TOD'S s.p.a.

2022 Annual Report

(Translation of the 2022 Annual Report approved in Italian solely for the convenience of international readers)

LETTER TO SHAREHOLDERS

Shareholders,

Our Group closed FY 2022 with very good and satisfactory results, exceeding even market expectations.

Group revenues exceeded one billion euros, up 14% year-on-year, driven by the excellent results of the TOD'S brand, with the contribution of all product categories, especially leather goods, and double-digit growth in both sales channels. We experienced good growth in all markets worldwide, with the sole exception of China, due to issues related to the Covid-19 pandemic.

Profitability improved significantly, thanks to careful cost management and improved efficiency throughout the entire production chain.

These results confirm that we are heading in the right direction with our current strategy, which is aimed at enhancing the value of the Group's individual brands, allowing them to grow consistently with their DNA and enhancing their characteristics as iconic, quality brands representing the Italian lifestyle.

We are particularly pleased because these good results were achieved in a tough market environment internationally, due to the continuing tragic war between Russia and Ukraine and the aftermath of the Covid-19 pandemic, which in 2022 was particularly felt in the Chinese market, which is very important for our industry.

We are continuing to invest in the supply chain and to hire new young people to join our qualified craftsmen to pass on their know-how and great experience in this trade, to protect this important and strategic asset of our Group, which guarantees us the best possible product quality, increasingly appreciated by consumers in all age groups.

We are very happy with the distribution network, which boasts locations in the world's leading cities and luxury streets, with the right size and visibility; we are now focused on organic growth, with selected openings and some renovations. We are also completing the omni-channel distribution model, making the necessary investments in the digital world.

Always convinced of the role and social responsibility that a group like ours must feel, this year we joined the United Nations Global Compact , further confirming the great attention that our Group has been dedicating to sustainability, solidarity and welfare aspects for decades.

We are proud to invest in the well-being of those who work with us, our local community and our country, which we love and to whose history and traditions the desirability of our products is closely linked.

Although we have a solid capital structure, we proposed not to distribute a dividend this year, but to reinvest all resources in the growth and future of the Group.

Noting that the first months of the current financial year are confirming an excellent growth trend, I am entirely confident about the future results of our Group, knowing that the structure is ready and the necessary investments are underway, even in an international context that remains uncertain and unpredictable.

As always, I would like to take this opportunity to thank all our people for the work they are doing, with great enthusiasm and diligence, and all you shareholders, for the trust you never fail to place in us.

Diego Della Valle

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Company's data

Registered office of the Parent Company

TOD'S S.p.A.
Via Filippo Della Valle, 1
63811 Sant'Elpidio a Mare (Fermo) - Italy
Tel. +39 0734 8661

Legal data of the Parent Company

Share capital resolved euro 66,187,078
Share capital subscribed and paid euro 66,187,078
Tax code and registration no.: 01113570442 of the Reg. of Companies at Marche Chamber of Commerce
Reg. Marche Chamber of Commerce under Economic and Administrative Index (REA) no. 114030

Offices and Showrooms

Munich – Domagkstrasse, 1/b, 2
Hong Kong – 35/F Lee Garden One, 33 Hysan Avenue, Causeway Bay
London – Wilder Walk, 1
Milan – Corso Venezia, 30
Milan – Via Savona, 56
Milan – Via Serbelloni, 1-4
New York - 555, Madison Avenue
Paris – Rue de Faubourg Saint-Honore, 29
Paris – Rue du Général FOY, 22
Paris – Rue Royale, 25
Seoul – 11/F Pax Tower 609, Eonju-ro, Gangnam-gu
Shanghai – 1717 Nanjing West Road, Wheelock Square 45/F
Tokyo – 1-5-8 Jingumae Shibuya Ku

Group's Headquarters and main production site

Via Filippo Della Valle, 1
63811 Sant'Elpidio a Mare (Fermo) – Italy

Production facilities

Arquata del Tronto (AP) – Zona Industriale Pescara del Tronto
Pontassieve (FI) - Via Tifariti, 10
Comunanza (AP) - Via Merloni, 7
Comunanza (AP) - Via S. Maria, 2-4-6
Durres (Albania) – Rr. Jakov Xoxa Prane – Nish Goma – Shkozet
Tolentino (MC) - Via Sacharov 41/43

TOD

S Group

Board of Director's Report on operations

Corporate governance bodies

Board of Directors[1]	Diego Della Valle	Chairman
	Andrea Della Valle	Vice-Chairman
	Luigi Abete	
	Marilù Capparelli	
	Luca Cordero di Montezemolo	
	Sveva Dalmasso	
	Chiara Ferragni	
	Romina Guglielmetti	
	Emilio Macellari	
	Vincenzo Manes	
	Cinzia Oglio	
	Emanuela Prandelli	
	Pierfrancesco Saviotti	
	Michele Scannavini	
Executive Committee	Diego Della Valle	Chairman
	Andrea Della Valle	
	Emilio Macellari	
Appointments and Remuneration Committee	Vincenzo Manes	Chairman
	Sveva Dalmasso	
	Luigi Abete	
Control and Risk Committee	Romina Guglielmetti	Chairman
	Vincenzo Manes	
	Emanuela Prandelli	
Board of Statutory Auditors [2]	Pierluigi Pace	Chairman
	Fabrizio Redaelli	Acting auditor
	Piera Tula	Acting auditor
	Enrico Maria Colombo	Substitute auditor
	Myriam Amato	Substitute auditor
Independent Auditors [3]	Deloitte & Touche S.p.A.	
Financial Reporting Manager	Rodolfo Ubaldi	

[1] Term of the office: 2021-2023 (resolution of the Shareholders' meeting of 21 April 2021)
[2] Term of the office: 2022-2024 (resolution of the Shareholders' meeting of 21 April 2022)
[3] Term of the office: 2021-2029 (resolution of the Shareholders' meeting of 3 June 2020)

Group structure

TOD'S S.p.A.
Parent Company, owner of TOD'S, HOGAN, FAY brands and ROGER VIVIER brand under a licence agreement and manages DOS in Italy and on-line sales

TOD'S International B.V.
Sub-holding for operation of international subsidiaries and DOS in the Netherlands

An.Del. Usa Inc.
Sub-holding for operation of subsidiaries in the United States

Gen.del. SA
Company that operates DOS in Switzerland

TOD'S Belgique S.p.r.l.
Company that operates DOS in Belgium

TOD'S Deutschland Gmbh
Company that operates DOS in Germany

TOD'S Espana SL
Company that operates DOS in Spain

TOD'S France Sas
Company that operates DOS in France

TOD'S Japan KK
Company that operates DOS in Japan and on-line sales

TOD'S Macao Ltd
Company that operates DOS in Macao

TOD'S Hong Kong Ltd
Company that distributes and promotes products in Far East and South Pacific and manages DOS in Hong Kong. Sub-holding for operation of subsidiaries in Asia

TOD'S Korea Inc.
Company that distributes and promotes products in Korea, operates DOS and on-line sales in Korea

TOD'S Retail India Private Ltd
Inoperative company

TOD'S (Shanghai) Trading Co. Ltd
Company that distributes and promotes products in China, operates DOS and on-line sales in China

TOD'S Singapore Pte Ltd
Company that operates DOS in Singapore

TOD'S UK Ltd
Company that operates DOS in Great Britain

Webcover Ltd
Inoperative company

Cal.Del. Usa Inc.
Company that operates DOS in California (USA)

Deva Inc.
Company that distributes and promotes products in North America, and manages DOS in the State of NY (USA)

Flor. Del. Usa Inc.
Company that operates DOS in Florida (USA)

Hono. Del. Inc.
Company that operates DOS in Hawaii (USA)

Il. Del. Usa Inc.
Company that operates DOS in Illinois (USA)

Neva. Del. Inc.
Company that operates DOS in Nevada (USA)

Or. Del. Usa Inc.
Company that operates DOS in California (USA)

TOD'S Tex. Del. Usa Inc.
Company that operates DOS in Texas (USA)

Alban.Del Sh.p.k.
Production company

Un.Del. Kft
Production company

Re.Se.Del. S.r.l.
Company for services

Roger Vivier S.p.A.
Owner of ROGER VIVIER brand and Sub-holding for operation of international subsidiaries and DOS in Italy

Roger Vivier Hong Kong Ltd
Company that distributes and promotes products in Far East and South Pacific and manages DOS in Hong Kong. Sub-holding for operation of subsidiaries in Asia

Roger Vivier Singapore PTE Ltd
Company that operates DOS in Singapore

Roger Vivier (Shanghai) Trading Co. Ltd
Company that operates in China and on-line sales

Roger Vivier UK Ltd
Company that operates DOS in Great Britain

TOD'S Georgia Inc.
Inoperative company

Roger Vivier France Sas
Company that operates DOS in France

Roger Vivier Korea Inc.
Company that distributes and promotes products in Korea, operates DOS and on-line sales in Korea

Roger Viver Switzerland S.A.
Inoperative company

Roger Vivier Macau Lda
Company that operates DOS in Macao

Roger Vivier Japan KK
Company that operates DOS in Japan and on-line sales

TOD'S Austria Gmbh
Company that operates DOS in Austria

TOD'S Washington Inc.
Company that operates DOS in Washington (USA)

Ala Del Inc.
Company that operates DOS in Delaware (USA)

TOD'S Massachusetts Inc.
Company that operates DOS in Massachusets (USA)

Roger Vivier Paris Sas
Company that operates DOS in France

Roger Vivier Deutschland GmbH
Company that operates DOS in Germany

Roger Vivier Espana SL
Company that operates DOS in Spain

Roger Vivier Australia PTY Ltd
Company that operates DOS in Australia

TOD'S Australia PTY Ltd
Company that operates DOS in Australia

Roger Vivier Canada Ltd
Company that operates DOS in Canada

Italiantouch USA Inc.
Company that manages on-line sales in the USA market.

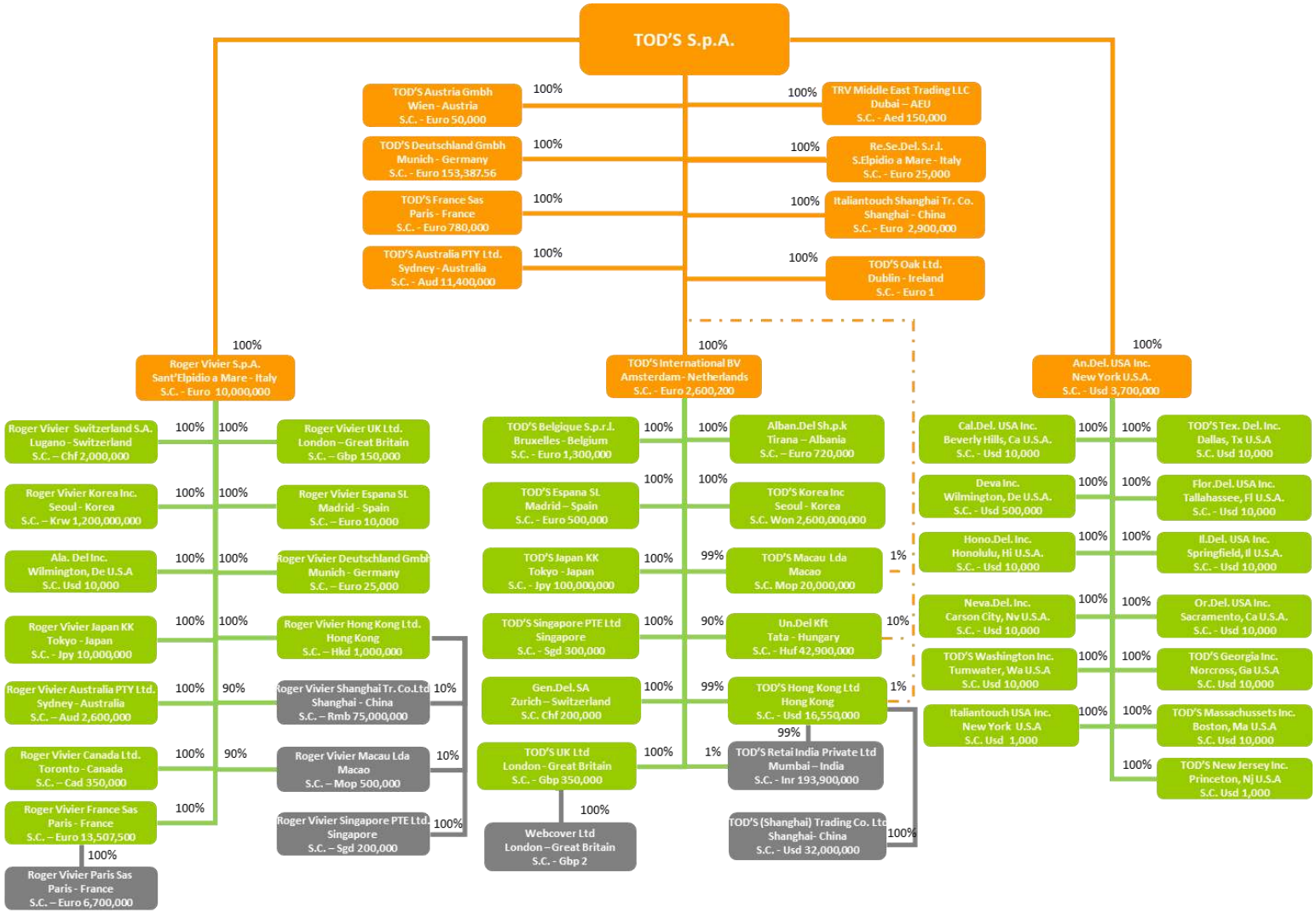
Italiantouch Shanghai Trading Co. Ltd.
Company in liquidation

TOD'S New Jersey Inc.
Company that operates DOS in New Jersey (USA)

TOD'S OAK Ltd.
Company that operates DOS in Ireland

TRV Middle East Trading LLC
Company that operates DOS in the United Arab Emirates

Group's organisational chart



Distribution network at 31 December 2022

Greater China	(D)	(F)
Mainland China	96	17
Hong Kong SAR	13	
Macau SAR	8	
Taiwan Region		21
Total	117	38

Europe	(D)	(F)
Italy	45	1
Belgium	2	1
France	18	
Germany	10	2
Great Britain	7	
Greece		2
Netherlands	3	
Portugal		2
Russia		2
Spain	8	1
Switzerland	3	
Turkey		5
Czech Republic		1
Austria	3	
Ukraine		1
Total	99	18

Rest of the World	(D)	(F)
Saudi Arabia		2
Bahrain		1
U.A.E.	3	2
Kuwait		2
Lebanon		2
Japan	40	
Korea	41	5
Philippines		5
India		3
Malaysia		2
Singapore	4	
Thailand		2
Azerbaijan		1
Australia	5	
Kazakistan		1
South Africa		1
Jordan		1
Total	93	30

Americas	(D)	(F)
U.S.A.	22	
Brazil		1
Panama		1
Puerto Rico		1
Canada	2	
Total	24	3

(D)=DOS (F)=FRANCHISED STORES

DOS, 2022 new openings

Europe

Rome	(Italy)
Rome	(Italy)
Milan	(Italy)
Madrid	(Spain)

Greater China

Dalian	(China)
Dalian	(China)
Nanning	(China)
Beijing	(China)
Zhengzhou	(China)
Zhengzhou	(China)
Chengdu	(China)
Chengdu	(China)
Chengdu	(China)
Chengdu	(China)
Chengdu	(China)
Macao	(Macao SAR)
Macao	(Macao SAR)

Rest of the World

Gyeonggi	(South Korea)
Seoul	(South Korea)
Seoul	(South Korea)
Busan	(South Korea)
Jeju	(South Korea)
Melbourne	(Australia)
Gotemba	(Japan)
Tokyo	(Japan)
Kobe	(Japan)

Americas

East Hampton	(USA)
Toronto	(Canada)

Franchised stores, 2022 new openings

Rest of the World

New Delhi	(India)
Mumbai	(India)
Calcutta	(India)
Doha	(Qatar)
Manila	(Philippines)

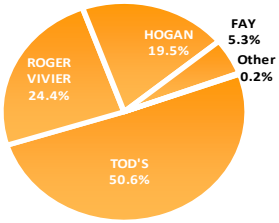
Greater China

Taipei	(Taiwan Region)
Tainan	(Taiwan Region)
Taiyuan	(China)
Haikou	(China)
Haikou	(China)

For a complete list of retail outlets operated by the DOS and franchising network, reference should be made to the corporate website www.todsgroup.com.

Key financial figures

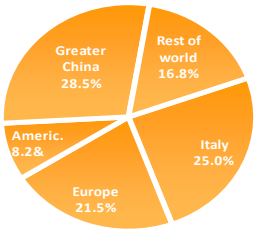
2022 Revenues - % by brand



P&L key figures (euro mn)

	FY 22		FY 21	
Revenues	1,007.0		883.8	
EBIT	58.2	5.8%	24.2	2.7%
Profit before tax	29.0	2.9%	2.5	0.3%
Profit for the period	23.1	2.3%	(5.9)	-0.7%

2022 Revenues - % by region

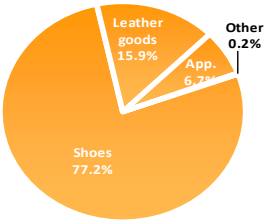


Main Balance Sheet indicators (euro mn)

	12.31.22	12.31.21
Net working capital (*)	283.5	262.3
Intangible and tangible fixed assets	723.8	722.3
Shareholders' equity	1,041.4	998.5
Net financial indebtedness/(surplus)	555.0	519.1
Capital expenditures	45.8	44.9

(*) Trade receivable + inventories - trade payables

2022 Revenues - % by product



Financial key indicators (euro mn)

	12.31.22	12.31.21
Operating cash flow	153.8	218.4
Net operating cash flow	129.3	198.8
Cash flow generated/(used)	(55.1)	(100.5)

Highlights of results

Revenues: 2022 revenues of 1,007 million euros, up 13.9% on 2021 (the effect of the change in average exchange rates was positive by 22.8 million euros). Sales in the retail channel amounted to 743.3 million euros (+12.7%).

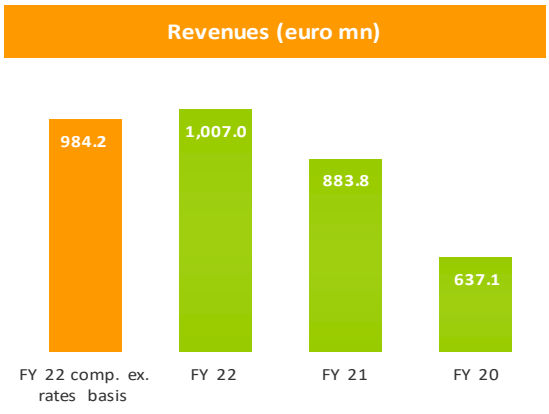
EBIT: 58.2 million euros (EBIT was 24.2 million euros at 31 December 2021). At constant exchange rates, EBIT would have amounted to 54.0 million euros.

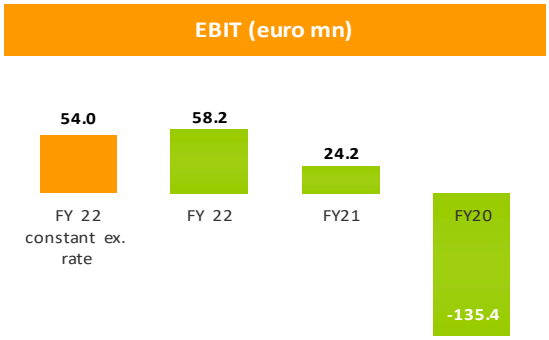
Net result: the net consolidated result for FY 2022 was positive for 23.1 million euros (negative for 5.9 million euros last year).

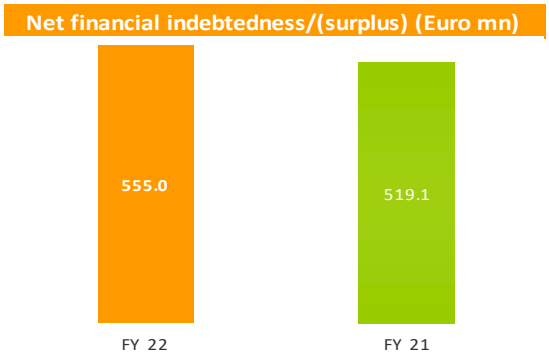
Net financial indebtedness (NFI): NFI totalled 555.0 million euros (519.1 million euros in 2021). Excluding lease liabilities, the NFI would be 71.1 million euros (70.5 million euros at 31 December 2021).

Capital expenditures: 45.8 million euros for tangible and intangible fixed assets in FY 2022; they were 44.9 million euros in the previous year.

Distribution network: a total of 28 new DOS were opened during the financial year. At 31 December 2022, the store distribution network comprised 333 DOS and 89 franchised stores.

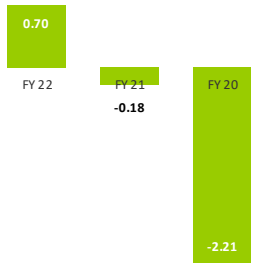






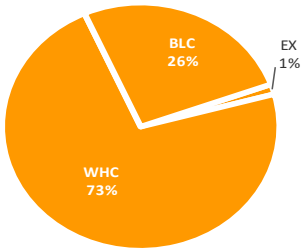
Main stock Market indicators (euro)	
Official price at 01.03.2022	50.00
Official price at 12.30.2022	30.38
Minimum price	28.42
Maximum price	51.00
Market capitalization at 01.03.2022	1,654,676,950
Market capitalization at 12.30.2022	1,005,375,096
Number of outstanding shares at 12.31.22	33,093,539.00

Earning per share (euro)



Stock performance

2022 Group's employees



The Group's employees

	FY 22	FY 21	FY 20	FY 19
Year to date	4,925	4,746	4,588	4,815
Average	4,854	4,601	4,673	4,786

EX = executives
WHC = white collar employees
BLC = blue collar employees

Introduction

In accordance with article 40 paragraph 2 bis of Legislative Decree no. 127 of 09/04/1991, the Parent Company has prepared the Management Report on Operations as a single document for both the separate financial statements of TOD'S S.p.A. and the Group consolidated financial statements.

