new professional guidelines, the performance of complex or extraordinary operations by the Company, they will be discussed and agreed with you and the Board of Statutory Auditors to formulate, by virtue of this paragraph, a consequent integration of the original fees indicated in paragraph 6 above. 1, which may relate, depending on the circumstances, to the single financial year or also to the res/an/s financial years covered by this letter. Equally, if it should be taken less time than expected, the fees shall be reduced proportionately."*



Salvatore Ferragamo S.p.A.
Letter dated January 22, 2024

In this regard, as also reported in our letter of February 27, 2023, we have proposed and shared with your administrative structure to re-evaluate the scope of our interventions as of 2023 from a "risk based" perspective more consistent with the significance of the subsidiaries with respect to relative size or specific risks potentially attributable to the companies. The purpose of this revision is to make the audit process more effective and efficient, increasing the incisiveness of controls also by you on the most significant companies and, ultimately, with a reduction in the overall costs recognized to the KPMG network, of which you are specifically informed below.

Based on this "risk based" logic we have identified together with the administrative structure the significant companies based on size or specific risks that can be associated. The companies considered significant are as follows:

- Salvatore Ferragamo S.p.A.;
- Ferragamo USA Inc;
- Ferragamo Japan K.K.;
- Ferragamo Mexico S. de R.L. de CV;
- Ferragamo Fashion Trading (Shanghai) Co. Ltd;
- Ferragamo Fashion (Shanghai) Co. Ltd;
- Ferragamo Korea Ltd;
- Ferragamo Hong Kong Ltd;
- Ferragamo Retail HK Ltd.

For other companies, those for which the audit of the local financial statements is mandatory have been identified. Therefore, the audit of the local financial statements will be carried out for these companies, excluding the audit of the reporting package prepared for the purposes of the consolidated financial statements of the Ferragamo Group. The fees were revised accordingly according to the allocation provided in the letter of Appointment dated December 3, 2018.

For companies that are not significant and have no local obligations, it was considered reasonable to assume that neither the reporting package nor the local financial statements would be audited.

Please note that the audit of financial statements and/or *reporting packages* of foreign subsidiaries is conferred based on specific engagements that are independently conferred by the individual companies and generally renewed annually as stipulated by local regulations and reported in our letter of Appointment dated December 3, 2018.

It should also be noted that the values shown below, which are applicable as of financial year 2023, are expressed net of the increase related to the inflationary effect that occurred during the last financial year. The fees will be revised annually based on the value of local inflation for each country, as previously agreed.



Salvatore Ferragamo S.p.A.

Letter dated January 22, 2024

Attached to this letter is the detail of the fee adjustment request, the summary of which is given below:

	Fees €
Supplement letter dated February 27, 2023	671.337
Integration of fees (ANNEX 1)	(-86.811)
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General total consideration 2023-2028"	584.526
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" The value is expressed net of the increase related to the inflationary effect and the exchange rate effect. The average 2022 exchange rate was used for both financial years. It is understood that the aforementioned letter of Assignment dated December 3, 2018 remains in effect for everything not expressly covered in this letter of Assignment.

We remain at your disposal for any clarification you deem necessary on its contents. On this occasion we send you our best regards.

KPMG S.p.A.



Andrea Rossi
Partner



Salvatore Ferragamo S.p.A.
Letter dated January 22, 2024

Annex 1

Detail change in fees paid to the KPMG network and related to the audit of subsidiaries

Society	Fees (local currency) 2022	Fees (euro) 2022	Fees (local currency) 2023	Fees (euro) 2023	Scope
Ferragamo Japan K.K.	24.000.000	173.879	24.000.000	173.879	Local Budget and Reporting Package
Ferragamo Mexico S. R.L. de CV	626.000	29.547	1.150.000	54.280	Local Budget and Reporting Package
Ferragamo Espana S.L.	30.000	30.000			Not in scope KPMG
Ferragamo Brazil Roupas e Accessorios Ltda.	108.000	19.853			Not in scope KPMG
Ferragamo France S.A.S.	29.500	29.500	26.500	26.500	Local budget
Ferragamo Deutschland GmbH	11.100	11.100	11.100	11.100	Local budget
Ferragamo Suisse SA	21.000	20.902	18.000	17.916	Local budget
Ferragamo Austria GmbH	20.615	20.615	20.615	20.615	Local budget
Ferragamo Retail Taiwan Limited	471.865	15.069	424.679	13.562	Local budget
Ferragamo Fashion Trading (Shanghai) Co. Ltd	288.370	40.737	313.552	44.294	Local Budget and Reporting Package
Ferragamo Fashion (Shanghai) Co. Ltd	126.444	17.862	137.486	19.422	Local Budget and Reporting Package
Ferragamo Australia Pty Ltd	57.293	37.775			Not in Scope KPMG
Ferragamo Malaysia Sdn. Bhd	28.566	6.173	52.000	11.237	Local budget
Ferragamo Retail Macau Limited	104.556	12.315	94.100	11.083	Budget
Ferragamo Hong Kong Ltd	263.690	31.776	263.690	31.981	Local budget and Package
Ferragamo Retail HK Ltd	254.109	30.819	254.109	30.819	Local Budgeting and Reporting
Ferrimag Limited	127.749	15.494	114.974	13.945	Local budget
Ferragamo Korea Ltd	61.830.000	45.528	62.400.000	45.948	Local Budget and Reporting Package
Ferragamo Singapore Pte Ltd	45.285	31.206	35.894	24.735	Local budget
Ferragamo (Thailand) Limited	274.575	7.450	450.000	12.210	Local budget
Ferragamo Argentina S.A.	1.691.490	12.346			Not in scope KPMG
Ferragamo Chile S.A.	7.192.573	7.845			Not in scope KPMG
Ferragamo Belgique SA	23.546	23.546	21.000	21.000	Local budget
		671.337		584.526	