The Report on Operations must be read together with the Financial Statements and Notes to the Financial Statements, which are an integral part of both the Consolidated Annual Report and the Separate Financial Statements. These documents include the additional information required by CONSOB, with the provisions issued in implementation of art. 9 of Legislative Decree no. 38/2005 (Resolutions 15519 and 15520 of 27 July 2006 and memorandum DEM/6064293 of 28 July 2006), as well as with any subsequent memorandum containing provisions on financial reporting.

In order to strip the effects of changes in exchange rates with respect to the average values for the previous year from the results for the 2022 financial year, the typical economic reference indicators (Revenues and operating result) have been recalculated by applying the average exchange rates for 2021, rendering them fully comparable with those for the previous reference period.

For the sake of completeness, please note that the alternative EBITDA performance indicator is presented in the Management Report on Operations. EBITDA is, in fact, a measurement used by the company's management team to monitor and measure its operational performance because it is not influenced by the effects of the application of the various criteria for calculating taxable income, the amount and characteristics of invested capital and the related amortisation policies. In particular, with specific reference to EBITDA, it should be remembered that this is not identified as an accounting measure within the scope of international accounting standards (IAS/IFRS) and, consequently, its quantitative determination may not be unambiguous and its value may not be comparable with that determined by other companies/groups.

Moreover, the Management Report on Operations includes non-financial statement related to the FY 2022 in accordance with articles 3 and 4 of the Legislative Decree no. 254 of 23 December 2016.

The Group's business

TOD'S Group operates in the luxury sector under its own brands TOD'S, ROGER VIVIER, HOGAN and FAY. It actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The Group's organisational configuration revolves around the parent company TOD'S S.p.A. (hereinafter also referred to as the "Parent Company"), the Group's production and distribution hub, owner of the TOD'S, HOGAN, and FAY brands, and licensee of the ROGER VIVIER brand, the latter owned by the wholly owned subsidiary Roger Vivier S.p.A. The Parent Company's

activities also include a number of activities relating to retail distribution, specifically dedicated to the management of most of the direct stores (DOS) located in Italy and on-line sales mainly in Italy and Europe. The Group's organisation is completed, also through a number of sub-holdings, by a series of commercial companies to which retail distribution activities are delegated in the rest of the geographical areas in which the Group operates, both through directly managed stores and through the on-line channel. Certain of them, strategically located on international markets, are assigned major roles in product distribution, marketing and promotion, and public relations processes along the "value chain", while simultaneously guaranteeing the uniform image that Group brands must have worldwide.

The Group's production structure is based on complete control of the production process, from creation of the collections to production and then distribution of the products. This approach is considered key to assuring the prestige of its brands. Shoes and leather goods are produced in Group-owned plants, with partial outsourcing to specialised workshops. All of these outsourcers are located in areas with a strong tradition of shoe and leather good production. This preference reflects the fact that an extremely high standard of professional quality is required to make these items, with a significantly high level of added value contributed to the final product by manual work. The Group relies exclusively on selected specialised outsourcers, which enables it to exploit their respective specialisations in crafting the individual products sold as part of the apparel line.

The prestige of the Group's brands and the high degree of specialisation necessary to offer the respective products to customers entails distribution through a network of similarly specialised stores. To this end, the Group mainly uses the following distribution channels: DOS (directly operated stores), the e-commerce channel, franchised retail outlets and a series of selected independent multi-brand stores. The e-commerce channel, in particular, is assuming, in line with the rapid dynamics of the sector, an increasingly central role in the Group's distribution strategy, with the presence of the e-commerce sites of the Group's brands in 37 countries around the world. The current year saw the launch of the e-commerce channel in Korea and Singapore, other important markets for the sector.

The on-line sales channel and that of directly operated stores, however, have now evolved towards a concept of "omni-channel", in which the commercial and distribution interrelationships of the two channels make it possible to offer innovative services and have a privileged and direct contact with the customer, in order to meet their expectations and build lasting relationships and trust.

Main TOD'S Group events and operations during the period

The financial year just ended was characterised by a complex macroeconomic and geopolitical environment with significant events that affected the global economy, with effects on international financial and real markets. The conflict between Russia and Ukraine, which began on 24 February 2022, the ensuing sanctions imposed on Russia by the international community, as well as the countermeasures implemented by this country, led to an increase in commodity prices (mainly energy, metals and agricultural goods) and, especially in the first part of the year, disruptions and turbulence in international trade chains. This context generated a growing inflationary pressure, which had already started as a consequence of the Covid-19 outbreak, fuelling a general climate of uncertainty.

The international context was also influenced by the evolution of the Covid-19 epidemic itself, which, although it significantly reduced its effects in all western markets, saw an unexpected new wave in Greater China starting in March, with negative consequences on the economic performance of the sector in that market, following the strict counteracting policies adopted by the local government (lockdowns and restrictions on circulation), especially in mainland China. The pandemic environment described has penalised the most exposed industry brands in these regions, although the same markets are already showing important signs of recovery after the restrictive measures ended in December.

Despite this difficult macro-economic environment, the Group's results for the year were very positive, showing revenue growth of 13.9% compared to the previous year, for a total value that was about 10% higher than in 2019. All this was the result of a very satisfactory performance recorded in all the geographical areas in which the Group operates, with the sole exception of Greater China, whose results were clearly affected by the aforementioned restrictions.

Sales of the TOD'S and ROGER VIVIER brands, which are most exposed in mainland China, suffered the most from the pandemic response policies adopted, but the performance recorded in all the remaining geographical areas highlights the Group's resilience, achieved also thanks to the diversification of revenues in the various geographical areas and the good business strategies adopted for the brands.

However, the evolution of the pandemic, especially in Mainland China, remains an element of uncertainty for the business of the entire sector, although the outlook for the medium term continues to consider this market to be in very strong development.

The European and American markets, in addition to the recovery of domestic demand, were also characterised by the recovery of tourism, both intra-European and American, with positive effects on the performance of the financial year. This is very important, bearing in mind that growth related to the return of tourism from Asian, and especially Chinese, customers is still absent.

With reference to the Russia-Ukraine conflict, the direct impacts suffered by the Group, which has no direct shops in these countries and a very limited presence through the indirect channel, are not significant.

The impacts of the indirect effects of the conflict, mainly in terms of increased energy and transport costs, were also limited, thanks to the continued focus on efficiency-boosting activities which, in the described context of uncertainty, remain necessary to preserve operating margins.

Certainly, an impact on the sector's business dynamics could result from the continuation of the inflationary pressure, which has affected most of the international markets in which the Group operates, and which could lead to a deterioration in consumer confidence, triggering a consequent risk of recession. Although the first signs of a slowdown in inflation are present, thanks also to the monetary policies adopted by the Central Banks, the possible developments in the international crisis and the growing tensions between some major countries remain, to date, one of the main elements of uncertainty in the business environment.

The performance of the Group's on-line channel was positive during the year, although it was also affected by restrictions in mainland China, which also affected shipping logistics activities. During 2022, the number of markets reached by the Group's e-commerce channel was further expanded with the launch of on-line sales in South Korea and Singapore. This further development brings to 37 the number of countries where the Group has implemented e-commerce distribution, almost everywhere in omni-channel mode, which is increasingly central to strengthening customer relations and conveying innovative and effective commercial and digital communication initiatives.

With reference to the retail distribution structure, we also report the continuation of the strategy aimed at enhancing the Group's direct network, on the one hand by further developing the DOS network with the opening of new selected shops, functional to strengthening the image of the brands and supporting the growth of the direct channel and, on the other hand, by enhancing some of the existing boutiques with important renovation works, also consistent with the communication strategies.

With regard to business strategies, there was also an increase in certain expenses to support growth, among which the most important are those of communication, increasingly characterised by activities with a strong integration between traditional and digital channels. The use of digital communication, together with the realisation of various projects, capsules and collaborations, has, moreover, made it possible to convey brand messages and values more and more effectively, also to the new generations.

Lastly, the various initiatives on the Sustainability front, where the Group has further increased its commitment, extending and strengthening its sustainability strategy and defining an ambitious plan that, with a holistic approach, covers all corporate processes. The ability to build social and environmental programmes that are structurally integrated into governance models, strategic agendas and operational processes is in fact proving to be one of the most effective levers of competitiveness and appeal for the sector, which is redefining cultural, technological and communication paradigms to enhance the positive impact that brands can generate for the benefit of communities, people, the environment and for the development of strategic supply chains.

For details on the various activities undertaken and the objectives pursued, refer to the Consolidated Non-Financial Statement included in this Financial Report.

Public Takeover Bid

On 3 August 2022, DeVa Finance S.r.l. (the "Offerer"), a company wholly owned by DI.VI. Finanziaria di Diego Della Valle & C. S.r.l. and indirectly controlled by the Company's Chairman, Diego Della Valle, published a notice pursuant to Article 102, paragraph 1, of Legislative Decree no. 58 of 24 February 1998, as subsequently amended and supplemented, and Article 37 of the Regulation adopted by CONSOB with resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, concerning the decision to promote a voluntary total takeover bid on the ordinary shares of the parent company TOD'S S.p.A. (the "Offer") not owned by the offerers and the persons acting in concert (amounting to 25.55% of the share capital). The Offer was aimed at having the Company's shares delisted from Euronext Milan and its effectiveness was conditional - among other things - on reaching a threshold of acceptances such that the Offerer, together with the persons acting in concert, would come to hold a total of more than 90% of the share capital of TOD'S S.p.A. (the "Threshold Condition").

On 23 September 2022, the Offerer published the Offer Document, which was approved by CONSOB by resolution no. 22454 of 21 September 2022.

On 25 October 2022, the accession period ended.

On 26 October 2022, the Offerer announced the final results of the Offer, which did not materialise due to the non-fulfilment of the Threshold Condition and the Offerer's decision not to renounce it.

Lastly, on 9 December 2022, DeVa Finance S.r.l. informed the market of its decision not to submit to the competent corporate bodies of TOD'S S.p.A. the request to proceed with the merger by incorporation of TOD'S S.p.A. into DeVa Finance S.r.l., thereby waiving the consequent delisting of the TOD'S S.p.A. shares.

The Group's results in 2022

Period results

Consolidated sales were 1,007 million euros, increasing by 13.9% in respect to FY 2021 turnover when it was 883.8 million euros and approximately 10% higher than the 2019 figure.

The effect produced by the change in average exchange rates was positive; on a constant cross rate basis, revenues would amount to 984.2 million euros, marking an increase of 11.4% compared to FY 2021.

EBITDA and EBIT were both positive and came to 207.2 million euros and 58.2 million euros (whilst, at constant exchange rates, the two indicators would amount to 196.7 million euros and 54.0 million euros, respectively). In the previous year, EBITDA was equal to 160.8 million euros, while EBIT was 24.2 million euros.

The consolidated net result is 23.1 million euros, while last year, in 2021, it was negative for 5.9 million euros.

euro 000's Main economic indicators	Year 22	Year 21	Change	%
Sales Revenues	1,006,979	883,807	123,172	13.9
Operating costs and other income	(948,751)	(859,650)	(89,101)	10.4
EBIT	58,228	24,156	34,072	141.0
Profit/(loss) before taxes	29,036	2,471	26,565	1,075.0
Profit/(loss) for the period	23,065	(5,938)	29,003	(488.4)
Foreign exchange impact on revenues	(22,824)			
Sales Revenues at constant exchange rates	984,155	883,807	100,348	11.4
Foreign exchange impact on operating costs	18,627			
EBIT at constant exchange rates	54,030	24,156	29,874	123.7
EBIT %	5.8	2.7		
EBIT % at constant exchange rates	5.5	2.7		
Tax Rate %	20.6	n.s.		

euro 000's EBITDA reconciliation	Year 22	Year 21	Change	%
EBIT	58,228	24,156	34,072	141.0
Amortisations and depreciations	147,794	133,000	14,793	11.1
Impairment/Reversing of fixed assets	1,147	3,665	(2,518)	
EBITDA	207,168	160,821	46,347	28.8
EBITDA %	20.6	18.2		
EBITDA at constant exchange rates	196,724	160,821	35,903	22.3
EBITDA % at constant exchange rates	20.0	18.2		

euro 000's Main Balance Sheet Indicators	12.31.22	12.31.21	Change
Net working capital (*)	283,494	262,313	21,180
Right of use assets	467,787	436,786	31,000
Intangible and tangible fixed assets	723,830	722,296	1,534
Other current assets/liabilities	121,335	96,207	25,128
Net assets held for sale			
Invested capital	**1,596,445**	**1,517,603**	**78,842**
Net financial indebtedness/(surplus)	555,020	519,068	35,952
Shareholders' equity	**1,041,425**	**998,535**	**42,890**
Capital expenditures (**)	45,845	44,933	912
Net cash flows from operating activities	129,333	198,801	(69,468)
Cash flow generated/(used)	(55,059)	(100,466)	45,406

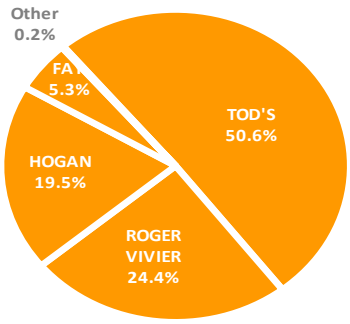
(*) Trade receivable + inventories - trade payables
(**) Right of use assets are not included

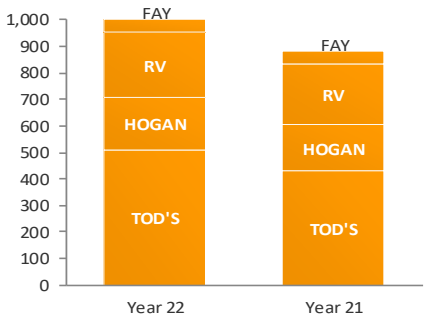
Revenues. Details of the revenue trend compared to the previous year are given below. To ensure a better understanding of the data, it should be noted that when comparing the different financial years, the significant impact of the Covid-19 pandemic, which resulted in temporary periods of shop closures in certain geographical areas, must be taken into account. In FY 2022, the average shop opening rate was 96% as a worldwide average (99% if referring to Europe alone and 92% in Greater China), while in 2021 it was 91% as a worldwide average (83% if referring to Europe alone and 98% in Greater China).

The performance of individual brands reflects the geographical and distributional composition of their sales and is influenced by the consumption situation and the health context of the geographical areas in which they are distributed.

The TOD'S brand, which is the one with the most balanced geographic distribution, reported an excellent growth rate in all geographic areas, confirming the strong appreciation by customers for the brand's collections, both in shoes and in the new leather goods and accessories families.
The ROGER VIVIER brand had a good start to the year in all regions, but due to its high exposure to the Chinese market, growth slowed down from March.

(euro mn)	Year 22	%	Year 21	%	% current exch. rates	Year 22 constant rates	% constant exch. rates
TOD'S	510.0	50.6	428.3	48.5	19.1	498.6	16.4
ROGER VIVIER	246.0	24.4	229.6	26.0	7.1	237.2	3.3
HOGAN	195.9	19.5	176.7	20.0	10.9	193.4	9.4
FAY	53.4	5.3	48.2	5.4	10.7	53.3	10.6
Other	1.7	0.2	1.0	0.1	n.s.	1.7	n.s.
Total	**1,007.0**	**100.0**	**883.8**	**100.0**	**13.9**	**984.2**	**11.4**

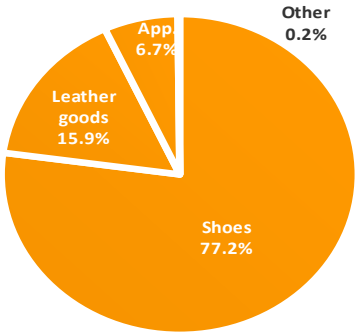


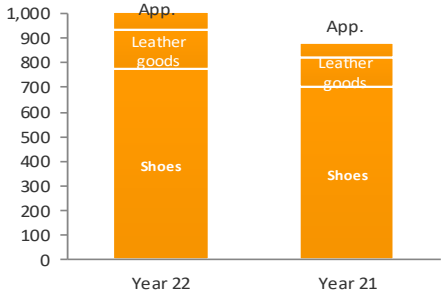


Solid double-digit revenue growth for the HOGAN and FAY brands, partly due to the easy comparison basis for their high exposure to the Italian and European markets, which had experienced some periods of shop closures in 2021 due to lockdowns following the Covid-19 pandemic.

All product categories recorded solid double-digit growth; excellent customer feedback for the new leather goods and accessories collections worldwide.
Revenues from footwear amounted to 776.9 million euros in 2022 (703.2 million euros in FY 2021).

(euro mn)	Year 22	%	Year 21	%	% current exch. rates	Year 22 constant rates	% constant exch. rates
Shoes	776.9	77.2	703.2	79.6	10.5	756.7	7.6
Leather goods	160.6	15.9	120.1	13.6	33.7	158.3	31.8
Apparel	67.8	6.7	59.5	6.7	13.9	67.4	13.2
Other	1.7	0.2	1.0	0.1	n.s.	1.7	n.s.
Total	**1,007.0**	**100.0**	**883.8**	**100.0**	**13.9**	**984.2**	**11.4**





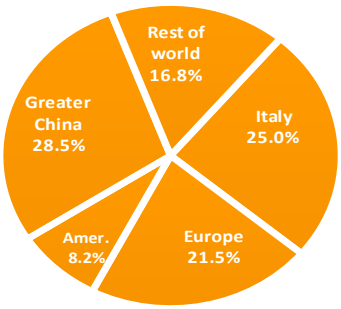
Leather goods and accessories revenues totalled 160.6 million euros (120.1 million euros in FY 2021). The clothing category revenues totalled 67.8 million euros (59.5 million euros in FY 2021).

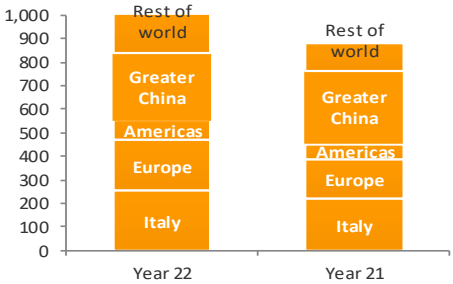
Italy and the Rest of Europe recorded a gradual improvement in results, starting in the second quarter of the year, thanks to the dynamism of purchases by domestic customers and the good attendance of intra-European, American and Middle Eastern tourists.

The US market also performed excellently, helped by the favourable comparison base, despite the shift of the American cluster 's purchases abroad, particularly during the summer months.

The Chinese market, after a good start to the year, experienced a noticeable slowdown in growth from March, with the imposition of strict government restrictions to deal with the Covid-19 pandemic. Even after the gradual relaxation of these measures, consumption trends in the second half of the year remained volatile and impacted by local and temporary lockdowns in several major cities.

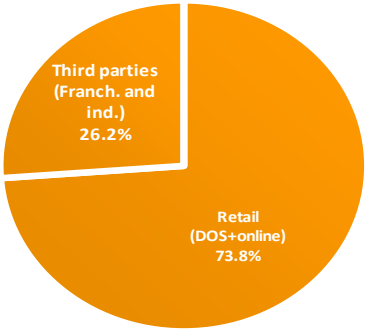
(euro mn)	Year 22	%	Year 21	%	% current exch. rates	Year 22 constant rates	% constant exch. rates
Italy	251.7	25.0	217.2	24.6	15.9	251.7	15.9
Europe	216.7	21.5	172.5	19.5	25.6	215.0	24.6
Americas	82.1	8.2	62.5	7.1	31.4	74.9	19.8
Greater China	287.2	28.5	313.4	35.4	(8.4)	269.6	(14.0)
Rest of world	169.3	16.8	118.2	13.4	43.3	173.0	46.4
Total	**1,007.0**	**100.0**	**883.8**	**100.0**	**13.9**	**984.2**	**11.4**

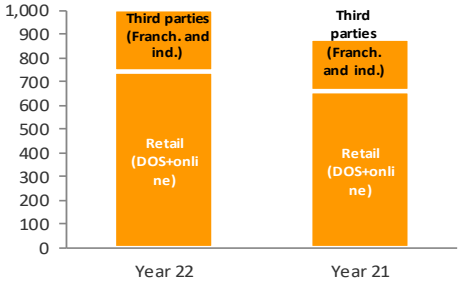




On the other hand, the "Rest of the World" area was very strong throughout the year, driven by the excellent results of Japan and Korea.

(euro mn)	Year 22	%	Year 21	%	% current exch. rates	Year 22 constant rates	% constant exch. rates
Retail (DOS+online)	743.3	73.8	659.4	74.6	12.7	724.5	9.9
Third Parties (WS)	263.7	26.2	224.4	25.4	17.5	259.7	15.7
Total	**1,007.0**	**100.0**	**883.8**	**100.0**	**13.9**	**984.2**	**11.4**





The retail channel totalled 743.3 million euros in sales in FY 2022, accounting for about 74% of the Group's sales, with a growth of 12.7% compared to 2021. The figure for organic growth in the Group's shops was very positive, despite the impact of the weak Chinese market. The e-commerce

channel also did well, also thanks to the significant investments made by the Group in the digital world.
As at 31 December 2022 the Group's distribution network included 333 DOS and 89 franchised stores, compared to 318 DOS and 88 franchised stores as at 31 December 2021.
Double-digit growth also for revenues in the wholesale channel, which returned to positive results after the rationalisation of previous years.

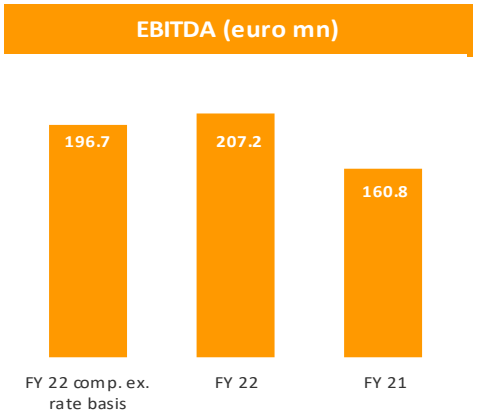
Operating results. The Group's results in FY 2022 benefited from the sales revenue trend, as well as an increase in gross margin, positively influenced by a more favourable product-channel mix, especially in some higher-margin geographies, and growth in the share of full-price sales.
Transport costs rose, reflecting the general increase in energy costs linked to the international crisis; these increases were in addition to those already seen in the previous year, as a consequence of the pandemic. There was, however, a slight increase in the percentage weighting of the Group's turnover, thus having a limited impact on profitability.

The increase registered in service costs is a direct and physiological consequence of the resumption of normal business dynamics, which, in the previous year, had still been characterised by activities of containment and savings in operating costs, in order to mitigate the impacts of the pandemic. The ratio of costs for services to revenue increased from 24.5% in FY 2021 to 27.8% in FY 2022.
Although some streamlining activities continued in the financial year just ended, in order to preserve margins in the complex and uncertain reference context, the increase in communication expenses and those related to production, which returned to full capacity in the financial year, is of particular note. Communication expenditure, in particular, saw a further increase in the resources allocated, especially with reference to digital channels, which are now fully integrated into the Group's communication and business strategies.
Costs for the use of third party assets went from 54.1 million euros at 31 December 2021 to 65.6 million euros at 31 December 2022. The increase, compared to the previous year, is mainly due to leases with variable consideration based on sales. There was also a lesser benefit from the reduction in concessions, following the renegotiation of rents linked to the closure periods to which directly managed sales outlets were subjected, as a result of the continuation of the Covid-19 pandemic in certain geographical areas; these concessions decreased from 5.4 million euros at 31 December 2021 to 2.7 million euros at 31 December 2022.
The cost incurred for the remuneration of Group employees increased from 211.5 million euros in 2021 to 234.1 million euros as at 31 December 2022, mainly due to the variable component linked to sales and the strengthening of the Group's workforce, both in corporate functions and with

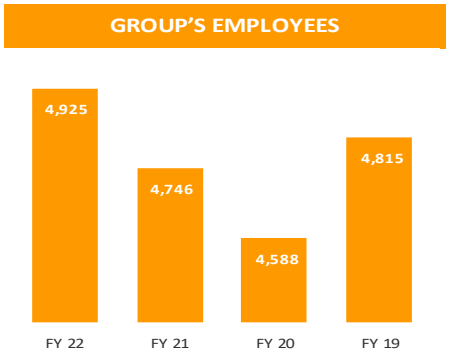
reference to the expansion of the retail channel. Despite this trend, the incidence on sales decreased from 23.9% in 2021 to 23.2% in 2022, benefiting from the positive dynamics of revenues. At 31 December 2022, the Group's workforce included 4,925 employees, up by 179 compared to 31 December 2021. The increase mainly refers to the staff of the new direct stores, inaugurated during the year, as well as to the strengthening of the corporate structure, mainly within the functions dedicated to digital development.

As a result of these trends, the Group's EBITDA, in FY 2022, stands at 207.2 million euros and represents 20.6% of consolidated revenues, while it was 160.8 million euros in 2021 (with a percentage of 18.2%).

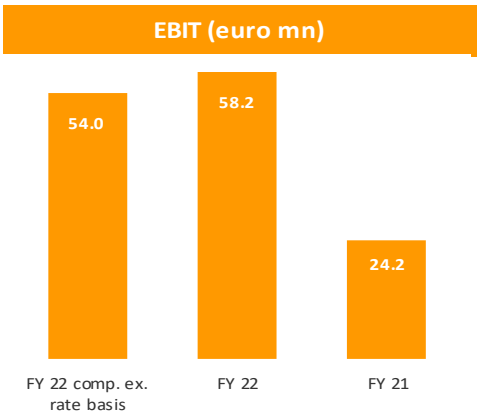
There was a positive exchange rate effect on the gross operating result; at constant exchange rates, or with the application of average cross rates from the previous period, EBITDA would in fact come to about 196.7 million euros, equal to 20.0% of revenues at constant exchange rates. Amortisation and depreciation of fixed assets came to 147.8 million euros (133 million euros in 2021), including amortisation of rights of use (IFRS 16) for 104.7 million euros (93.6 million euros at 31 December 2021). As a percentage of revenue, it was 14.7% at 31 December 2022, and 15% at 31 December 2021.



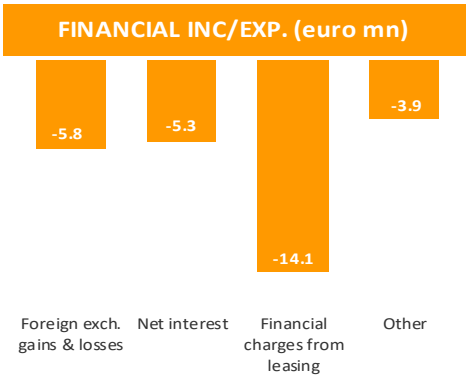
The write-down of fixed assets due to impairment amounted to 1.1 million euros in the year (3.7 million euros in 2021) and refers to the rights of use (IFRS 16) referring to some stores that, in the current context, have shown trigger events, highlighting, on the basis of the economic-financial forecasts made by the Management, the partial non-recoverability of the investments made.



Net of additional operating write-downs of 0.6 million euros, EBIT in FY 2022 posted 58.2 million euros (24.2 at 31 December 2021).



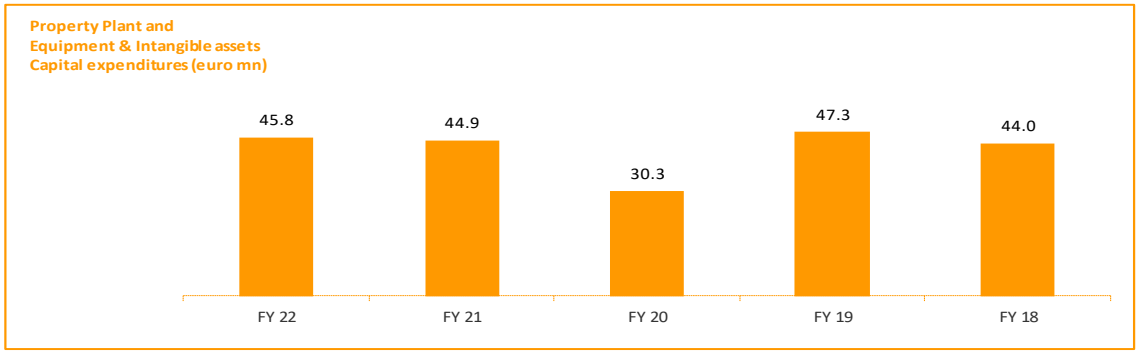
The balance of financial operations was negative for 29.2 million euros (negative for 21.7 million euros in FY 2021), and was affected by the highly volatile trend in exchange rates, which became evident in 2022 as a result of the uncertain global economic and financial environment. The balance included interest expense on existing loans for 5.6 million euros and financial charges on lease liabilities (IFRS 16) for 14.1 million euros.



Income taxes for the year amounted to 6.0 million euros, including the effects of deferred taxation, as well as those arising from the new Patent Box Agreement signed on 30 December 2022, by which the methods and criteria to be used to calculate the amount of taxable income attributable jointly to the Group's designs, models and know-how, for the five-year period 2017 - 2021, were defined, the effects of which, amounting to 7.8 million euros of lower taxes, are recognised in these financial statements. The overall tax rate stands at 20.6%.

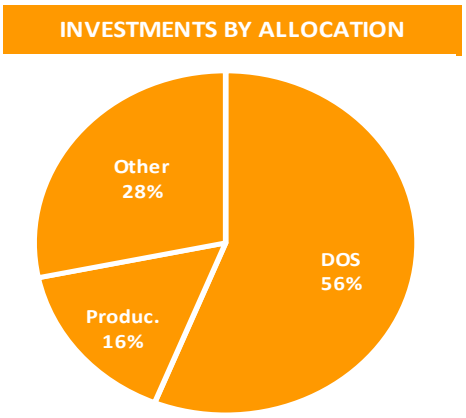
The above trends resulted in a positive consolidated result for FY 2022 of 23.1 million euros, while in 2021 it was a loss of 5.9 million euros.

Capital expenditures. Investments in FY 2022 total 45.8 million euros, compared with 44.9 million euros in the previous year.



In particular, approximately 25.7 million euros (24 million euros at 31 December 2021) were invested in the DOS network, mainly dedicated to the fitting out of new shops, which were inaugurated during the year, and to the renovation and enhancement of some historical boutiques. New openings include, mentioning in particular those of strategic importance, investments in Mainland China and South Korea, where the Group further strengthened its presence with eleven and five new directly operated stores, respectively.

Renovations include work on the TOD'S boutique in Miami in the USA, as well as the relocation of the TOD'S single-brand store in Zurich, which was completed early 2023. Period investments, amounting to 7.2 million euros, were made in production for the normal processes of modernising the facilities and industrial equipment (mainly lasts and moulds). The remainder of the investments were, instead, allocated to the development of the digital channel, as well as of the company's management systems (software).



Net financial indebtedness and cash flow. At 31 December 2022 net financial indebtedness was 555.0 million euros and included lease liabilities arising from the application of IFRS 16 for 483.9 million euros; net of the latter items, the NFI would have been equal to 71.1 million euros (at 31 December 2021, it was 70.5 million euros).

euro 000's Net financial indebtedness	12.31.22	12.31.21	Change
Cash and cash equivalents	167,709	223,312	(55,603)
Financial assets	6,597		6,597
Current financial liabilities	(88,176)	(57,115)	(31,061)
Non Current financial liabilities	(157,235)	(236,651)	79,416
(Net financial liabilities)/surplus	**(71,104)**	**(70,453)**	**(651)**
Lease liabilities	(483,916)	(448,615)	(35,301)
(Total Net financial indebtedness)/surplus	**(555,020)**	**(519,068)**	**(35,952)**

At 31 December 2022, cash and cash equivalents (cash and bank deposits) come to 167.8 million euros (223.3 million euros at 31 December 2021).

euro 000's Statement of cash flows	Year 22	Year 21
Net Cash and cash equivalents at the beginning of the period	**215,706**	**316,172**
Cash flows from operating activities	153,845	218,441
Interests and taxes collected/(paid)	(24,512)	(19,640)
Net cash flows from operating activities	**129,333**	**198,801**
Cash flow generated (used) in investing activities	**(44,426)**	**(43,845)**
Cash flow generated (used) in financing activities	**(143,718)**	**(261,900)**
Translation differences	3,751	6,477
Net Cash and cash equivalents at the end of the period	**160,647**	**215,706**

Operations during the year generated cash of 153.8 million euros (218.4 million euros in FY 2021). Compared to the previous year, there was a greater absorption of cash at the level of operating working capital, mainly related to the finished products of the next (compared to the end of the financial year) sales season, the production of which has returned to full capacity, after the appropriate precautions taken as a consequence of the continuation of the pandemic; these inventories will produce their positive effects on liquidity in the following financial year.
Cash flow from financing activities in 2022 mainly includes the payment of the nominal value of the leasing liabilities, amounting to 100.4 million euros, and the repayments of the outstanding syndicated loan.

Report on operations of parent company TOD'S S.p.A.

The market environment of the financial year just ended, characterised by the international crisis resulting from the Russia-Ukraine conflict, and the resumption of the pandemic in Greater China, clearly also affected the Parent Company's operations. However, the Company's performance benefited from the good performance of the Group as a whole, which has already been commented on in detail.

In the context described, sales for the year stood at 651.2 million euros, registering an increase of 23.3%, compared to 2021, when they amounted to 528.2 million euros. The effect of exchange rates was positive. On a comparable cross rate basis, i.e. using the same average exchange rates for 2021, revenues would amount to 637.1 million euros.

EBITDA and EBIT for the year amounted to 109.0 million euros and 63.8 million euros, representing 16.7% and 9.8% of sales, respectively. These indicators in FY 2021 came to 45.4 million euros (EBITDA) and 0.3 million euros (EBIT), respectively.

The net profit for the year was equal to 58.5 million euros, compared to a net loss of 13 million euros the previous year.

The main economic indicators are summarised below:

euro 000's Main economic indicators	Year 22	Year 21	Change	%
Sales revenues	651,170	528,150	123,020	23.3
Deprec., amort., write-downs and provisions	(587,379)	(527,873)	(59,506)	11.3
EBIT	63,791	278	63,514	22,863.3
Profit before taxes	62,562	(18,627)	81,190	(435.9)
Profit for the year	58,491	(13,038)	71,529	(548.6)
Foreign exchange impact on revenues	(14,119)			
Revenues at constant exchange rates	637,052	528,150	108,901	20.6
Impact on operating cost	197			
EBIT at constant exchange rates	49,870	278	49,592	17,852.0
EBIT %	9.8	0.1		
EBIT % at constant exchange rates	7.8	0.1		

euro/000 EBITDA reconciliation	Year 22	Year 21	Change	%
EBIT	63,791	278	63,514	22,863.3
Amortisations and depreciations	44,934	44,969	(35)	(0.1)
Impairment/Reversing of fixed assets	293	190	103	
EBITDA	109,018	45,437	63,582	139.9
EBITDA %	16.7	8.6		
EBITDA at constant exchange rates	95,097	45,437	49,660	109.3
EBITDA at constant exchange rates	14.9	8.6		

euro 000's Main Balance Sheet indicators	12.31.22	12.31.21	Change
Net working capital (*)	262,246	209,902	52,344
Intangible and tangible fixes assets	247,615	249,780	(2,164)
Right of use assets	177,255	131,612	45,643
Other current assets/liabilities	556,694	543,636	13,058
Invested capital	**1,243,810**	**1,134,929**	**108,881**
Net financial indebtedness/(surplus)	344,300	308,491	35,809
Shareholders' equity	**899,510**	**826,438**	**73,072**
Capital expenditures (**)	19,424	20,622	(1,198)
Net operating cash flows	54,786	124,783	(69,997)
Cash flows generated/(used)	(40,819)	(140,230)	99,411

(*) Trade receivables + inventories - trade payables
(**) Right of use assets are not included

Revenues. The table below shows a breakdown of the Company's revenues, compared with the previous year:

euro 000's	FY 22	%	FY 21	%	Change	%
Brand						
TOD'S	293,389	45.1	218,945	41.5	74,444	34.0
HOGAN	166,430	25.6	146,698	27.8	19,732	13.5
FAY	52,842	8.1	47,729	9.0	5,113	10.7
ROGER VIVIER	132,387	20.3	107,578	20.4	24,808	23.1
Other	6,123	0.9	7,200	1.4	(1,077)	(15.0)
Total	**651,170**	**100.0**	**528,150**	**100.0**	**123,020**	**23.3**
Product						
Shoes	495,290	76.1	403,318	76.4	91,972	22.8
Leather goods	85,449	13.1	60,216	11.4	25,232	41.9
Apparel	64,402	9.9	57,415	10.9	6,987	12.2
Other	6,030	0.9	7,201	1.4	(1,171)	(16.3)
Total	**651,170**	**100.0**	**528,150**	**100.0**	**123,020**	**23.3**
Region						
Italy	247,125	38.0	214,187	40.6	32,939	15.4
Europe	146,157	22.4	112,284	21.3	33,874	30.2
Americas	44,533	6.8	28,254	5.3	16,278	57.6
Greater China	173,791	26.7	145,535	27.6	28,257	19.4
RoW	39,564	6.1	27,891	5.3	11,673	41.9
Total	**651,170**	**100.0**	**528,150**	**100.0**	**123,020**	**23.3**

In 2022 revenues from TOD'S brand came to 293.4 million euros, showing an increase of 34% compared to the previous year. Growth was seen in all geographic areas, confirming the strong appreciation by customers for the brand's collections, both in shoes and in the new leather goods

and accessories families. The ROGER VIVIER brand posted revenues of 132.4 million euros (107.6 million euros in 2021), up 23.1% on 2021, confirming the strong customer appreciation for this brand.

The HOGAN brand reported revenues of 166.4 million euros, an increase of 13.5%, compared to 2021. FAY brand sales amounted to 52.8 million euros, an increase of 10.7%, compared to 2021.

As regards product categories, sales data confirm that the Company's core business is conducted in the segment of footwear, whose revenues amounted to 495.3 million euros in 2022 (403.3 million euros at 31 December 2021), accounting for 76.1% of total turnover. Revenues from leather goods and accessories, which amounted to 85.4 million euros (60.2 million euros at 31 December 2021), recorded an increase of 41.9% compared to the previous year. Sales from apparel came to 64.4 million euros (57.4 million euros at 31 December 2021), up 12.2% on 2021.

Revenues from the domestic market recorded a gradual improvement in results, starting in the second quarter of the year, thanks to the dynamism of purchases by domestic customers and the good attendance of intra-European, American and Middle Eastern tourists. Coming to 247.1 million euros, they reported a rise of 32.9 million euros (+15.4%) compared to the previous year. In Europe, revenues amounted to 146.2 million euros, an increase of 30.2%, compared with FY 2021, when they amounted to 112.3 million euros. Revenues in the Americas market grew by 57.6% compared with FY 2021, reaching 44.5 million euros, while in the Greater China area there was an increase of 19.4% (revenues of 173.8 million euros). The Chinese market experienced a noticeable slowdown in growth from March, due to the imposition of strict government restrictions to deal with the Covid-19 pandemic. Even after the gradual relaxation of these measures, consumption trends in the second half of the year remained volatile and impacted by local and temporary lockdowns in several major cities. The "Rest of the world" area recorded revenues of 39.6 million euros (27.9 million euros in 2021), showing a rise of 41.9% compared to the previous year.

Operating results. EBITDA amounted to 109.0 million euros, up from 45.4 million euros in 2021, mainly benefiting from the increase in revenue discussed above.

The exchange rates trend had a positive impact; based on constant cross-rates, i.e. using the average exchange rates applied in 2021, EBITDA would come, in fact, to 95.1 million euros.

Service costs amounted to 212.4 million euros, compared with 163.5 million euros in the previous year. The increase is linked to the return to normal business dynamics and the consequent greater expenditure required to support growth, especially in terms of resources allocated to communication activities and production, back to being fully operative. Transport and customs clearance costs also rose, influenced by the increase in tariffs, a direct consequence of the energy

crisis and the overall macroeconomic environment. Service costs as a percentage of sales revenue amounted to 32.6%, whereas it was 30.9% in the previous year.

The expenditure for the use of third-party assets (leases and royalties) increased from 19.3 million euros to 27.2 million euros, mainly owing to both greater royalty expenses and variable charges due to turnover. The previous year's rental expenditure also benefited from concessions received from lessors, in connection with the effects of Covid-19, in the amount of 1.5 million euros. The impact on revenues from sales amounts to 4.2% against 3.7% in the previous year.

Payroll costs amounted to 113.8 million euros, compared with 107 million euros in 2021.

The increase mainly relates to the strengthening of the corporate structure, especially in the area of functions dedicated to digital development, as well as to the variable component of expenditure related to sales and the increase in resources allocated to welfare projects for the benefit of its employees, in order to support them and their families in the current difficult context. As a percentage of revenue, it stood at 17.5%, compared to 20.3% in the previous year, benefiting from the revenue dynamic.

In 2022, amortisation and depreciation, excluding those relating to right-of-use assets, equal to 23.8 million euros (24.2 million in 2021), came to 21.2 million euros, essentially unchanged on the previous year, 2021, accounting for 3.3% of revenues (3.9% during the previous year). Moreover, in application of the impairment test procedure, assets totalling 0.3 million euros were written down in relation to rights of use (0.2 million euros recorded last year). Net of provisions made for doubtful debt of 0.4 million euros, EBIT was 63.8 million euros, while in 2021 it was 0.3 million euros.

Financial income and costs for the year, without considering the effects arising from the adoption of IFRS 16, showed a negative balance for 14.3 million euros, which was affected by the performance of cross rates of some currencies with which the Company operates and included, for about 5.6 million euros, interest expenses on outstanding loans (5 million euros in 2021). Also including the effects arising from the adoption of IFRS 16 (financial costs accrued on lease liabilities), equal to 5.5 million euros (4.7 million euros during the previous year), the balance of financial income and expenses was negative for 19.7 million euros (negative for 12.9 million euros the previous year).

The income from equity investments was impacted by write-downs applied to some interests that take account of the losses reported by subsidiaries and the foreseeable capacity of recovery of these losses. In particular, total write-downs amounted to 4.5 million euros, of which 3.9 million euros related to TRV Middle East Trading LLC, and 0.6 million euros related to the investment held in Tod's Oak Ltd, which closed its temporary store in Ireland and will be put into liquidation.

The management of equity investments also includes income of 23 million euros from dividends paid by the subsidiary, Roger Vivier S.p.A..
Income taxes for the year amounted to 4.1 million euros, including the effects of deferred taxation, as well as those arising from the new Patent Box Agreement signed on 30 December 2022, by which the methods and criteria to be used to calculate the amount of taxable income attributable jointly to the Company's designs, models and know-how, for the five-year period 2017 - 2021, were defined, the effects of which, amounting to 7.8 million euros of lower taxes, are recognised in these financial statements.