The value is expressed net of the increase related to the inflationary effect and the exchange rate effect. The average 2022 exchange rate was used for both financial years.

Reasoned proposal of the Board of Statutory Auditors of Salvatore Ferragamo S.p.A. on the change in the fees of KPMG S.p.A., the company in charge of the statutory audit for the period 2020-2028

(Pursuant to Article 13, Paragraph 1, Legislative Decree No. 39 of January 27, 2010)

Shareholders,

as part of the Ordinary Shareholders' Meeting, you are called upon to resolve on the modification - in reduction - of the fees to be paid to the company KPMG S.p.A. (hereinafter also "KPMG" or "Auditing Firm") for the performance of the statutory audit of the statutory and consolidated financial statements of the company Salvatore Ferragamo S.p.A. (hereinafter also referred to as "Ferragamo" or "Company") for the years 2023-2028 as a result of a process of re-evaluation of the scope of operations carried out that has already begun as of 2023.

Pursuant to Article 13(1) of Legislative Decree No. 39 of January 27, 2010 (hereinafter also referred to as "Legislative Decree 39/2010"), the determination of the fees of the statutory auditing firm is the responsibility of the Shareholders' Meeting *"upon the reasoned proposal of the auditing body."*

It should be noted that the engagement of KPMG for the financial years 2020-2028 was granted to KPMG by a resolution of the Ordinary Shareholders' Meeting of Ferragamo held on April 18, 2019 (hereinafter also "Engagement"), and subsequently, on April 26, 2023, the same Shareholders' Meeting approved a request for a change in KPMG's compensation.

The Assignment pertaining to the statutory audit services is governed by the "Proposal for the statutory audit services for the nine-year period 2020-2028 pursuant to Legislative Decree No. 39 of January 27, 2010," submitted by KPMG on December 3, 2018 (hereinafter also "Proposal").

The subject of the Assignment is the performance of statutory audit services, for the period 2020-2028 as outlined below:

- Statutory audit of the annual financial statements;
- Statutory audit of consolidated financial statements;
- Verification that the company's accounts are properly kept and that management events are correctly recorded in the accounting records, pursuant to Article 14, paragraph 1, letter b) of Legislative Decree No. 39/2010;
- Check on the consistency of the management report required by Article 14 paragraph 2, (e) of Legislative Decree No. 39/2010 and the information in paragraph 1 (c), (d), (f), (l), m) and paragraph 2 (b) of Article 123 - *bis* of the TUF with the annual financial statements and the consolidated financial statements;
- Limited audit of the condensed interim consolidated financial statements.

In a letter dated January 22, 2024, KPMG (hereinafter also referred to as "Supplementary Proposal") submitted for the attention of the Company a proposal to change the scope of audit activities and fees, with regard to foreign subsidiaries, based on the following.

Pursuant to paragraph 6.2 of "Update and changes in fees for the period covered by this engagement letter" of the Proposal, KPMG represented the opportunity to "re-evaluate the scope of our interventions from 2023 onwards in a *"risk based"* perspective more consistent with the significance of the subsidiaries on the basis of size or in relation to specific risks potentially attributable to the companies, with the consequence of making the controls on the most significant companies more effective and efficient and with a reduction in the overall costs recognized to the KPMG network [...]. Based on the application of this *"risk based"* logic, the significant companies based on size or specific risks that can be associated, as identified together with the administrative structure, are as follows:

- Salvatore Ferragamo S. p.A.;
- Ferragamo USA Inc;
- Ferragamo Japan K.K.;
- Ferragamo Mexico S. de R.L. de CV;
- Ferragamo Fashion Trading (Shanghai) Co. Ltd;
- Ferragamo Fashion (Shanghai) Co. Ltd;
- Ferragamo Hong Kong Ltd;
- Ferragamo Retail HK Ltd;
- Ferragamo Korea Ltd."

The scope revisitation had the following objectives:

- greater consistency for the Ferragamo Group between what is also considered significant for the purposes of *compliance with art. 154-bis* of the TUF (former Law 262/05) and the scope of the audit activities required on the *reporting package*. This has led to a reduction in the number of *reporting packages* audited, as detailed in the letter Supplementary Proposal;
- timely verification of local regulatory requirements of auditing local budgets. In this case, the scope in the previous line was supplemented accordingly. The choice, in some cases, was to engage a firm other than KPMG for the audit;
- exclusion from the scope of companies not included in the scope in the previous two points (thus not significant in terms of size and risks and in whose countries the audit of local financial statements was not mandatory).