The net result for the period posted a profit of 58.5 million euros against a loss of 13 million euros in the previous year.

Investments in intangible and tangible fixed assets. Investments in FY 2022 amounted to 19.4 million euros, while in FY 2021 they amounted to 20.6 million euros. In particular, an amount of about 7.2 million euros was invested in the normal processes of modernisation of facilities and industrial equipment mainly dedicated to the purchase of additional industrial equipment for the creation of the collections (dies, forms and moulds). An amount of about 1.4 million euros was invested in the DOS network operated by the Company. A significant share of investments in the year was also allocated to the development of the company information systems, among which those linked to the digital channel.

Net financial indebtedness. At 31 December 2022, net financial indebtedness was 344.3 million euros and included lease liabilities arising from the application of IFRS 16 for 185.5 million euros; net of the latter items, the NFI would have been equal to 158.8 million euros, an improvement on the FY 2021 figure, which amounted to 167.8 million euros, thanks to the cash flow generated during the period.
At 31 December 2022, cash and cash equivalents (cash and bank deposits) come to 71.4 million euros (112.3 million euros at 31 December 2021). The change, from 31 December 2021, is mainly related to the repayment of loans in place.

euro 000's Net financial indebtedness	12.31.22	12.31.21	Change
Cash and cash equivalents	71,440	112,259	(40,818)
Other current financial assets	7,097	2,374	4,723
Current financial liabilities	(80,105)	(45,820)	(34,284)
Non-current financial liabilities	(157,235)	(236,651)	79,416
(Net Financial liabilities)/surplus	**(158,802)**	**(167,838)**	**9,036**
Lease liabilities	(185,498)	(140,653)	(44,845)
(Total Net financial indebtedness)/surplus	**(344,300)**	**(308,491)**	**(35,809)**

Operating activities during the year generated cash for 66.3 million euros (while it had generated 137.2 million euros in 2021). Compared to the previous year, there was a greater absorption of cash at the level of operating working capital, mainly related to the finished products of the next (compared to the end of the financial year) sales season, the production of which has returned to full capacity, after the appropriate precautions taken as a consequence of the continuation of the pandemic; these inventories will produce their positive effects on liquidity in the following financial year. Net of the payment of taxes and interest expense, the net operating cash flow amounted to 54.8 million euros (124.8 million euros at 31 December 2021).

The cash flow absorbed by investing activities is equal to 21.3 million euros and includes the cash flows associated with investment in fixed capital and recapitalisation of subsidiaries.

Cash flows from financing activities in 2022 mainly included new loans and the repayment of outstanding loans to subsidiaries during the year, repayments, for 40 million euros, of the pool loan in place, as well as the payment of the nominal amount of lease liabilities for 25.2 million euros.

euro 000's Statement of cash flows	FY 22	FY 21
Net Cash and cash equivalents at the beginning of the period	**112,259**	**252,488**
Cash flows from operating activities	66,296	137,249
Interests and taxes collected/(paid)	(11,510)	(12,466)
Net cash flows from operating activities	**54,786**	**124,783**
Cash flow generated (used) in investing activities	**(21,312)**	**(82,005)**
Cash flow generated (used) in financing activities	**(74,292)**	**(183,008)**
Net Cash and cash equivalents at the end of the period	**71,440**	**112,259**

Other Information

Certification pursuant to art. 2.6.2 paragraph 7 of the Regulation of markets organised and managed by Borsa Italiana S.p.A. In relation to art. 15 of the CONSOB Regulations, adopted with resolution no. 20249 of 28 December 2017, on the subject of conditions for the listing of parent companies incorporated or regulated according to the laws of non-European Union countries and of significant importance for financial reporting purposes, it should be noted that ten companies

directly or indirectly controlled by the Company (Tod's Korea Inc., Tod's Shanghai Trading Co. Ltd, Roger Vivier Shanghai Trading Co. Ltd, Tod's Hong Kong Ltd, Roger Vivier Hong Kong Ltd., Tod's Japan KK, Deva Inc., An. Del. USA Inc. Flor Del. USA Inc., Cal. Del. Usa Inc.), that adequate procedures have been adopted to ensure compliance with the said regulations and that the conditions set out in the above-mentioned art. 15 of the Market Regulations have been met.

Disclosure pursuant to Consob Resolution no. 17221 of 12 March 2010 (Related Parties Regulation). During 2022 the Group did not conclude highly significant transactions with related parties or related party transactions that had a material impact on the assets, liabilities or net income of the Group, and there were no modifications or developments in the transactions described in the 2021 Annual Report that had the same effects.

With regard to new transactions of lesser importance, the following transactions should be noted:

- The renewal by the Group of four existing real estate lease agreements with the related company Immobiliare De.IM. S.r.l., which owns the premises in question, all located in Milan. In greater detail, the properties consist of: i) two showrooms (respectively dedicated to the Hogan and Fay brands), located at 56 Via Savona, ii) a portion of real estate used as offices, located at 1 Via Serbelloni, on the third floor, iii) the real estate complex, located at 17 Via Sant'Andrea, which houses the Milan flagship store of the ROGER VIVIER brand. The transactions qualify as transactions between related parties, as Immobiliare De.IM. S.r.l. is a company headed by the Chairman, Diego Della Valle, and the Vice Chairman, Andrea Della Valle, and controlled by the former;
- the signing of a sponsorship agreement with the companies TBS CREW S.r.l. and VIEFFE S.r.l. for the performance, in exchange for consideration, of services by certain well-known influencers, including Chiara Ferragni, for the TOD'S brand communication campaign for the Spring-Summer 2022 season; the transaction qualifies as a transaction between related parties, since TBS CREW S.r.l. is a company indirectly controlled by Chiara Ferragni, a member of the Board of Directors of TOD'S S.p.A. and, as such, a related party of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Parties Transaction Procedure;
- The renewal of the consulting agreement in place between the parent company and the director, co-opted by board resolution of 7 June 2021, Michele Scannavini, concerning the provision of certain general consulting services to be provided, in support of the Chairman of the Board of Directors and the Group's top management; the renewal takes effect as of 14 June 2022, for a duration of one year, under the same economic conditions as the contract that has now expired. The transaction qualifies as a transaction between related parties, as Mr. Michele Scannavini is

a member of the Board of Directors of TOD'S S.p.A. and, as such, a related party of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Party Transaction Procedure;

- The two-year renewal of the existing supply agreement between the parent company and the related company Elsa Schiaparelli s.a.s., entered into in May 2020 and expiring on 31 May 2022, concerning the development by TOD'S S.p.A., in favour of the related company, of prototypes of leather goods (handbags, belts and small leather goods) and the subsequent mass production of the articles made on the basis of the prototypes. The renewal, in particular, was signed between the parties for a further period of two years, thus expiring on 31 May 2024, under the same contractual conditions as the previous agreement. The transaction takes the form of a "related-party transaction" since Elsa Schiaparelli s.a.s. is a subsidiary controlled indirectly by Diego Della Valle & C S.r.l., a company headed by the Chairman, Diego Della Valle, and by the Vice Chairman, Andrea Della Valle, and is controlled by the former.

All the information regarding existing relations with related parties in 2022 is set out in the supplementary notes.

Management and coordination activities. Although TOD'S S.p.A. is subject to control (pursuant to Article 93 of Legislative Decree no. 58/1998) by DI.VI. Finanziaria di Diego Della Valle & C. S.r.l., neither the latter nor any other party exercised any form of direction and/or interference in the management of TOD'S S.p.A. (or of any of the subsidiaries of TOD'S S.p.A.): indeed, management of the issuer and its subsidiaries was not subject to any influence by third parties outside the TOD's Group.

TOD'S S.p.A. is therefore not subject to management and coordination by its parent company DI.VI. Finanziaria di Diego Della Valle & C. S.r.l., nor of any other party, pursuant to Articles 2497 et seq. of the Italian Civil Code.

It should also be borne in mind that the administrative body of DI.VI. Finanziaria di Diego Della Valle & C. S.r.l. deems that it does not carry out management and coordination activities provided for by Article 2497 of the Italian Civil Code in that:

- the shareholder has no structure for performing this activity, having no employees or independent personnel in a position to support the Sole Director in his work;
- the shareholder does not draw up TOD'S S.p.A.'s budgets or plans;
- the shareholder does not give the subsidiary any directives or instructions and does not ask to receive prior information regarding its more important transactions, not to speak of day-to-day transactions, or to approve them beforehand;
- there are no formal or informal committees or working groups composed of representatives of DI.VI. Finanziaria di Diego Della Valle & C. S.r.l..

There have been no changes to the above circumstances up to this date.
Pursuant to the Corporate Governance Code, transactions that have a particularly significant impact on the TOD's Group's strategy, operations, assets, liabilities, and financial position are subject to exclusive review and approval by the Board of Directors of the issuer TOD'S S.p.A. Its members include independent directors without executive responsibilities at the company, in accordance with the rules set out in art. 2, Recommendations 5 and 7 of the Corporate Governance Code.
The expertise and authority of the independent directors without executive responsibilities and their material impact on decisions taken by the Board of Directors represent a further guarantee that all decisions by the Board of Directors are taken exclusively on behalf of TOD'S S.p.A. without being influenced by instructions or interference by third parties representing interests opposed to the TOD'S Group.
All subsidiaries of TOD'S S.p.A. are subject to management and coordination by the Issuer. This activity consists in defining the general strategic policies for the Group, the internal control and risk management system, and the elaboration of general policies for management of the most important operating drivers (human, financial, productive, marketing and communication resources), without impairing the complete managerial and operating autonomy of the subsidiaries.

Research and development. Given the particular nature of the Group's production, research and development activity consists of continuous technical/stylistic revision of models and constant improvement of the materials used to realise the product.
Since this activity is exclusively ordinary, the associated costs are charged entirely to the income statement in the year that they are incurred, and thus recognised as normal production costs.

Research and development costs, as defined above, have assumed major importance due to operating realisation of projects connected with expansion of the existing product line with new types of merchandise that complement current ones. These will increase the number of brands offered and stimulate increased sales to end customers.

Reconciliation of the result for the period and net equity of the Group with the analogous values of the Parent Company. The following table illustrates the reconciliation of the result for the period and net equity of the Group with the analogous values of the Parent Company, in accordance with CONSOB memorandum DEM/6064293 dated 28/07/2006.

euro 000's	12.31.22		12.31.21	
	Net Profit	Share equity	Net Profit	Share equity
Parent Company	**58,491**	**899,510**	**(13,038)**	**826,438**
Difference between book value of consolidated Companies and net equity method valutation	(5,763)	154,045	(5,534)	169,174
Goodwill from Business combination Parent Company		(13,685)		(13,685)
Goodwill from Business combination Group		12,285		12,285
Others (*)	(29,663)	(10,730)	12,634	4,323
Minority interest				
Group	**23,065**	**1,041,425**	**(5,938)**	**998,535**

(*) Mainly dividends and intercompany profits

Information on Share Capital. At 31 December 2022, the Company's share capital was divided into 33,093,539 shares, all of which are of no par value, for a total nominal value of euro 66,187,078, unchanged respect to the previous financial year.

Own shares and shares or quotas of controlling companies. As at 31 December 2022, the Company did not possess any treasury shares nor any shares or quotas of the parent companies, nor, since the listing date, has it been a party to any transactions on such shares.

Significant events occurring after the end of the financial year

No significant events affecting the Group's operations have occurred since the close of FY 2022.

Business outlook

The Group's results for FY 2022 were very satisfactory indeed, considering the economic context in which they were achieved and taking into account the slowdown in growth caused by the resurgence of the Covid-19 pandemic in Greater China, which negatively affected performance in that market. While maintaining a high level of attention on the evolution of the dynamics of the pandemic, especially in mainland China, and despite the continuation of an uncertain and particularly complex macro-economic context, characterised by geo-political tensions, high inflation and recession risks, taking into account the excellent start to the season of sales by direct sales outlets, and the solidity of the order backlog, it is possible to look forward to the next financial year by imagining further growth in revenues and margins.

Approval of the Financial Statements and proposal for the allocation of the result for the period

The consolidated financial statements of the TOD'S Group and the separate financial statements of TOD'S S.p.A. were approved by the Board of Directors as of today's date.

We propose that the Shareholders' Meeting approve the separate financial statements of TOD'S S.p.A. and the following allocation of the Company's 2022 earnings in the amount of Euro 58,490,604.56:

i. Euro 58,259,953.61 to the Extraordinary Reserve;

ii. Euro 230,650.95 to the specific Reserve for the pursuit of solidarity projects at a local level.

Milan, 13 March 2023

The Chairman of the Board of Directors

Diego Della Valle

TOD'S Group

CONSOLIDATED NON-FINANCIAL STATEMENT - FY 2022

pursuanto to articles 3 and 4 of Italian Legislative Decree 254 of 2016

Letter to stakeholders

The values of sustainability and social responsibility are inherent in TOD'S Group's DNA; they inspire our principles and have always guided our actions. However, the rapidly evolving institutional, regulatory and competitive ecosystem in which we operate has prompted us to further strengthen our organisation's commitment.

The ability to build social and environmental programmes that are structurally integrated into governance models, strategic agendas and operational processes is proving, now more than ever, to be one of the most powerful drivers of competitiveness and attractiveness for the fashion and luxury sector, which is redefining cultural, technological and communication paradigms to enhance the positive impact that brands can generate to benefit communities, people, and the environment, as well as for the development of strategic supply chains.

In reaffirming our great commitment to this extraordinary transformation process, we have expanded and strengthened our sustainability strategy, establishing partnerships with multi-stakeholder organisations and defining an ambitious plan that encompasses all business processes. TOD'S Group proudly joined the **United Nations Global Compact**, the world's largest strategic sustainability and corporate citizenship initiative. This initiative has enabled our organisation to enhance its commitment to the **United Nations Sustainable Development Goals**, defined at global level by the 2030 Agenda. These are also integrated into our reporting processes and presented in this Non-Financial Statement.

Our **people** are our most valuable asset. We take care of their safety, their well-being and their "know-how".

In 2022, TOD'S Group reached an important new milestone by achieving Occupational Health and Safety Management System Certification for the Brancadoro complex, the Group's headquarters, testifying to our commitment to guaranteeing compliance with the highest occupational health and safety standards, values that are essential to our organisation.

Over the course of the year, the corporate welfare programme was strengthened and extended on a multi-year basis to support our employees at a time of challenging economic circumstances. Furthermore, an ambitious programme was launched to promote the values of diversity, equity and inclusion within the organisation and in relations with third parties, formalising its principles, which are by no means new to us, in a Group Policy. In line with this commitment, with deep pride and a strong sense of responsibility, TOD'S signed the Charter for Equal Opportunity and Equality at Work, an initiative promoted by the European Commission with the support of the Ministry of Labour and Social Policies, as part of the European Diversity Charters. As at 31 December 2022, women accounted for 66.2% of the Group's total workforce, up from previous years, and we are

pleased to offer these female colleagues the best possible conditions, in an organisation where they always feel valued and supported.

TOD'S Group has always supported young people in embarking on the world of craftsmanship, including through the "Bottega dei Mestieri" programme set up for the purpose of scouting and training, as well as to encourage generational turnover, ensuring the preservation of the skills necessary to support Made in Italy. In 2022, our Group celebrated ten years since the programme's launch, initiating around 100 new traineeships during the year, more than half of which have already turned into permanent employment.

Moreover, testifying to the attention that TOD'S Group pays to the personal and professional growth of its workforce, considering skills a powerful driver for the organisation's competitiveness, we are delighted to share that, in 2022, approximately 64,000 hours of training were provided, an increase of 34% over the previous year.

We care about our **supply chains** and are committed to programmes to ensure the qualification, monitoring and sustainable growth of the raw material suppliers and workshops we work with, so as to integrate environmental and human protection throughout the production cycle. In order to further strengthen our commitment to the sustainable growth of the tanning sector, we joined the Leather Working Group.

We have also promoted the inclusion of small women-led businesses linked to traditional "know-how" in our brands' projects and plan to support and extend this programme in the coming years.

We care for the **environment** and have defined concrete commitments and projects to measure and progressively reduce our footprint on ecosystems, starting with our production sites, logistics facilities and sales network.

We are very happy to announce the completion of the investment for a new photovoltaic system at the Group's Headquarters in 2022, with a total capacity that will cover approximately 30% of the energy needs of the site, which has already been covered by a certified Environmental Management System for several years. Additionally, a contract was signed in 2022 for the supply of electricity with certified origin, exclusively from renewable sources, extending the use of "green energy" to our production and logistics sites.

We are committed to the development of **ecodesign and circular production** processes, involving our supply chains. Our Group is one of the promoters of the RE.CREA Consortium, established within the framework of the National Chamber for Italian Fashion, for the sustainable management of end-of-life textile and fashion products. Through this initiative, our organisation contributes to the improvement of collection, reuse and recycling practices, in a measurable way, following reporting models inspired by traceability and transparency.

We support initiatives that enable us to grow the **communities** in which we operate and to generate development and value for their areas. In order to further extend and enhance these initiatives, TOD'S Group has promoted, and recently formalised, the Policy for Philanthropy, Solidarity and Community Support Initiatives, which reaffirms the Group's commitment to the most vulnerable, to protecting children, to helping young people and to supporting women.

We also protect the **beauty of our country and the areas in which we operate** and support initiatives for the protection and promotion of the artistic, cultural and environmental heritage in which we intend to increasingly involve our stakeholders, starting with our employees and our customers, in an open and inclusive "beauty education" process.

We are conscious of the strategic role that TOD'S Group plays in promoting the equitable and sustainable growth of the communities and local systems in which it operates. Thanks to the results achieved and reported through this Non-Financial Statement, we are proud to reaffirm our commitment to work with all our stakeholders so as to continue to generate shared value and a positive impact on people and the planet.

Diego Della Valle

Chairman and Chief Executive Officer

TOD'S Group

Methodological note

TOD'S Group's (hereinafter also the "Group" or "TOD'S") 2022 Consolidated Non-Financial Statement (hereinafter also "Statement" or "NFS") is a tool to transparently and articulately describe the economic, social and environmental results achieved by the Group and demonstrates the Group's commitment to sustainable development, with the aim of creating value not only for itself, but also for its stakeholders.

This document also responds to the obligation to report non-financial information set out in Legislative Decree 254 of 30 December 2016 (hereinafter "Decree 254"), which TOD'S S.p.A. is subject to.

This Statement relates to the 2022 financial year (from 1 January to 31 December) and was prepared in accordance with Articles 3 and 4 of Decree 254 and with the "Global Reporting Initiative Sustainability Reporting Standards", defined by the Global Reporting Initiative (GRI) and in consideration of the latest updates introduced by the "GRI Universal Standards 2021", according to the "in accordance" option. The appendix to the document contains the "GRI content index", with the details of the content reported in accordance with the guidelines mentioned above. Moreover, this document has also referred to the document "European common enforcement priorities for 2022 annual financial reports" published by the European Securities and Markets Authority (ESMA) on 28 October 2022 and responds to the requirements of EU Regulation 852/2020 and the Delegated Act relating to Article 8 of the aforementioned Regulation with regard to assets, capital expenditure and operating expenditure associated with environmentally sustainable activities, as set out in the relevant "EU Taxonomy" section. Specifically, starting with the financial statements for the year ending 31 December 2022, TOD'S has begun an initial process of aligning its operations with the requirements of the European Taxonomy in order to provide investors and the market with a complete view of the economic activities that contribute to the achievement of the goals established by the European Union for climate change mitigation and adaptation. Information on this can be found under "EU Taxonomy".[1]

The NFS is published annually and the previous edition, relating to the 2021 financial year, was published in March 2022.

The present document aims to present to its stakeholders the management model and policies practised by the Group in relation to sustainability, describing the most significant results achieved in the financial year in question, to the extent necessary to ensure understanding of the company's business, performance, results and impact, and covers environmental and social issues and issues

[1] It should be noted that the limited assurance activity performed by the auditor excluded the information in the above paragraph.

relating to staff, to respecting human rights and to the fight against active and passive corruption, which are relevant considering the company's activities and characteristics and stakeholders' expectations, as illustrated in the materiality analysis contained in this document.

The process of collecting data and information to draft this Non-Financial Statement was managed in collaboration with TOD'S Group's corporate divisions, with the aim of providing a clear and precise indication of the information considered significant for stakeholders, in line with the principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability, as expressed in the GRI guidelines.

The scope of the data and information reported in this Statement is limited to the fully consolidated companies in TOD'S Group as at 31 December 2022, which are grouped into the following Regions: Italy, Europe, Greater China, Americas and Rest of the World.[2]

In particular, the scope of the data and information reported is the same as that of the Group's 2022 Consolidated Financial Statements.

The scope of consolidation as at 31 December 2022 did not change compared to the same as at 31 December 2021.

It should be noted that:

- on 6 May 2022, the Group acquired 100% control of the company TOD'S Retail India Private Ltd, previously held 50%, with no effect on the consolidated financial statements, since the company was already considered a wholly-owned subsidiary pursuant to IFRS 10;
- during the financial year, the liquidation process of the subsidiary Buena Ltd, which is not operational as of 1 July 2021, was completed.

Any specifications and exceptions to the reporting scope[3] are duly noted in the relevant sections.

This document provides adequate data and information to the extent necessary to ensure understanding of the Group's business, performance, results and impact (so-called material topics).

It should be noted, in particular, that in 2022 TOD'S Group conducted its materiality analysis in alignment with the new GRI Universal Standard 2021.

Where available, data relating to the previous financial year is shown for comparative purposes only, in order to allow an assessment of the performance of the Group's activities over a longer period of time. Moreover, the chapters of the NFS report quantitative information for which estimates have been used. Furthermore, in the event that data relating to the previous period is restated, this is clearly indicated in the document.

[2] For more information on the fully consolidated companies in TOD'S Group, please refer to the specific section of the Group's Annual Financial Report for 2022.

[3] In cases of limitations, the scope coverage was calculated as a percentage of the total number of Group employees at the end of the reference year.

Finally, to facilitate reading of the document, it should be noted that the following terms have been used:

- "The Parent Company" and "The Company" with reference to TOD'S S.p.A.;
- "The Group" with reference to TOD'S Group (Parent Company and fully consolidated companies);
- "Italy" with reference to the area that is home to the business of TOD'S S.p.A., Roger Vivier S.p.A. and Re.Se.Del. S.r.l.

This Statement is also subject to a limited assurance engagement, according to the criteria indicated in ISAE 3000 Revised, by Deloitte & Touche S.p.A. which, at the end of its work, issues a special report on the compliance of the information provided pursuant to Article 3, paragraph 10 of Legislative Decree no. 254/2016. Checks are carried out according to the procedures indicated in the "Independent Auditor's Report" included in this document.

This document was approved by the TOD'S S.p.A. Board of Directors on 13 March 2023 and published on the company's website https://www.todsgroup.com/en. To request more information about TOD'S Group's sustainability strategy and the contents of this Statement, please contact the following address: infocsr@todsgroup.com.

1. Approach to sustainability

For TOD'S Group, **sustainability** means conducting its activities with an eye to the future and focusing its business strategy on creating value for stakeholders in the medium and long-term.
Strengthened by its values and aware of its commitment to uphold and continually develop them, in 2017 the Group has taken steps towards sustainability reporting in order to demonstrate its economic, social and environmental impact, as well as the measures that it has taken to monitor and constantly improve its performance. In 2020, TOD'S Group adopted a **reporting procedure for Non-Financial Reporting** (the latest update of which was approved by the Executive Committee on 1 March 2022), the purpose of which is to define the operating process for preparing the NFS in accordance with Legislative Decree 254/2016 and the GRI Sustainability Reporting Standards. This procedure describes the activities, timeframes, roles and responsibilities of the Departments and Company Divisions involved in the process of planning, collecting, consolidating and checking the data and information of a non-financial nature required to prepare the NFS.
In recent years, the ongoing commitment to sustainability performance reporting has consolidated the integration of environmental, social and governance issues into the business model and the initiatives and projects undertaken by the Group. This commitment is enshrined in the Group's policies and procedures, which outline the principles, commitments and actions taken by TOD'S in environmental, social and governance issues. Indeed, the Group adopted a **Sustainability Policy**, updated on 6 March 2023[4], in order to incorporate developments in the strategic guidelines on sustainability. The Policy sets out the principles that inspire the Group in its management of aspects relating to the well-being, protection and enhancement of people, traceability and a sustainable supply chain, the central importance of the customer, protection of the environment and ecosystems, solidarity towards local communities and areas, and support for artistic and cultural heritage. The Policy is addressed to corporate bodies, employees, without exception, suppliers, collaborators and anyone who has relations with TOD'S Group companies. The principles set out in the Sustainability Policy are outlined in the **Sustainability Plan**, detailed below. The Plan confirms the organisation's commitment to sustainable development and reaffirms the values of environmental and social responsibility as strategic drivers of its business model.
The Group has also adopted an **Environmental Policy**, an **Occupational Health and Safety Policy**, a **Diversity, Equity and Inclusion Protection Policy** (approved by the TOD'S S.p.A. Board of Directors on 25 January 2023) and a **Policy for Philanthropy, Solidarity and Community Support Initiatives**

[4] This Policy, approved by the TOD'S S.p.A. Board of Directors on 6 March 2023, updates and replaces the previous Sustainability Policy approved by the TOD'S S.p.A. Board of Directors on 23 January 2019.

(approved by the TOD'S S.p.A. Board of Directors on 6 March 2023). All Policies can be found at the following link https://www.todsgroup.com/en/sustainability.

Partnerships for Sustainability

Initiatives launched in 2022 include important new multi-stakeholder partnerships initiated by TOD'S to promote sustainable development through a common vision and shared goals by prioritising people and the planet. The Group has joined the following initiatives:

Leather Working Group (LWG), a non-profit organisation for stakeholders in the tanning value chain. The initiative pays particular attention to the traceability and transparency of the supply chain, efficiency in the use of raw materials, waste and emissions from production processes, chemicals management, animal welfare and biodiversity; and labour conditions and fair treatment of workers.

Monitor for Circular Fashion, an initiative involving leading fashion companies and supply chain players with the scientific contribution of the **SDA Bocconi Sustainability Lab** and the cross-industry vision of Enel X, intended to disseminate good practices in circular fashion, capitalising on technical, managerial and scientific skills with the aim of contributing to the transition towards circular business models.

RE.CREA Consortium, established with the co-ordination of the **National Chamber for Italian Fashion**, to organise the management of end-of-life textile and fashion products and to promote the research and development of innovative recycling solutions.

Charter for Equal Opportunities and Equality at Work, sponsored by the Ministry of Labour and Social Policies, which is a declaration of commitment to adopt inclusive human resources policies.

TOD'S is also a member of the **Round Tables on Sustainability**, promoted by the **National Chamber for Italian Fashion** with the aim of mapping out an Italian path to sustainable fashion and encouraging the adoption of responsible management models throughout the fashion value chain. In order to further promote the spread of a corporate culture focused on sustainable development, in November the Group launched the "**TOD'S Sustainability Change Management Executive Program**", an executive training initiative designed and organised with the support of an authoritative partner specialised in accompanying companies in the fashion & luxury segment towards sustainable growth. The programme, which ended on 8 March 2023, covered several modules, including: reducing environmental impacts along the value chain, from raw material sourcing to product end-of-life; communicating sustainability: regulations, tools and good practices; sustainability and traceability: from supply chain to product; eco-design and circular creativity; selecting sustainable materials for products and packaging; sustainable chemistry. This training programme involved Group Management for a total of about **560 hours of training provided** (of which about 335 hours in 2022).

1.1 TOD'S Group's Sustainability Plan

In 2022, in order to further integrate, in its strategic priorities, the sustainability issues that best characterise the challenges of the sector in which the Group operates and to continue the efforts already widely undertaken in the field of sustainability, the Group updated and renewed the previous 2021-2023 Sustainability Plan (approved by the TOD'S S.p.A. BOD on 10 March 2021). The **2023-2025 Sustainability Plan** (approved by the TOD'S S.p.A. BOD on 6 March 2023) is divided into objectives and guidelines defined in specific priority areas for the Group.

The Plan originates from the findings of a process of internal and external analysis, including **materiality analysis**, understanding of the **competitive environment**, reports from leading **ESG** analysts and **rating** agencies, and relevance and significance analysis with respect to the **Sustainable Development Goals (SDGs)** of the United Nations 2030 Agenda.

The Plan is periodically updated, with the aim of creating a common and shared vision, and promotes a culture of sustainability sustained by respect for and protection of all stakeholders with whom the Group interacts. The Plan aims to map the achievement of the set goals and to increasingly integrate sustainability along the entire value chain, taking into consideration the potential impacts on the economy, the environment and people. The document is shared with senior management and the Control and Risk Committee and approved by the Board of Directors.

Below is a summary representation of the six **pillars** that support the Sustainability Plan:

Specific **objectives** and **guidelines** are defined for each pillar, making it possible to translate the Group's ambitions into concrete actions.

Sustainability Plan guidelines

Well-being, protection and enhancement of people and their uniqueness

- Promoting the protection of diversity, equity and inclusion, including through the formalisation of policies, the launch of employee awareness and training programmes, and by joining multi-stakeholder, national and international initiatives that support equal opportunities;
- Extension of training and skill-building programmes for employees;
- Launch of further initiatives and programmes aimed at developing craft skills and know-how among young people (e.g. "Bottega dei Mestieri" project);
- Further development of collaborations with schools, universities, industry associations and design institutes, including the promotion of initiatives to support research and innovation on sustainability issues in the fashion industry;
- Extension of the occupational health and safety management system to additional company sites;
- Strengthening of welfare initiatives for employees and their families;
- Development of sustainable employee mobility plans to promote solutions that also foster environmental sustainability and social well-being;
- Employee engagement initiatives to benefit local communities and support non-profit organisations operating in the areas where the Group is present.

Traceability and a sustainable supply chain

- Strengthening and enhancement of supplier qualification, monitoring and sustainable growth programmes to integrate environmental and worker protection and development throughout the production cycle, from raw material to the finished product;
- Extension of research and development activities on alternative materials and use of raw materials with a certified sustainability profile;
- Participation in multi-stakeholder initiatives that promote supply chain traceability and transparency, efficient use of raw materials and natural resources, and sustainable management of chemicals;
- Launch of new initiatives to further promote the traceability of social and environmental information along the entire value chain;

- Continuation of on-site audits at production sites on environmental, social, human rights, health and safety, and ethical issues.

Protection of the environment and ecosystems

- Definition of programmes, objectives and targets for the progressive reduction of the climate, water and biodiversity footprint of the entire value chain;
- Launch of environmental compensation and regeneration initiatives in the Group's areas of operation;
- Continuation of energy reduction and efficiency initiatives at the Group's production and logistics sites and stores;
- Extension of initiatives to reduce the environmental impact attributable to distribution and logistics flows;
- Extension of environmental management systems to additional Group production and logistics sites.

Ecodesign and circularity

- Development of further circular design and production initiatives, involving the supply chain, integrating eco-design, circularity, durability and innovation within production processes and along the value chain;
- Launch of initiatives to assess and measure product environmental profiles, including through life cycle environmental footprint analysis (life cycle assessment);
- Continuation of upcycling, scrap recovery and recycling projects, including through the development of new partnerships with the supply chain;
- Extension of after-sales services for care and repair of products, including through the involvement of customers, with a view to further extending their durability.

Solidarity towards communities and local areas

- Continuation of the commitment to allocate 1% of net profit to support the most vulnerable sections of the local population;
- Launch of further solidarity and social inclusion initiatives in the Group's areas of operation, including through the involvement of employees;

- Inclusion of small women-led businesses, linked to traditional "know-how", in the brands' projects.

Supporting the cultural and artistic heritage

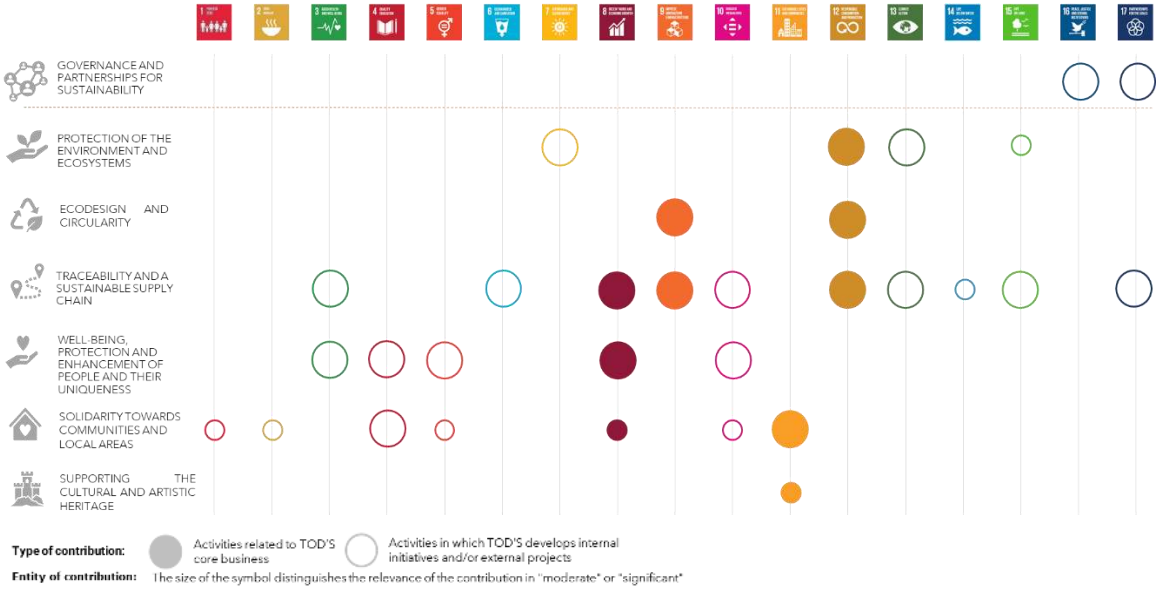
- Continuation of initiatives and partnerships to promote care for the area's beauty by supporting the protection of cultural, artistic and environmental heritage;
- Launch of customer engagement initiatives in order to involve customers in the Group's commitment.

"Our commitment to adopting responsible behaviour for the protection of human rights, health, safety and well-being in the workplace while also promoting the safeguarding of the environment and ecosystems, is part of our culture and reflects the values that our organisation has always translated into concrete and virtuous projects to benefit the communities and areas in which we operate," Diego Della Valle (Chairman and Chief Executive Officer of TOD'S Group).

TOD'S Group has joined **United Nations Global Compact** to promote compliance with the ten core principles in the areas of human rights protection, labour standards, environmental protection and anti-corruption, as well as to contribute to the achievement of the Sustainable Development Goals (SDGs) of the UN 2030 Agenda.

As described above, the Plan locates its priorities within the **United Nations 2030 Agenda**, an action programme for people, planet and prosperity signed on 25 September 2015 by the governments of the 193 UN member states, and endorsed by the UN General Assembly[5]. Strengthened not only by its commitment to sustainability, but also by its role within the economic context, TOD'S Group, as outlined below, contributes to the pursuit of the 17 **Sustainable Development Goals (SDGs)** with direct impact through activities related to its core business and **indirect impact** through the implementation of internal initiatives and/or external projects.

[5] The Programme is global, involving all countries and all parts of society, from private companies to the public sector, from civil society to information and cultural workers.



Prizes and awards - Sustainability

In 2022, TOD'S was named for the second year running as one of the **200 most responsible and sustainable Italian companies** by "Il Sole 24 Ore". The analysis, carried out in cooperation with Statista, a leading market research company specialising in corporate ranking and data analysis, is based on Corporate Social Responsibility and takes into account three aspects: environmental, social and corporate governance. The research identified more than 1,500 potentially relevant companies following an in-depth analysis of their Sustainability Reports/NFSs and financial reports[6].

Sustainability Linked Loan

As reported in the previous NFS, in January 2021, the parent company signed a 500 million euros loan agreement linked to the attainment of specific ESG objectives with a group of banks coordinated by Intesa Sanpaolo S.p.A. The "**Sustainability Linked Loan**" has a duration of five years (2021-2025) and is split into a Term Facility of 250 million euros and a Revolving Credit Facility of another 250 million euros.

This tool also provides for a reward mechanism linked to the achievement of **three specific ESG targets**, integrated from the 2021-2023 TOD'S Sustainability Plan (also incorporated in the updated

[6] https://lab24.ilsole24ore.com/leader-sostenibilita-2022/

2023-2025 Sustainability Plan) and related to the following strategically important areas for the Group:

• **Developing staff skills**, with a progressive increase in the number of training hours per head at Group level;

• **Mitigating environmental impact**, by maintaining and extending the UNI EN ISO 14001:2015 environmental certification to other sites;

• **Supporting local areas**, by allocating 1% of the Group's net profits to support local initiatives and the local community.

It should be noted that **TOD'S** also **achieved its goals** set for the second year.

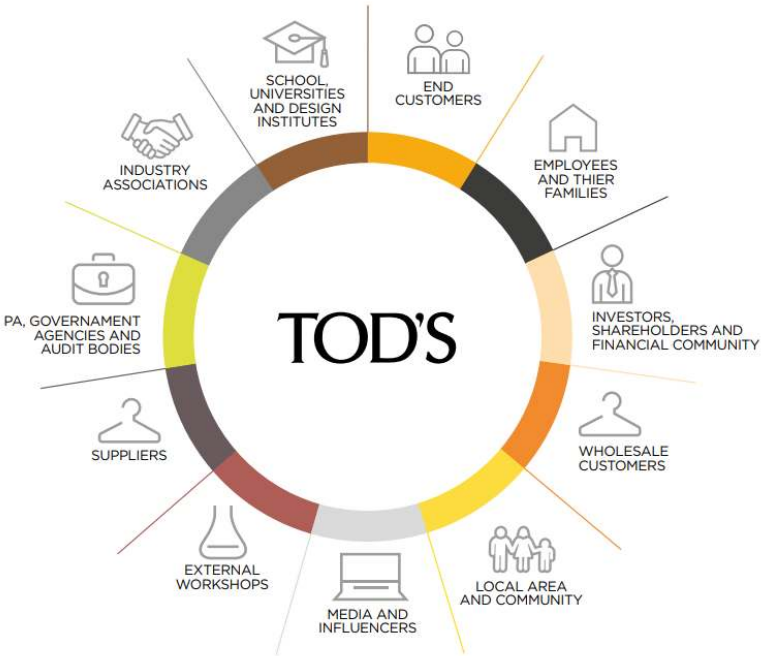
1.2 Interaction with stakeholders

Openness, dialogue and constant interaction with internal and external stakeholders are essential to the company's pursuit of its goals.

This approach allows the Group not only to understand the needs, interests and expectations of its stakeholders, but also to identify the best ways to generate shared value in the medium and long-term.

Starting from its own characteristics, activities and an awareness of its role in the context in which it operates, in recent years TOD'S Group has used and updated internal analysis and benchmarks aimed at mapping national and international trends and best practices in order to map its stakeholders and group them into the following **11 categories**.

TOD'S Group stakeholder map



Main initiatives for dialogue with stakeholders

The approach that TOD'S has adopted towards its stakeholders aims to implement various kinds of dialogue and engagement initiatives, which benefit from the multiple interaction channels set up by the Group.

Stakeholder categories	Main dialogue and engagement initiatives
End customers	• Different selling ceremony for each of the Group's brands • Direct interaction with sales staff in the boutiques • E-commerce digital sales channel • Telephone and e-mail contact • Activation of new one-to-one interaction channels such as "WhatsApp for Business" and other tools such as chat and/or in-store video • Conducting surveys (for retail and ecommerce customers) to measure their satisfaction level • Option to customise products • Product catalogue delivery • Customer care and customer delight services • After-sales services • Creation of special content on social media • Presentation of the new collections and press preview • Online survey to gather further input on priority sustainability issues
Employees and their families	• Company welfare plan (in Italy) • Induction initiatives for new employees • "Italian Orientation" project for retail employees • Gym services, childcare centre, media library/library and corporate catering in the headquarters • Smart working programmes • Skills development programmes, tailored to the needs of different professional figures • Linguistic and technical/specialist training programmes • "Digital Knowledge" platform dedicated to e-learning • Workshops/educational sessions/webinars on the topics of sustainability, environmental responsibility and occupational health and safety • Online survey to gather further input on sustainability priorities (materiality analysis) • Annual meetings to discuss career development and performance assessments
	• Shareholders' Meeting (in person or remote)

Investors, shareholders and financial community	• Institutional website • Meetings and conference calls with institutional investors and analysts (in person or remote) • Industry conferences organised with the main international brokers (in person or remote) • Roadshows in the main European financial centres, including in virtual format • Contact with private shareholders (in person and remote) • Participation in sustainability assessments by leading ESG rating agencies
Wholesale customers	• Meetings in showrooms and launch of the "Virtual Showroom" • Telephone or e-mail contact to share business performance • Invitations to fashion shows/events/collection presentations
Local area and community	• 1% of the Group's net profit is allocated to supporting initiatives targeted at members of the local community who require the most assistance[7] • Collaborations with non-profit organisations to support charitable initiatives for disadvantaged people • Collaborations and initiatives aimed at safeguarding the Italian spirit worldwide • Online survey to gather further input on sustainability priorities (materiality analysis)
Media and influencers	• Institutional website • Institutional communication events and initiatives • Conferences • Press releases • Press days • Interviews with senior management • Invitations to fashion shows/events • Collaborations with important bloggers and influencers
External workshops	• Definition and sharing of technical and quality standards and production progress • Visits to start the production process and to monitor product quality • Dedicated portal/information systems • Auditing of issues spanning the environment, social issues, human rights, health and safety and ethics • Online survey to gather further input on sustainability priorities (materiality analysis) • Self-assessment questionnaires on environmental and health and safety issues

[7] In order to fulfil this commitment, on 7 September 2022, the TOD'S S.p.A. Board of Directors resolved to allocate resources to the continuation of the aforementioned initiatives, notwithstanding the slightly negative accounting balance recorded at the level of net profit for 2021.

Suppliers	• Daily reports • Definition and sharing of technical, stylistic and quality standards • Supplier portal • Online survey to gather further input on sustainability priorities (materiality analysis) • Self-assessment questionnaires on environmental and health and safety issues and the main system and product certifications held
PA, government agencies and audit bodies	• Special periodic meetings • Collaboration to develop initiatives
Industry associations	• Constant dialogue and meetings • Participation in round tables, including on sustainability issues • Design and development of joint projects • Participation in trade fairs • Online survey to gather further input on sustainability priorities (materiality analysis)
Schools, universities and design institutes	• Support for initiatives to facilitate students' entry into the world of work, including through school/work alternation projects • Participation in career days and job fairs • Organisation of placements and internships • Collaboration and development of project initiatives • TOD'S Academy project to support new creative talent • Participation in specialised training courses • Participation in dedicated round tables on sustainable research and innovation • Online survey to identify relevant sustainability issues (materiality analysis)

1.3 Materiality Analysis

In order to pinpoint the economic, social and environmental aspects that are relevant to its stakeholders, to identify the areas towards which to direct its strategic decisions and to define the aspects to be reported in the NFS, TOD'S Group, in 2022, conducted the **materiality analysis** in line with the new **2021 GRI Universal Standard**, introducing the concept of impact materiality. Following the update of the GRI Universal Standards, specifically GRI Standard 3 - Material Topics, organisations are expected to review the materiality analysis process in order to identify the aspects on which they generate the most significant impacts on the economy, environment and people, including impacts on human rights.