As a result of the above changes, the audit coverage on the Group should still be considered broad, also allowing KPMG's central team to focus on the most relevant companies and issues. The following is a summary diagram showing the coverage as a percentage of the Company's revenues and total assets as of September 30, 2023:

Activity Description	% Group Turnover	% Total assets Group
Audit Plan 2023		-
- Local budget and reporting package	86,1%	81,8%
- Local budget by KPMG	7,9%	10,5%
- Local financial statements by other auditing firms	4,9%	6,6%
- Alternative review procedures by KPMG.	1,0%	1,0%
- Unaudited companies	0,1%	0,1%
TOTAL	100%	100%

Ferragamo's Executive in Charge and the relevant corporate structures have provided the Board of Statutory Auditors with their assessments of the Auditor's request and, as a result of these assessments, have represented to the Board of Statutory Auditors that the aforementioned change in fees - subject to negotiation between the parties - for the 2023-2028 financial years is reasonable due to the following factors:

- paragraph 6.2 of the Proposal, "Update and Changes in Fees for the Period Covered by this Engagement Letter," provides that *"if circumstances arise that result in an increase in time, significant changes in the timing of the engagement [...] changes in accounting and/or auditing standards [...] they will be discussed and agreed with you and the Board of Statutory Auditors to formulate, a consequent supplement to the fees [...] Equally, if less time than expected is taken, the fees will be reduced proportionally."*
- this change in the scope of activities would allow the Company to reduce the overall costs recognized to KPMG, without impacting the audit process;
- the valuation of fees, based on the hours covered by the Supplemental Proposal, is consistent with the professional hourly rates by category established in the Proposal.

Over the past 12 months, the Board of Statutory Auditors has met on numerous occasions both with the auditing firm in order to have more details on the activities to be carried out and the rationale pertaining to the audit process, and with the relevant corporate structures that have set out their assessments of the variation request and the reasonableness of its contents.

In relation to the request for a change in the scope of audit activities and fees to be paid to KPMG for the above activities, taking into account that:

- the Approved Statutory Audit Proposal contained a clause to revise time and fees when circumstances arise that would result in an aggravation or reduction of work time;
- the quantification of the commitment in terms of hours and the related fees indicated in the Supplementary Proposal refer to recurring activities that will also be carried out in the coming financial years, so they will be counted for each of the remaining financial years covered by the mandate (2023-2028);
- the original engagement letter dated December 3, 2018 remains in effect for anything not expressly covered in the Supplemental Proposal;
- in formulating the request for change in fees above, KPMG has provided appropriate evaluative elements;

the Board of Statutory Auditors, having acknowledged and shared the assessments of the Executive in Charge and the competent structures of the Company, on the basis of the considerations made and the verifications carried out, considers that the request for a change in the scope of audit activities is consistent with the legal audit process under the Assignment, adequate in view of the new audit activities related to the events listed above, congruous in relation to the professional commitment required as well as aligned with the conditions already in place.

That being said, the Board of Statutory Auditors submits for your approval, in the terms set forth above, the proposed change in fees formulated by KPMG on January 22, 2024, as per the following proposed resolution:

* * *

"The Ordinary Shareholders' Meeting of Salvatore Ferragamo S.p.A:

- *Having regard to the reasoned proposal of the Board of Auditors and the Explanatory Report of the Board of Directors;*
- *Considered the proposed change in reduction of the fees related to Salvatore Ferragamo S.p.A. and the companies of the Salvatore Ferragamo Group, formulated by KPMG in a letter dated January 22, 2024, consistent with the re-evaluation of the scope of activities according to a "risk based" logic, for each year from 2023 to 2028;*
- *Shared the assessments of the Board of Directors;*
- *taking into account the provision in paragraph 6.2 of KPMG's proposal ("Update and changes in fees for the period covered by this engagement letter");*

resolves

- *to approve the reduction by 86,811 Euros of the total annual fees for each financial year of the period 2023-2028 to be paid to the auditing firm KPMG S.p.A. for the performance of the statutory audit assignment at Salvatore Ferragamo S.p.A. and some foreign subsidiaries of the Salvatore Ferragamo Group so that the new amount to be recognized starting from financial year 2023 would be as follows:*

Annuality 2023-2028	
Services on Salvatore Ferragamo S. p.A. and foreign subsidiaries.	Annual fees (Euro) (*)
Supplement letter dated February 27, 2023	671.337
Reduction in consideration due to change in scope	(86.811)
TOTAL ANNUAL FEES (2023-2028)	584.526

** Does not include inflation effect and exchange rate effect*

- *to confer on the Chairman of the Board of Directors and the Managing Director, severally and with the power to sub-delegate, all the broadest powers, none excluded, so that they may take all steps necessary to execute the above resolution and sign the proposal of KPMG S.p.A. and any other deed, contract or document inherent and consequent thereto.*

Rome, March 12, 2024

For the Board of Statutory Auditors

The Chairman

Andrea Balelli