This analysis, aimed at identifying the Group's external impacts (**inside-out perspective**) was, for the sake of completeness, accompanied by an analysis of sustainability risks and opportunities that may influence the Group's financial performance and results (**outside-in perspective**) inspired by the provisions of the new regulations on corporate sustainability reporting (i.e. EU Directive 2022/2464) and therefore create or erode the organisation's corporate value in the short, medium or long term, affecting its development, performance and positioning. In addition to an **impact materiality** analysis, the Group has therefore conducted a **financial materiality** analysis of impacts.

The analysis process, led by the Group's Corporate Social Responsibility (CSR) Department, **involved internal and external stakeholders**, with the support of an external consulting firm specialising in ESG impact analysis, monitoring and reporting. This process involved four stages:

1. understanding of the context in which the organisation operates;
2. identification of current and potential impacts;
3. assessment of the significance of impacts;
4. prioritisation of the most significant impacts for reporting purposes.

In order to understand the context in which the organisation operates, an analysis of the Group's characteristics was conducted to determine its activities, business relationships, the sustainability context in which it operates, and to confirm the most relevant stakeholder categories with which it interacts.

During this analysis process, the following were analysed: (i) corporate documents: policies; procedures; codes; press releases; internal reports and presentations – consulted in order to understand the business model and define the level of ESG integration in the organisation's practices; (ii) external sources: reporting standards; ESG rating agencies; trade associations; papers, research and publications; and industry benchmarks in order to confirm relevant stakeholder categories and identify sustainability issues for the industry.

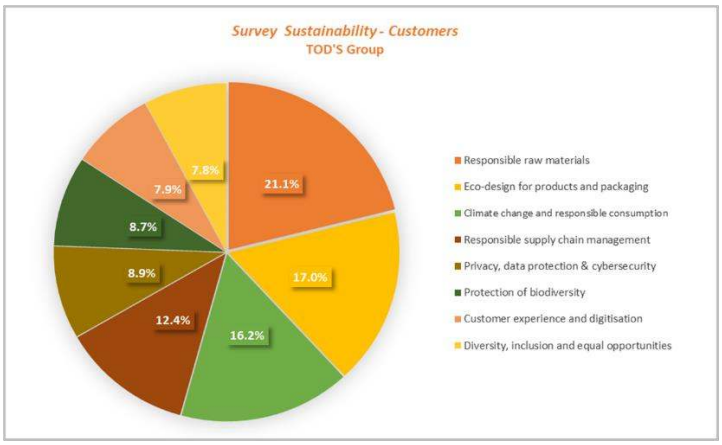
Based on the context analysis, it was possible to identify current and potential positive and negative impacts (i) directly related to TOD'S Group's activities, products, and services on the environment, economy, and people, including impacts on human rights, and (ii) that may affect the Group's performance and results.

In order to assess the significance of the identified impacts, about **400 stakeholders** from different categories were involved. In addition to the stakeholder categories involved during the 2021 materiality analysis (**top management**, **employees**, **suppliers and external workshops**), **new categories of stakeholders** were actively involved (**universities** and **design institutes**, **industry associations**, **bodies and associations operating in the area**) in order to ensure an increasingly comprehensive and exhaustive representation of the actors that may influence or be influenced by the Group's activities.

Stakeholders were involved through different means, including by organising dedicated workshops, sending online questionnaires and conducting interviews. Overall, the valid response rate to the questionnaire was about **70**%.

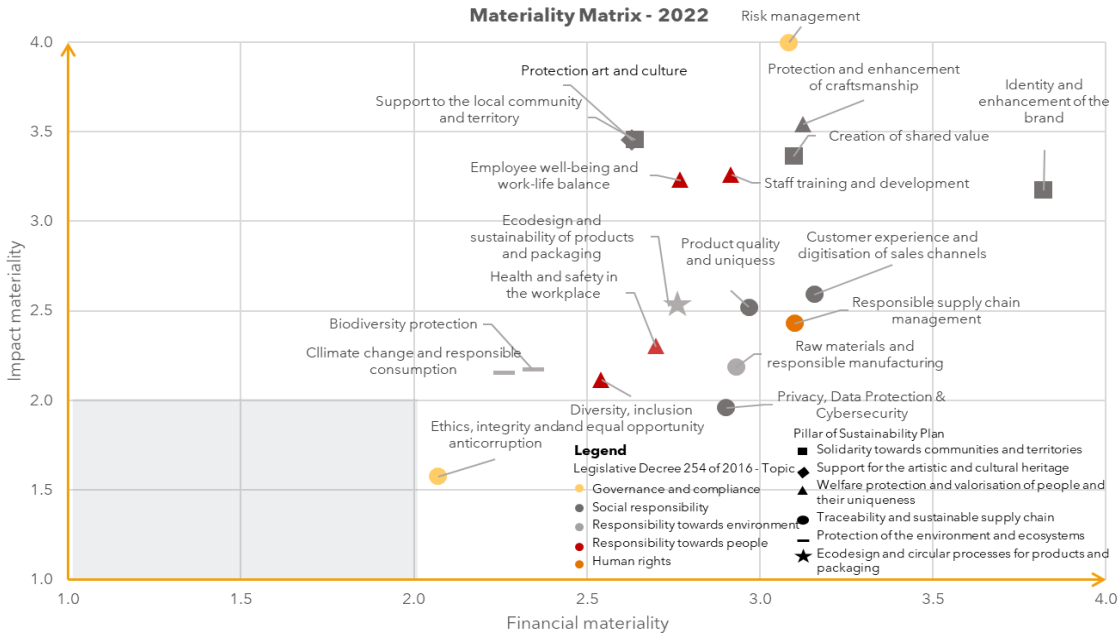
Moreover, a new category included, starting this year, in the stakeholder engagement process are **customers**, involved through a specially designed online survey administered to retail and e-commerce channel customers of the TOD'S, HOGAN and FAY brands. Approximately 1,270,000 customers were involved, globally enabling the Group to collect 8,400 responses. The following is a summary representation of the activity carried out and its findings.

- **Period of analysis**: February 2023
- **No. of customers involved**: 1,271,504
- **No. of customers who have opened the e-mail**: 476,163
- **No. of responses received**: 8,360
- **Brands**: TOD'S, HOGAN, FAY
- **Regions**: Europe, Japan, China, Korea, America, SEA, Middle East & India, Africa
- **Object**: *Of the following sustainability issues identified by Tod's Group, which three do you consider the most relevant?*
  - Customer experience and digitisation
  - Climate change and responsible consumption
  - Eco-design for products and packaging
  - Protection of biodiversity
  - Responsible supply chain management
  - Responsible raw materials
  - Privacy, data protection & cybersecurity
  - Diversity, inclusion and equal opportunities



Each category of stakeholders was asked to assess the **probability of the occurrence** and relative **significance** of each impact. The assessment was conducted using a numerical scale designed to identify the most/least likely and most/least significant impacts.

Following the conclusion of the assessments, the evaluated impacts were grouped into material topics. A materiality threshold (2.0;2.0) was provided, which, based on the rating scale used, excludes from the materiality scope those issues whose associated impacts are unlikely or insignificant, as illustrated in the **2022 Materiality Matrix** (approved by the TOD'S S.p.A Board of Directors on 6 March 2023) and shown below. It should also be noted that no issues assessed during the materiality analysis were found to be non-material for the Group.



The following is a representation of the **impacts** deemed material by the Group, the **material topics** and the **Sustainable Development Goals** (**SDGs**) with which they have been associated:

Material Topic	Impact	SDGs
Risk management	Mitigation of risks, including social, environmental and governance risks	***2030 Agenda***
Brand identify and enhancement	Product innovation	***SDG 12***
Protection and enhancement of craftsmanship	Unavailability on the market of craft skills required for the development of production activities	***SDG 4 SDG 8***
	Availability on the market of craft skills required for the development of production activities	
Creating shared value	Distribution of economic value to internal and external stakeholders	***SDG 8***
Training and development of employees	Upskilling (improving skills) and reskilling (learning new skills)	***SDG 4 SDG 8***
	Unavailability on the market of craft skills required for the development of production activities	

	Availability on the market of craft skills required for the development of production activities	
	Difficulties in recruiting/retaining key figures in strategic areas such as digital, e-commerce and 3D prototyping	
	Training of qualified professionals for strategic business areas, such as digital, e-commerce and 3D prototyping	
Supporting the local community and area	Supporting the needs of the local community	***SDG 1, 2, 4, 5, 10, 11***
Protecting art and culture	Promoting historical and cultural heritage through donations, sponsorships and gifts	***SDG 11***
	Promotion of Italy's art and culture through partnerships and collaborations with bodies and associations	
Employee well-being and work/life balance	Employee satisfaction	***SDG 3***
	Employee dissatisfaction	
	Work-life balance	
Customer experience and digitalization of sales channels	Delays in delivering finished products to customers	***SDG 9***
	Timeliness in handling complaints/customer contact	
	Change in customer purchasing habits - the active role played by TOD'S as a promoter of sustainable purchasing	
	Change in customer purchasing habits, e.g. online shopping, buying sustainable products	
Responsible management of the supply chain	Violation of human rights through, for example, child labour or forced labour along the supply chain	***SDG 3 SDG 6 SDG 8 SDG 9 SDG 12 SDG 14 SDG 15***
	Impact of the supply chain on greenhouse gas generation	
	New obligations (regulatory, fiscal) related to the containment of greenhouse gases in the supply chain	
	Impact of the supply chain on water pollution	
	Pollution of soil, water and air as a result of the disposal of waste generated along the supply chain	
	Loss of biodiversity along the supply chain, e.g. as a result of textile fibre production and breeding activities	
	Depletion of water resources resulting from activities along the supply chain	
	Workplace accidents along the supply chain	
Product quality and uniqueness	Product defects due to poor-quality workmanship	***SDG 8 SDG 12***
	Counterfeit products placed on the market by third parties	
	Protection of animal welfare	
	Product innovation	
Ecodesign and sustainability of products and packaging	Product circularity, such as the use of secondary raw materials, care and repair services, second hand	***SDG 9 SDG 12***
	Circularity of packaging, such as the use of secondary raw materials	
Raw materials and responsible manufacturing	Volatility of purchase prices of raw materials, including leather, accessories and energy	***SDG 12***
	Use of scarce raw materials and resources needed for production activities that also have an impact on the environment	
Occupational health and safety	Workplace accidents in headquarters, production sites, logistics and sales outlets	***SDG 3***
	Loss of sensitive data of customers, suppliers and employees (data breach)	***SDG 9***

Privacy, Data Protection & Cybersecurity	Unavailability of online services due to a cyber attack	
Diversity, inclusion and equal opportunities	Violation of human rights through, for example, child labour or forced labour in the performance of company activities	***SDG 5 SDG 10***
	Discrimination in the workplace, e.g. through penalisation in professional development due to personal characteristics, harassment	
Protecting biodiversity	Loss of biodiversity due to business activities, through the presence of operational sites in areas of high biodiversity	***SDG 15***
Climate change and responsible consumption	Impact of business activities on greenhouse gas generation	***SDG 6 SDG 7 SDG 12 SDG 13***
	New regulatory requirements for greenhouse gas containment	
	Impact of climate change, such as seasonality of collections, business continuity of logistics and production sites, scarcity of raw materials	
	Impact of company activities on water pollution	
	Depletion of water resources resulting from business activities	
	Depletion of water resources	
	Pollution of soil, water and air as a result of the disposal of waste generated by company activities	
Ethics, integrity and anti-corruption	Active and passive corruption	***SDG 16, 17***

It should be noted that the list of material topics has been ordered on the basis of relative relevance.

Although the 2022 materiality analysis was conducted on the basis of different methodologies compared to the materiality analysis reported in the previous NFS, it should be noted that in the new representation of the matrix, issues related to supporting the local community and area, the creation of shared value, the protection of art and culture, training and development of employees, employee well-being and work-life balance, and brand identity and enhancement assume greater importance than in the past. The increase in relevance of the topic of risk management is particularly significant.

2. Ethical and responsible business management

Conscious that it plays an important role in the communities in which it operates, TOD'S Group is determined to ensure the utmost fairness in the conduct of its business and to build and preserve a relationship of trust with its stakeholders.

Accordingly, the Group complies with the following ethical standards in the pursuit of its objectives:

• compliance with the legislative and regulatory provisions applicable in all the countries in which Group companies operate and observance of the strictest rules, particularly as these apply to relations with the public administration;

• equal and impartial treatment of employees, associates and customers;

• transparency and reliability;

• honesty, correctness and good faith;

• confidentiality;

• value of people and human resources.

Since 2008, these principles, which inspire our business conduct, have been formalised in the **Group's Code of Ethics**, which has been subsequently updated, most recently by the board resolution of 13 March 2023, in order to align its content to the best international practices, as well as to further integrate **corporate social responsibility issues**.

Observance of the Code of Ethics is an essential condition underlying the correct operation of the companies comprising the Group, the protection of its reliability, reputation and image, enabling us to ensure the increasing satisfaction of our customers.

In particular, TOD'S Group companies, aware that a healthy and fair competitive environment contributes to the optimal development of their corporate mission, **scrupulously comply with current competition laws and regulations** and refrain from adopting and/or encouraging conduct that may constitute forms of unfair competition.

Therefore, all employees and other individuals who are involved in the operations of TOD'S Group companies are required to know and uphold the principles of the Code of Ethics, contributing, insofar as it is within their competence, to their observance. TOD's, in order to concretely implement the guiding principles contained in the Code of Ethics, promotes awareness of these principles and their dissemination through publication on its official website (at the following address: https://www.todsgroup.com/en/corporate-governance/procedures-and-guidelines) and arranges for the provision of specific information and training activities for employees. The Group also ensures broad compliance with these principles through the inclusion of specific clauses in contracts and agreements to which the Company or the Group is a party.

2.1. Compliance with laws and regulations

To ensure the highest level of correctness and transparency in the pursuit of its business and within the relative company activities, TOD'S S.p.A. adopted its own **Organisation, Management and Control Model** (the "Model" or "Organisational Model") pursuant to the 30 January 2009 resolution of the Board of Directors, in compliance with the requirements of Legislative Decree 231 of 8 June 2001[8].

In addition to ensuring application of correct corporate governance principles and in accordance with the ethical and social values underlying the Code of Ethics, the adoption of the Organisational Model and the Code of Ethics is an effectual instrument with which to regulate the relations of all the employees and associates of the Group with the Group's stakeholders (suppliers, customers, public administration, partners, etc.) - preventing the risk of committing the offences included in Legislative Decree 231/2001.

Through its adoption of the Model, the Company intends to pursue the following objectives:

• make the recipients of the Model aware that by violating the provisions therein, they run the risk of committing illegal acts which could result in them receiving criminal penalties, as well as administrative penalties and disciplinary measures imposed directly by the Company;

• reiterate that the Company very strongly disapproves of these forms of illegal conduct, since they violate the law and the principles of ethics which it strives to follow in the conduct of its business;

• allow the Company, through monitoring of the areas of operations at risk, to immediately intervene or prevent the offences from being committed. The provisions of the Model are binding upon the directors and all persons whose duties involve the representation, administration and management, including the de facto management of the Company as well as the employees and contractors who are subject to the direction or supervision of the Company's management. The Model is periodically updated by the Board of Directors so as to reflect the offences that have been introduced in the meantime; the last update was approved pursuant to the Board's resolution on 13 March 2023.

The Supervisory Board, a body with autonomous decision-making and control powers, in order to ensure the correct implementation and observance of the Model, as well as to suggest any updates, was last renewed by resolution of 21 April 2021. Currently, this Body has three members: an

[8] In 2018, the Roger Vivier S.p.A. company adopted its own Organisation, Management and Control Model pursuant to Legislative Decree 231/2001, also establishing its own Supervisory Body. The latest update of the Model was approved by resolution of the Administrative Body on 6 September 2022.

independent director (who is the Chairman), an external member and the Head of the Internal Audit Department.

Upon completing the verification work for the period of reference, every half year the Supervisory Body submits a report to the Board of Directors. Moreover, the Body assists other departments/functions with supervisory duties to observe the rules of conduct included in the Code of Ethics and the Organisational Model.

Anti-Corruption Policy

Over the past few years, the fight against corruption, both at a national and international level, has become increasingly important, as evidenced not only by the toughening of associated sanctions (including fines, injunctions and detention), but also in terms of the reputational impact of this crime.

TOD'S Group, in its business activities, is committed to fighting corruption and to preventing the risks of illegal practices, at every working level and in every geographical area in which it operates, through the dissemination and promotion of ethical values and principles, as well as through provision of rules of conduct and effective implementation of control processes, in line with the requirements set out by applicable regulations and with international best practices. In this context, in order to strengthen the safeguards for preventing and combating potential corrupt practices, starting in 2019 TOD'S Group adopted an **Anti-Corruption Policy** (the latest update of which was approved by resolution of the Board of Directors of the TOD'S S.p.A. Parent Company on 13 March 2023) - which can be consulted at the following link https://www.todsgroup.com/en/corporate-governance/procedures-and-guidelines.

By adopting and disseminating the Anti-Corruption Policy, TOD'S Group intends to pursue the following goals:

• define an approach opposed to any form of corruption, censuring any type of unlawful behaviour as contravening not only the law, but also the ethical principles to which the Group subscribes in the course of its business activities;

• reinforce a corporate culture of integrity and compliance, as well as supervision of company operations and procedures, and interactions with third parties;

• define principles and rules of conduct that all Recipients must implement in order to prevent corrupt behaviour;

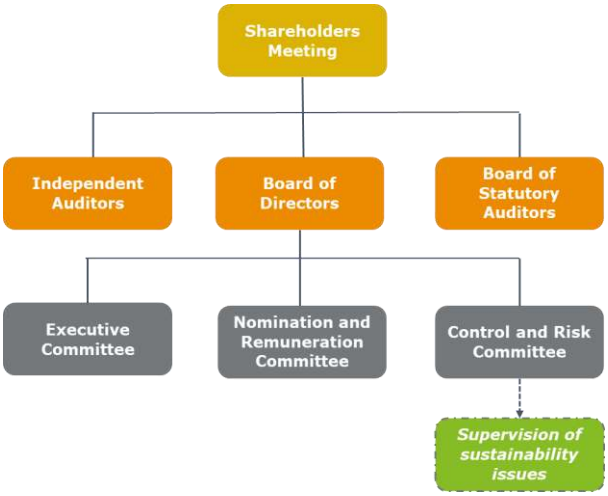
• make the Recipients aware that by violating the Policy, they run the risk of committing illegal acts that could result in them receiving criminal penalties, as well as administrative penalties and disciplinary measures imposed directly by the Company.

Finally, all Recipients, should they become aware of any suspected breach of the Anti-Corruption Policy or of any behaviour that does not comply with the rules of conduct adopted by the Group's companies, can, through the established reporting channels ("Whistleblowing System"), report such incident without delay.
Finally, TOD'S continued its e-learning training on the contents of its Anti-Corruption Policy in 2022.

The Group also adopted the "**Compliance Guidelines on Bodies' Administrative Responsibility and Anti-Corruption for TOD'S Group Foreign Companies**" (approved by the TOD'S S.p.A. Board of Directors on 13 March 2023), in order to define, implement and further disseminate the tools that the Group's foreign companies must adopt to strengthen, where appropriate, organisational, management and control measures for the prevention of compliance risk, with particular reference to the areas covered by the Anti-Corruption Laws and Legislative Decree no. 231/2001 "Bodies' Administrative Responsibility Arising from Offences".
In addition, starting in 2019, TOD'S Group adopted the **Supplier Code of Conduct** (the latest update of which was approved by board resolution on 13 March 2023), which is inspired by the **ILO** (International Labour Organization) **Conventions** and the **United Nations Universal Declaration of Human Rights**.
This document, which can be found at https://www.todsgroup.com/en/corporate-governance/procedures-and-guidelines, defines the principles and standards of conduct with which the Group requires compliance in order to ensure integrity and ethics in governance, anti-corruption, environmental protection, animal welfare and fair, equitable and responsible working conditions throughout the supply chain.

Corporate governance model

The Parent Company TOD'S S.p.A. has structured its corporate governance system according to the principles and application criteria recommended in the Corporate Governance Code published on 31 January 2020 by Borsa Italiana (hereinafter also referred to as the "Code"). TOD'S follows the traditional corporate governance system (also known as the "Latin" model), as follows:



The **Shareholders' Meeting** is authorised to make resolutions, whether ordinary or extraordinary, on the issues placed under its competence by the law or the relevant Articles of Association.

The **Board of Directors** is vested with the broadest powers for the ordinary and extraordinary management of the Company, without limitations, and has the power to take all the actions that it considers necessary for implementation or achievement of the corporate purpose, except the powers that the law vests in the Shareholders' Meeting exclusively.

The **Board of Statutory Auditors** is legally responsible for monitoring i) observance of the law and the Articles of Association and compliance with the principles of correct management; ii) the adequacy of the Company's organisational structure insofar as the areas that fall under its competence, the Company's internal audit and risk management system and its administrative and accounting system, as well as the reliability of the latter insofar as correctly representing the operating events; iii) the adequacy of the instructions given by companies belonging to TOD'S Group in relation to the information to be provided pursuant to disclosure obligations; iv) the procedures for implementation of the corporate governance rules as provided in the Code which the Company follows.

Legislative Decree 39 of 2010 also requires the Board of Statutory Auditors to monitor, in particular, the financial disclosure process, the effectiveness of the internal control systems, the internal audit system, if applicable, and the risk management system, the legal audit of the annual accounts and the consolidated accounts and to ensure that the auditing firm is independent. Moreover, within the scope of the functions attributed to it by the law, the Board of Statutory Auditors shall also monitor observance of the provisions set forth in Legislative Decree 254/2016.
The **Auditing Company** carries out the legal audit of the accounts and is appointed by the Shareholders' Meeting in accordance with the law and the Articles of Association. In compliance with the Italian Civil Code, an external auditor will perform its audit independently and autonomously and therefore shall not represent either the majority or the minority shareholders.
On 3 June 2020, the Shareholders' Meeting appointed Deloitte & Touche S.p.A. as the external auditor of the separate and consolidated financial statements for the years between 1 January 2021 and 31 December 2029. Deloitte & Touche S.p.A.'s position will expire with the approval of the financial statements at 31 December 2029.
The Financial Reporting Manager is also included among the corporate bodies.
The following Committees have been established within the Board of Directors:

- The **Executive Committee**, which ensures that the Company has an efficient decision-making process in place. It is vested with all powers which are not restricted to the Board of Directors pursuant to the law, the Articles of Association or the Code adopted by the Company;
- **Control and Risk Committee ("CCR")**, responsible for making proposals and providing advice, composed solely of non-executive and independent directors. The CCR is responsible for supporting the management body's assessments and decisions relating to the internal control and risk management system and the approval of periodic financial and non-financial reports. The CCR was also assigned, with Board resolution of 21 April 2021, the relevant role and powers that the Regulation on Related Party Transactions (adopted by Consob with Resolution no. 17221/2010 of 12 March 2010, as subsequently amended and supplemented), (the "**RPT Regulation**") and the Procedure on Related Party Transactions of TOD'S S.p.A. (adopted by the Company with resolution of 12 May 2021) (the "**RPT Procedure**") assign to a committee exclusively composed of non-executive and independent directors with regard to both minor transactions and major transactions with related parties (with the sole exclusion of related party transactions involving the remuneration of Directors and other executives with strategic responsibilities, assigned by the RPT Procedure to the Appointments and Remuneration Committee). The CCR has also been given responsibility for **sustainability issues** related to the company's operations and its interaction with all stakeholders. As part of its functions, the CCR:

- examines and assesses the sustainability policy to ensure the creation of value over time for shareholders and for all the other stakeholders in compliance with the principles of sustainable development and the sustainability guidelines and objectives submitted each year for review of the Board of Directors;
- examines implementation of the sustainability policy on the basis of the indications provided by the Board of Directors;
- examines and assesses the sustainability initiatives, including in relation to individual projects;
- examines the company's non-profit strategy and implementation thereof, including in relation to individual projects, and the non-profit initiatives submitted to it for review of the Board;
- on the request of the Board, expresses its opinion on other issues regarding sustainability.

• **Appointments and Remuneration Committee ("CNR")**, responsible for making proposals and providing advice, composed solely of non-executive and independent directors. The CNR is responsible for assisting the BoD in the activities of self-evaluation of the Board and its Committees, updating the policy on diversity, identifying candidates for the office of Director in the event of co-option, as well as making proposals on the adoption of the policy for the remuneration of Directors, the General Manager, other executives with strategic responsibilities and, without prejudice to the provisions of Article 2402 of the Italian Civil Code, of Statutory Auditors, and proposals on the remuneration of Executive Directors and those holding particular offices and of the General Manager, on the correct identification and setting of adequate performance goals. The CNR is also responsible for assisting the Board of Directors in the preparation and implementation of remuneration plans based on financial instruments, periodically assessing the adequacy and concrete application of the remuneration policy, as well as carrying out the additional tasks assigned to it by the RPT Procedure (with particular regard to transactions with related parties concerning the remuneration of Directors and other executives with strategic responsibilities).

The composition of the **Board of Directors** as of 31 December 2022 is provided below:

Name	Position	Year of birth	Date of first appointment	Executive	Non-executive	Independent as to CG*	Independent as to CFA*	N° of other offices***
Diego Della Valle	*Chairman*	1953	05/08/2000					5
Andrea Della Valle	*Vice Chairman*	1965	05/08/2000					2
Luigi Abete	*Director*	1947	07/10/2000					4
Marilù Capparelli	*Director*	1974	19/04/2018					1
Luca Cordero di Montezemolo	*Director*	1947	21/04/2021					3
Sveva Dalmasso	*Director*	1956	22/04/2015					-
Chiara Ferragni ****	*Director*	1987	21/04/2021					2
Romina Guglielmetti	*Director*	1973	22/04/2015					7
Emilio Macellari	*Director*	1958	05/08/2000					3
Vincenzo Manes	*Director*	1960	22/04/2015					6
Cinzia Oglio	*Director*	1970	22/04/2015					-
Emanuela Prandelli	*Director*	1970	19/04/2018					3
Pierfrancesco Saviotti	*Director*	1942	07/10/2000					-
Michele Scannavini	*Director*	1959	07/06/2021					-

(*) Independence Corporate Governance (CG) Code.
(**) Independence Consolidated Finance Act (CFA).
(***) This column shows the number of directorships or auditorships held by the individual in other listed or large companies. The Corporate Governance Report lists the positions in full.
(****) Ref. Press release of 7 September 2022 (available on the website https://www.todsgroup.com/en under "Investor Relations - Financial Releases") in which the Board of Directors took note of the statement made by director Chiara Ferragni regarding the fact that she no longer meets the requirements to qualify as independent pursuant to Article 148 of the CFA and Article 2, Recommendation 7 of the Code of Corporate Governance.

The current Board of Directors was appointed by the Shareholders' Meeting on 21 April 2021 based on the only list submitted by the majority shareholder Di.Vi. Finanziaria di Diego Della Valle & C. S.r.l. and was subsequently supplemented by the Shareholders' Meeting of 27 April 2022.

All members of the Company's **Board of Directors** have gained **specific expertise in environmental, social and governance (ESG) issues** and more generally in sustainability issues with specific reference to the fashion & luxury sector. For a more detailed description of the experience and skills acquired by each member of the Board of Directors, please refer to the relevant curricula that can be consulted on the Company's website, an updated excerpt of which is contained within the Corporate Governance and Ownership Structure Report prepared in accordance with Article 123-bis of the CFA for the year 2022 and published together with this Report. Please also refer to the Corporate Governance and Ownership Structure Report of the Group (available on the Company's website) for more detailed information on the criteria for appointment and selection of the highest governing body.

The current composition of the Board of Directors ensures gender balance in compliance with (i) Law 160/2019 (known as the "2020 Budget"), which modified gender parity criteria for administration and control bodies in listed companies (implemented with Law 120/2011, also known as the "Law on female quotas"), replacing Article 147-ter, paragraph 1-ter and Article 148,

paragraph 1-bis of Legislative Decree 58 of 24 February 1998, ("CFA") and (ii) Article 17 of the Articles of Association, last modified with the 11 November 2020 board resolution.

With regard to the other diversity criteria, and without prejudice to the fundamental requirements of the competence and professionalism of directors, the Company – aware that diversity and inclusion are fundamental elements of the corporate culture of a multinational group such as TOD'S Group, and that the **enhancement of diversity** as a fundamental element of the medium/long-term sustainability of business activity constitutes a reference paradigm for employees and members of the Company's administrative and control bodies – has identified criteria aimed at ensuring that the composition of the Board of Directors is adequate for the performance of the tasks assigned to it, with the conviction that the balanced and harmonious composition of the Board of Directors is a fundamental prerequisite for effective management of the Company.

The Company has pursued these goals by adopting its own **"Policy on diversity in the composition of the Company's Board of Directors"** on 6 March 2018.

This Policy aims to identify the optimal characteristics of the composition of the Board of Directors, so that the latter can carry out its tasks as effectively as possible, taking decisions that can concretely benefit from the contribution of a variety of qualified and diverse points of view, capable of examining the issues under discussion from different perspectives.

Furthermore, in implementing Recommendation no. 3 of the Code, the Company, by board resolution dated 21 April 2021, adopted a "**Policy for the management of dialogue with TOD'S S.p.A. shareholders**", which was promptly made available to the public on the Company's corporate website at https://www.todsgroup.com/en. The purpose of this Policy is to regulate the methods of involvement and communication with the Company's current and potential Shareholders in order, *inter alia*, to enhance the exchange of information in compliance, in any case, with current regulatory and corporate provisions on the management and public disclosure of confidential information and to improve the level of mutual understanding between investors and the Company, encouraging the exchange of ideas and favouring value creation in the medium/long term.

For further information on Corporate Governance and on the Company's timely implementation of the recommendations contained in the new Code, which became applicable as of the 2021 financial year, please refer to the "Corporate Governance and Ownership Structure Report" prepared pursuant to Article 123-bis of the CFA, relating to the 2022 financial year, approved by the Board of Directors in the meeting of 13 March 2023. The report explains in detail the TOD'S corporate governance system and includes, in addition to the information required pursuant to Article 123-bis paragraph 2 of the CFA, a comprehensive examination of the current state of the implementation of the governance principles recommended by the Code, in compliance with the

so-called "comply or explain" principle. The Corporate Governance and Ownership Structure Report, which we hereby refer to in full, is provided to the public together with the Directors' Report on operations and the financial statements. It can be consulted in the Corporate Governance section on https://www.todsgroup.com/en. This documentation is also referred to with reference to the processes implemented by the highest governing body to ensure that conflicts of interest are prevented and mitigated.

Again on 13 March 2023, in observance of Article 123-ter of the CFA and Article 84-quater of Consob Resolution 11971/99 (the so-called "Issuers' Regulation"), and subsequent amendments and additions, the TOD'S S.p.A. Board of Directors approved the Report on remuneration policies and compensation in 2022 (the "Remuneration Report"). This Report has two sections: (i) the first is dedicated to offering a clear, comprehensible illustration of the remuneration policy applicable to the members of the management body, the general manager and key managers, as well as – in accordance with Article 2402 of the Italian Civil Code – the members of the control body, as well as the procedures followed for adoption and implementation of this policy; (ii) the second provides clear, comprehensible information for each of the items comprising the remuneration and describes the compensation paid in 2022 to the members of the administration and control bodies, the general manager and the key managers. The report will be submitted to the Shareholders' Meeting scheduled for 19 April 2023 and is available at the Company's legal headquarters and on https://www.todsgroup.com/en. It is furthermore noted that, although it is not included under the FTSE-Mib index, the Company, pursuant to the resolution of its board on 24 October 2016, voluntarily introduced as part of its internal control and risk management system, an internal reporting system to be used by staff for reporting any irregularities or violations of the regulations applicable and the internal procedures (so-called "**whistleblowing**"), in line with the best practices domestically and internationally, providing a specific and confidential information channel, and ensuring the privacy of the whistleblower.

Integrated risk and impact management

According to the Corporate Governance Code for Listed Companies, TOD'S Group has a **risk management system** in place that ensures that the main risks to which the issuer and its subsidiaries are exposed are correctly identified, adequately measured, managed and monitored, while concurrently determining the degree to which these risks are in line with management of the company in pursuit of the identified strategic objectives.

At least on a yearly basis, the Director in charge of the Internal Control and Risk Management System will identify the main business risks, taking into account the characteristics of the activities of the Company and its subsidiaries, and submit these for examination by the Control and Risk Committee and the Board of Directors. It is hereby specified that the risk identification activity is carried out by way of Control and Risk Self Assessment interviews, in order to obtain a comprehensive overview of the macro types of risks potentially applicable (typically "strategic" or external risks) and through the results of the internal audit of the company processes. Once the risk identification process is complete, the risks are assessed. This process streamlines the internal/external information, allowing management to implement the appropriate actions. Risks are assessed by means of an assessment process upon completion of which a qualitative and quantitative rating is assigned. The rating process associates, for each risk, the probability that the event will occur, and the impact that it would have. These probabilities are also expressed, where possible, in terms of the historical frequency with which an event has occurred as part of the company operations, also taking into account future scenarios involving repetition of the risky event. The main risk factors affecting the company have been grouped into the following categories:

• **External**: risks that fall outside of the company's sphere of influence. This area also includes some strategic risks (such as demand, competition and innovation) and the following risk factors: natural events and disasters, climate change, epidemics and pandemics, political and social instability and tension;

• **Social and environmental responsibility and business ethics**: risks linked to non-compliance with local and international regulations, best practices and company policies regarding respect for human rights and labour practices, the environment, and business ethics.

Given that TOD'S Group operates in a range of countries, the Group ensures compliance with local and international regulations and also plays an increasingly active role in ensuring responsible, sustainable business management. This includes a particular focus on respect for people, human rights, the environment and ethical issues, both within the organisation and throughout the value

chain (particularly the supply chain). In order to achieve this, the Group implements the necessary policies, guidelines and standards.

In this regard, TOD'S has adopted numerous control tools, for example related to **respect for human rights and the dissemination of responsible procurement practices along the supply chain**. TOD'S Group, to further strengthen its commitment to responsible and sustainable management of decision-making and operational processes, has joined the **United Nations Global Compact**, the world's largest strategic sustainability and corporate citizenship initiative. With this initiative, TOD'S upholds the ten principles of the Global Compact in the areas of human rights protection, labour standards, environmental protection and anti-corruption, while also supporting the United Nations' Sustainable Development Goals (SDGs).

TOD'S Group, in order to monitor the correct application of the principles contained in the **Suppliers' Code of Conduct** (adopted starting in 2019), continued **on-site audits** in 2022 **at the production chains** on environmental, social, human rights, health and safety, and ethical principles.

With particular reference to the social sphere, TOD'S has adopted the **Diversity, Equity and Inclusion Protection Policy** (approved by the TOD'S S.p.A. BOD on 25 January 2023) with the aim of formalising the Group's commitment to promoting the values of inclusion and equality among people. This policy sets out the principles which, in line with the Code of Ethics and the Sustainability Policy, have always guided the organisation in the transparent and responsible conduct of its activities.

TOD'S also signed, on 27 January 2023, the **Charter for Equal Opportunities and Equality at Work**, which constitutes a declaration of commitment to adopt inclusive human resources policies, sponsored by the Ministry of Labour and Social Policies. Through the adoption of the Charter, TOD'S further promotes the fight against all forms of discrimination in the workplace, while committing to valuing diversity within the corporate organisation.

Moreover, in order to oversee human resource management risks, without prejudice to existing control and monitoring measures, the Group will, where necessary, implement/update additional human resources management policies and procedures.

Other social risks include risks linked to product safety. In order to protect customer health and safety, TOD'S requires its suppliers to operate in accordance with the most stringent applicable international legislation around hazardous or potentially hazardous chemical substances. The Group also subjects its products to constant, meticulous **testing on their chemical composition and physical/mechanical characteristics**. Suppliers are contractually bound to adhere to the guidelines contained in the Restricted Substances List (RSL), which sets out the most restrictive

parameters of use for some substances. In order to monitor compliance with these guidelines, tests are carried out on the chemical composition of the raw materials at specialist third-party labs and/or by TOD'S.

TOD'S also attributes particular importance to **environmental issues**, although the most significant environmental impacts are indirect impacts. As such, the Group has created rules, processes and control activities in order to prevent and manage potential environmental risks deriving from third parties and suppliers of key raw materials, through the adoption of the Code of Ethics and the Supplier Code of Conduct, both of which contain binding provisions.

As regards direct environmental impacts, the Group implements a range of initiatives in order to minimise these. As well as mapping environmental risks as part of its assessment relating to the offences set out in Legislative Decree 231/2001, TOD'S adopted, as of 2019, an **Environmental Policy** that defines the Group's guidelines, principles and commitments on environmental issues. Moreover, in November 2022, TOD'S successfully passed a surveillance audit to maintain certification (obtained in December 2020) of its **environmental management system** in accordance with **UNI EN ISO 14001:2015** for the "Brancadoro" complex (headquarters, production plant, raw materials warehouse and outlet).

Throughout 2022, TOD'S also continued to **educate, engage and raise awareness among its employees** regarding the need to protect the environment and ensure sustainable development in communities.

• **Strategic**: risks which are characteristic of the business (such as for example risks connected to the demand of the "luxury goods" sector and the risks inherent in the location of the target markets) the correct management of which constitutes a competitive advantage, or, otherwise, a reason for failure to reach the company's medium/long-term goals;

• **Operational**: the risk of losses from inadequacy or inefficiency of the processes, persons or internal systems or the result of external events (such as for example, the timeliness of supplies, the concentration of suppliers, the handling of contractors/*façons*, security and confidentiality of company information, the risk of fraud, etc.). In the context of operational risks, given the digitalisation of processes, the strategic evolution of online sales channels and the creation of increasingly large information assets, **cyber security** risks are also identified.

Cyber Security

The potential effects of such risks are evident, such as reputational damage, loss or theft of information and disruption of information systems with possible impacts on sales, as well as

industrial and logistical cycles. The issue of cyber security, i.e. constant analysis of resilience in the face of threats and the pressure to recover the "status quo" prior to the emergency event, adapting to the new situation and possibly finding alternative ways of acting, operating and doing business, is therefore increasingly relevant. Accordingly, TOD'S, with the aim of being able to more effectively deal with cyber risks by minimising the likelihood of their occurrence and their possible impact on business, set up a **Cyber Security Department** within the Group some years ago, which – as part of the Information Technology Department – works to prevent, detect and respond to such threats.

The Group has adopted a framework of Privacy and Data Protection procedures accessible to employees via the corporate intranet, which includes, among others, the **IT Security Incident Management Procedure**, the **IT Risk Management Procedure** and the **Information Security Policy**, the main purpose of which is to illustrate the principles defined by the Company regarding the protection of data and information in order to pursue corporate security objectives, prevent IT risks and protect business processes and processed information.

In 2022, as part of the continuous improvement of cyber risk mitigation, TOD'S Group expanded the scope of its five existing control objectives by introducing "Multi-Cloud Management".

As part of its periodic control and monitoring activities, TOD'S also performs vulnerability assessments, penetration tests and ransomware attack simulations through external information technology service providers.

During the year, TOD'S continued to provide specific training courses, both in-person and through an e-learning platform, and awareness programmes in order to foster a critical mindset and virtuous conduct among all Group employees, with a view to increasing their level of defence against cyber attacks and consequently reducing their exposure to such risks. The Group also provided employees with an intranet section dedicated to cyber security issues containing news and useful information.

In order to enable all Group employees to report suspicious e-mails or potential abnormal behaviour in the cyber security field, a reporting system is in place via a specific mailbox.

In terms of operational risks, risks relating to potential internal and/or external fraud are also identified. As shown in the previous paragraph, the assessment of fraud risk should be supplemented, if it arises, with any reports transmitted through the key communication channels available within the company and any specific assessments conducted as part of the updating of the organisational model pursuant to Legislative Decree 231/2001. To protect against such risks, the adoption, dissemination and implementation of the Anti-Corruption Policy and the Supplier

Code of Conduct are recommended. For further information please refer to paragraph "2.1. Compliance with laws and regulations";

• **Financial**: risks that have direct repercussions on the company's economic results and equity, and which are mainly connected to external factors such as foreign exchange, credit, interest rate and liquidity risk;

• **Compliance/Regulatory**: risks connected to failure to comply with the laws, regulations or provisions of the law and/or the regulatory and control authorities and unfavourable amendments to the legal framework (such as, for example, any privacy laws or laws applicable to importing and exporting or which affect the commercial activities and distribution in target markets, in addition to occupational health and safety).

The compliance macro-category encompasses issues and potential risks related to **privacy** (such as, for example, and in purely potential terms, violation, improper use and accidental or illegal destruction of personal data and unauthorised access or modification of personal or sensitive information processed within the company).

Privacy and Data Protection

TOD'S Group oversees **privacy** issues in an organic and structured manner and has adopted appropriate organisational, operational and technological measures to ensure its compliance with the provisions of European Data Protection Regulation 679/2016 (G.D.P.R. - General Data Protection Regulation 2016/679) and any other existing privacy regulations, based on the territorial and extra-territorial applicability of each.

As set out in the "**Privacy & Data Protection Guidelines**", TOD'S has set up and duly notified interested parties of communication channels for exercising their rights and reporting any complaints relating to alleged legal breaches by subsidiaries.

All Privacy Policies contain a specific section on Data Subjects' Rights and how to exercise them, with details of the contact persons whom they may contact to present their claims.

The Company, depending on the purposes for which it intends to collect and process personal data, has adopted different and, in some cases, complementary tools and communication channels. The privacy policy is made available via specific paper forms or easy-to-use web links (web link or QR code)[9].

[9] With particular reference to the customer policy, it should be noted that TOD'S, in line with the provisions of the applicable privacy law, informs customers as to the nature of the personal information processed, the purposes for which it is processed, the processing methods used and the rights that the applicable law recognises for each data subject. The customer is also informed, for each processing purpose, about the retention period for personal data (or, if this is not possible, about the criteria used to determine the retention period), about the methods for protecting the information collected (with varying degrees of detail

Where required by the applicable regulations, the name of the Data Protection Officer (DPO) was also communicated to the individual Supervisory Authorities, in accordance with the specific procedures in force, as a point of contact with the Supervisory Authority.
During 2022, the provision of the privacy course (started in 2018) continued, while the financial year saw the launch of a series of rapid, user-friendly training sessions on certain aspects of particular relevance to company operations, with particular reference to cybersecurity. In addition to the corporate training plan, the intranet section "Privacy and G.D.P.R." containing useful information and updates on privacy issues is made available to workers to increase their knowledge and awareness of privacy and data protection issues.
To ensure adequate monitoring of the risk factors associated with the processing of personal data by third parties, in their capacity as Data Processors (pursuant to Article 28 of the G.D.P.R.), verification of the security measures implemented by the latter to protect and safeguard processed data continued during the year on a sample basis (Article 32 of the G.D.P.R.).
TOD'S has formalised and structured a system of delegated powers and distribution of responsibilities within its organisation to ensure adequate and widespread control of risk factors involved in the processing activities conducted by the organisation. Senior figures, generally the heads of the company divisions/departments that process relevant personal data, have been identified and formally entrusted with the task of overseeing and guaranteeing adequate management of privacy and data protection issues within their area of competence, acting as a link between company operations and the DPO. The organisational structure in the field of privacy is also completed with the formal appointment of each worker who, in the performance of their work, is in a position to process personal data, providing them with the necessary instructions to ensure correct handling of personal data.

All the risks included in the "**occupational health and safety**" risk category are identified and analysed by management, through preparation of the Risk Evaluation Documents by management pursuant to Legislative Decree 81/08, including the assessment by task/work performed, the actions in place for the relative prevention and protection system, the procedures for responding to emergency and first aid situations, etc. The control activities carried out by the organisational figures required by the regulation also include monitoring activities carried out by the Supervisory

according to the applicable privacy legislation) and about the policies for disclosing personal data to third parties (private individuals and public entities). For further details, see also the Corporate website (https://www.todsgroup.com/en/privacy) and the e-commerce websites of the Group's four brands (https://www.tods.com/ww-en/privacy-policy/,https://www.rogervivier.com/ww-en/privacy-policy/website-visitors/,https://www.fay.com/ww-en/company/privacy-policy/).

Body pursuant to Legislative Decree 231/2001. The adequacy of working conditions at its sites is therefore constantly monitored and assessed by the Group. As of 2021, the Group has adopted an **Occupational Health and Safety Policy**.

By adopting the aforementioned Policy, the Group also promotes the **dissemination of health and safety culture** with the goal of promoting **people's well-being** in the workplace, ensuring compliance with the **highest labour standards**.

On 24 November 2022, TOD'S obtained **certification of its health and safety management system in accordance with UNI ISO 45001:2018** for the "Brancadoro Complex" (headquarters, production plant, raw materials warehouse and outlet). The implementation of this system will extend, according to a multi-year plan, to all of the Group's Italian industrial and logistics sites.

In 2022, TOD'S also continued its activities to inform, involve and raise awareness among its employees on occupational health and safety.

TOD'S Group, aware that handling ESG (Environmental, Social and Governance) issues is increasingly an integral part of its business system, necessary to create value over time, guaranteeing ethical, responsible and transparent management of its activities, has also analysed:

• **the correlation of the major "material topics"** (in economic, social and environmental terms), whether for the Group or for its stakeholders, with the corresponding risk factors identified by its risk assessment activity;

• **the risk factors with the most "reputation impact"** in order to verify placement of each risk factor within the Group. With reference to ESG issues, the following risks have been mapped out (in purely potential terms): social, environmental and ethical responsibility, climate change, epidemics/pandemics, non-compliance with the laws on occupational health and safety, the administrative responsibility of entities pursuant to Legislative Decree 231/2001, corruption, non-compliance with applicable laws regarding sales and distribution, inadequate anti-counterfeiting measures, inadequate quality of raw materials or workmanship, inadequate management of contractors in the production chain, adequacy of staff skills and localisation of markets/country risk. With particular reference to the risk of engaging in conduct that could potentially be linked to corruption (active and passive) in all the countries in which the Group operates, it should be noted that the main risk factors that are theoretically applicable (mapped as part of the assessment activities pursuant to Legislative Decree 231/2001, as well as in project activities aimed at the adoption, dissemination and implementation of the Group's Anti-Corruption Policy, the Suppliers' Code of Conduct and the Compliance Guidelines on Bodies' Administrative Responsibility and Anti-Corruption for the Group's Foreign Companies) refer to the following areas and business processes: activities related to the procurement processes of goods and services and to the management and

development of real estate activities in connection to relations with public bodies, local authorities for the request for licences, authorisations and measures, etc.

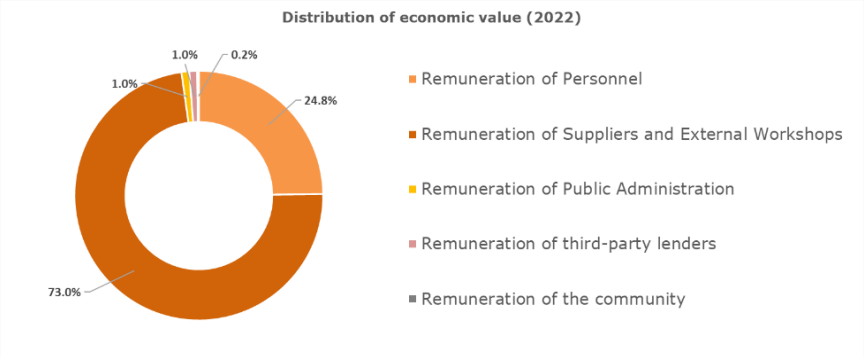
To minimise the likelihood of the emergence of potential risks related to **relevant sustainability issues**, the Group has strengthened, extended and integrated sustainability concerns into its business model.

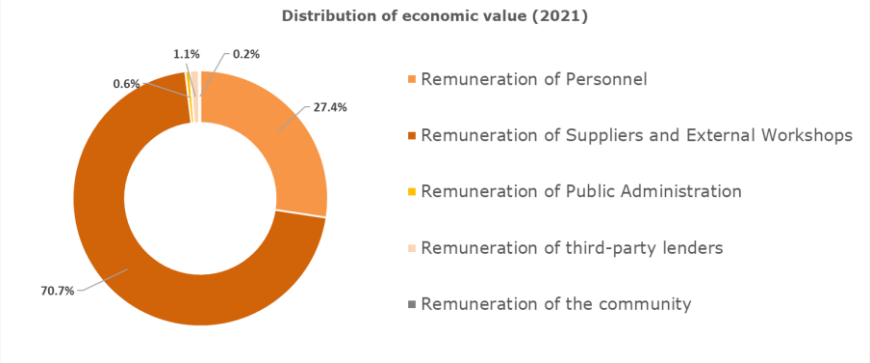
As reported in the previous editions of the NFS, the Group's **Sustainability Policy** and **Sustainability Plan** (last updated on 6 March 2023) were formalised and approved in 2018, with the aim of promoting the dissemination of social and environmental sustainability principles.

Finally, also in 2022, TOD'S – partly as a result of conducting internal and external stakeholder engagement activities – updated its **Materiality Matrix**, which incorporates both the evolutions of the GRI 3 - Material Topic reporting standard (Impact materiality) and the financial materiality perspective (Financial materiality) inspired by the provisions of the new legislation on corporate sustainability reporting (i.e. EU Directive 2022/2464), more fully described in paragraph "1.3 Materiality Analysis" of this NFS.

Creating Shared Value

The economic value statement is a restatement of the consolidated income statement, representing the **wealth produced and distributed by TOD'S Group among its stakeholders**. In 2022, the **economic value generated** by the Group was 1,013.6 million euros. This value is **up by more than 26%** compared to the economic value generated in 2021 of 803.3 million euros, a trend influenced by the Group's improved performance in 2022 compared to last year. The **economic value distributed** increased from 801.8 million euros in 2021 to 989.5 million euros in 2022. In particular, approximately 97.6% of the economic value created by TOD'S Group was distributed to the stakeholders, both internal and external, while the remaining 2.4% was kept within the Group. Among the stakeholders, in 2022 the suppliers and external workshops was the group to which the largest portion of the economic value was distributed (73% of the total value); this figure is slightly higher than in 2021, when it stood at 70.7%. Similarly to the previous year, in 2022 in addition to suppliers and external workshops, the other category to which a significant portion of the economic value was distributed was staff, who received 24.8% (in line with the 27.4% recorded in 2021) of the economic value generated by the Group. No dividends were paid to shareholders in 2022 (in line with 2021).





EU taxonomy

EU Regulation no 2020/852 of 18 June 2020 (hereinafter also "Regulation" or "EU Taxonomy") defines the taxonomy of economic activities that can be considered environmentally sustainable, i.e. a unified system of classification of economic activities that can contribute to one of the environmental goals identified by the regulation. In particular, to qualify as environmentally sustainable, i.e. aligned with the EU Taxonomy, Article 3 of the Regulation requires that an activity:

- significantly contributes to the achievement of one or more of the environmental goals;[10]
- does not significantly undermine any of the remaining environmental goals;
- is carried out in compliance with minimum social safeguards;
- complies with technical screening criteria set by the Commission.

Pursuant to Article 8 of the Regulation and the related Delegated Act, TOD'S Group, for the 2021 reporting year, disclosed the proportion of turnover, capital expenditure ("CapEx") and operating expenditure ("OpEx") considered eligible or ineligible[11] for the EU Taxonomy.

As of 1 January 2022, companies subject to the EU Non-Financial Reporting Directive (NFRD) 2014/95 must instead verify through Delegated Acts whether their activities are "aligned", i.e. they comply with the technical screening criteria described in the Delegated Acts, do not cause significant harm to any of the other environmental goals (Do No Significant Harm - DNSH) and are carried out in compliance with minimum social safeguards (so-called Social Minimum Safeguards). Currently, the legislation only provides for technical screening criteria for the first two environmental objectives – i.e. climate change adaptation and climate change mitigation. For the 2022 financial year, TOD'S carried out an assessment to report on the results of activities considered "aligned" based on the criteria defined in the Delegated Acts with reference to the Climate Change Mitigation goal. The European Commission has not yet defined regulatory measures for the other four environmental goals, which will be integrated into evaluations of future financial years as they become available. The following paragraph shows how the Group assessed compliance with EU Regulation 2020/852 and the table with the required quantitative KPIs[12], on the basis of

[10] a) Climate change mitigation; b) Climate change adaptation; c) Sustainable use and protection of water and marine resources; d) Transition towards a circular economy; e) Pollution prevention and control; f) Protection and restoration of biodiversity and ecosystems. At the date of publication of this NFS, only Annexes I and II to Delegated Act 2139/2021 relating to Article 8 of the Regulation, concerning the first two environmental goals (Climate Change Mitigation and Climate Change Adaptation) have been published.

[11] In other words, reporting if the relevant economic activities are described in the delegated acts adopted pursuant to the Regulation, regardless of whether this economic activity meets any or all of the criteria for technical screening set out in these delegated acts.

[12] Application of the criteria, assumptions and methodologies described in the following paragraphs to identify the degree of eligibility and alignment of its economic activities was based on the regulatory sources and related interpretations available at the date of publication of this NFS. These elements may be subject to future revisions, taking into account the continuous evolution of current legislation and the publication of new regulatory references or interpretative documents.

the requirements applicable to date. All criteria and assumptions made and included in the following paragraph are based on currently available information and requirements, which may be subject to future revisions, including on the basis of regulatory developments.

Methodology for calculating indicators

In order to determine the eligibility of its economic activities, in line with what was reported with reference to the year 2021, TOD'S compared the economic activities as described in the Annexes[13] with its own activities, concluding that the Group's principal economic activities, relating to the production, distribution and marketing of footwear, clothing and leather goods, are not included in the Annexes and therefore have been assessed as **not eligible** for the EU Taxonomy. Therefore, no "eligible" revenues were recognised.

With reference to investments, the Group conducted the following analyses in order to determine the degree of alignment with the activities set out in Annex 1 to the Taxonomy:

1) Mapping of eligible activities attributable to the investments made by the Group;

2) For each identified eligible activity, preparation of data collection forms to assess the associated technical screening criteria (i.e. criteria related to substantial contribution and DNSH);

3) Once the assets aligned with the Taxonomy have been identified, they are extrapolated from the accounts in order to associate each individual asset with the relevant economic values generated in 2022 with reference to CapEx and OpEx that contribute to preserving or increasing the useful life of the related tangible or intangible assets. These three activities were accompanied, in parallel, by the assessment of compliance with the Minimum Safeguards following the approaches proposed in the Platform on Sustainable Finance's "Final Report on Minimum Safeguards" published in October 2022. In this regard, TOD'S Group has adopted strong safeguards in the areas of protection of human rights, anti-corruption, tax strategy and respect for competition, such as the Code of Ethics, the Supplier Code of Conduct, the Anti-Corruption Policy, the Diversity, Equity and Inclusion Protection Policy, the Organisation, Management and Control Model in accordance with the provisions of Legislative Decree 231/2021 and the Compliance Guidelines on Bodies' Administrative Responsibility and Anti-Corruption for TOD'S Group Foreign Companies. It is also specified that no material sanctions were found in these areas during 2022.

KPIs relating to turnover

[13] See previous note.

The proportion of turnover is calculated as the ratio of net revenue obtained from products or services, including of an intangible nature, associated with economic activities aligned with the taxonomy to net revenue within the meaning of Article 2(5) of EU Directive 2013/34.

TOD'S Group did not recognise any revenues eligible for the activities envisaged in Annex 1 to the Taxonomy. The total turnover of 1,006,978,883 euros refers to the consolidated amount that can be found in the income statement under the heading "Sales revenue".

KPIs relating to capital expenditure (CapEx)

The proportion of capital expenditure is calculated as the ratio of capital expenditure related to assets and processes, CapEx Plan, or purchase of outputs aligned to the EU Taxonomy to total capital expenditure for depreciation and amortisation. In particular, the CapEx KPI refers to the percentage of investments aligned to taxonomic demands that meet the relevant criteria of technical screening and DNSH demands ("Do No Significant Harm").

$$CapEx\text{-}KPI = \frac{\text{Taxonomy-aligned investments}}{\text{Increases in tangible and intangible fixed assets}}$$

The numerator corresponds to the portion of capital expenditure included in the denominator that relates to assets or processes associated with economic activities aligned with the taxonomy, and was calculated by following the steps outlined in the "Methodology for Calculating Indicators" section and associating the individual activities identified as aligned with the relevant economic values. In the case of TOD'S Group, investments in energy efficiency measures, including the installation, maintenance and repair of energy efficiency devices, were mainly considered. The denominator was calculated by considering the additions to tangible and intangible fixed assets, gross of depreciation and any revaluations, including those arising from revaluations and impairments, for the year in question, and excluding changes in fair value. In particular, it includes any acquisitions of tangible assets (IAS 16), intangible assets (IAS 38), real estate (IAS 40), and right-of-use assets (IFRS 16 - paragraph 53, lett. h). It is therefore specified that the proportion of capital expenditure considered as "aligned" is 4.3% and concerns the activities of installation, maintenance and repair of energy efficiency devices and installation, maintenance and repair of renewable energy technologies.

KPIs relating to operational expenditure (OpEx)

The proportion of operating expenses is calculated as the ratio of expenses related to assets or processes (e.g. training and adaptation needs of human resources and direct non-capitalised

research costs), or that are part of the CapEx plan to expand taxonomy-aligned economic activities, or related to the purchase of products from taxonomy-aligned economic activities.

$$OpEx\text{-}KPI = \frac{\text{Operating costs aligned for the Taxonomy}}{\text{OpEx according to the European}}$$

The numerator corresponds to the portion of operating expenses included in the denominator that are related to assets or processes associated with economic activities aligned with the taxonomy, and was calculated by considering the economic value of the taxonomic "Opex" found to be aligned according to the methodology described in the "Methodology for Calculating Indicators" section. In the case of TOD'S Group, investments in energy efficiency measures, including the installation, maintenance and repair of energy efficiency devices, were mainly considered. The denominator was calculated on the basis of total direct non-capitalised costs relating to research and development, building renovation measures, short-term rental and variable rentals, maintenance and repair, and any other direct expenditure associated with the day-to-day maintenance of property, plants and equipment, either by the company or by third parties to which these tasks are outsourced, necessary for ensuring the continuous and efficient operation of these assets. Expenditure related to the day-to-day operation of property, plant and equipment such as raw materials, cost of employees using the machinery, electricity or fluids needed to operate these assets were excluded.

It is therefore specified that the proportion of operating expenses considered as "aligned" is 0.2% and concerns the activities of installation, maintenance and repair of energy efficiency devices, installation, maintenance and repair of instruments and devices for measuring, regulating and controlling the energy performance of buildings and installation, maintenance and repair of renewable energy technologies.

With reference to the disclosure pursuant to Article 8(6) and (7) of Delegated Regulation (EU) 2021/2178, which provides for the use of the templates provided in Annex XII for the disclosure of nuclear and fossil gas activities, it should be noted that all templates have been omitted as they are not representative of the company's activities. For a better understanding of the basis for the individual KPIs, see the tables detailing the activities mapped according to the requirements of the Commission's Delegated Regulation (EU) 2021/2178 of 6 July 2021.

Fiscal transparency

In accordance with the Code of Ethics, TOD'S Group adheres to the principles of honesty and integrity in its tax affairs, complying with all national and international fiscal legislation applicable in the countries in which the Group operates. The Group pursues and maintains relations centred around maximum collaboration and transparency with all the relevant tax authorities domestically and internationally.

TOD'S operates with the aim of ensuring proper fiscal management across all companies belonging to the Group, with a particular focus on:

- correctly and punctually determining and paying tax due by law and fulfilling all related obligations;
- correctly management tax risk, i.e. the risk of breaching tax laws or abusing the principles and purposes of the tax system.

The core principles underpinning the company's approach to tax management are as follows:

- **corporate responsibility**: the Group acts with integrity and honesty, recognising that tax contributions represent a significant source of resources for economic and social development in each country;
- **legality**: the Group acts in a way that fully complies with tax laws and strives to respect the substance and form of these laws in every way;
- **tone at the top**: the Board of Directors leads efforts to promote a company culture rooted in the values of honesty, propriety, transparency and integrity;
- **relationship**: the Group works transparently with tax authorities, striving to ensure these authorities have a full understanding of the facts to which tax laws are applicable.

To this end, the Group encourages and promotes awareness among all its employees and contractors of the principles and goals that must be observed in relation to tax risk, which is monitored – under the direction of the appointed Manager – by the Tax Head and the Tax Management department, both by Managers with recognised professionalism and expertise in taxation operating in various corporate departments in the Finance, Administration & Controlling area, and with constant advisory assistance from qualified professional firms.

The Group adopts risk management and control procedures relating to the production of financial reporting, which includes relevant tax information. Compliance with these procedures is ensured at all levels of the company by the Model introduced by Law 262/2005 and subsequently adopted by TOD'S S.p.A.

The Organisation, Management and Control Model pursuant to Legislative Decree 231/2001 adopted by TOD'S S.p.A. includes tax offences among the types of offences.

TOD'S guarantees the continuous improvement and streamlining of existing tax processes and controls, including through the use and implementation of digital platforms and solutions.
The process of determining tax payable is carried out locally under the direction of the respective CFOs of the Regions, with assistance from external expert consultants, for the purpose of providing a true and fair view of the financial statements, in accordance with the relevant accounting standards.
TOD'S Group fully complies with tax regulations in the countries in which it operates, ensuring consistency between the place of value production and the place of taxation.
TOD'S Group instils and maintains a collaborative, transparent approach with the tax authorities in the various countries, operating in accordance with the principles and guidance set out in the OECD's Transfer Pricing Guidelines.
Furthermore, the Group works to reach prior agreements with the relevant tax authorities around key topics, such as the following agreements with the Italian Tax Authority:

- the agreement reached regarding access to the "Patent Box" tax scheme signed on 30 December 2022, which set out the methods and criteria to be used to calculate the amount of eligible income jointly attributable to the Group's designs, models and know-how, for the five-year period 2017-2021. This agreement took into account the amount of income attributed to the TOD'S, HOGAN and FAY brands, facilitated for the five-year period 2015-2019, following the previous agreement signed on 23 December 2016;
- the 27 October 2017 request to access the procedure designed to conclude the unilateral Advance Pricing Agreements (APA) and to set out the methods to be used to calculate the "arm's length" value of intercompany transactions.

It should also be noted that as of 22 September 2021, TOD'S S.p.A. has **AEOF**[14] (Authorised Economic Operator) **Authorisation no. IT AEOF 21 1843** issued by the European Commission through the Central Directorate of Customs and Monopolies, AEO Office, Compliance and Large Enterprises.

[14] The AEO (Full) Authorisation, as provided for by the Union Customs Code, represents recognition of the status of a trustworthy entity that demonstrates that it has specific requirements in terms of customs risk control and management (Customs), that it has adopted and effectively implemented, prior to the commission of the offence, organisational and management models suitable for preventing offences (Legislative Decree 231/01) and that it has applied a series of procedures and behaviours aimed at strengthening the security of the international supply chain and preventing unlawful intrusion (Security).

Finally, TOD'S has also introduced an internal whistleblowing system within its control and risk management system, allowing employees to report any acts or facts that may constitute irregularities or breaches of applicable legislation and internal procedures (so-called "whistleblowing system").

For a comprehensive overview of the legal entities included in the scope of consolidation of TOD'S Group, please consult the "Group Structure" and "Group's Organisational Chart" sections of the Annual Financial Report as at 31 December 2022.

3. Tradition and innovation

Tradition, quality, ethics, excellence, craftsmanship and Made in Italy: these values, on which TOD'S Group has built its history, continue to be passed down and preserved with extreme care.

TOD'S Group boasts a history based on solid, enduring foundations, on values that have been constantly strengthened for over 100 years, so much so that they constitute the essence of the brands and have brought them international recognition: these values are rooted in ***tradition****, understood as quality, an inherent element of Made in Italy production that is evident in all its products, and expertise, understood as a set of artisan skills handed down from generation to generation. Bolstered by these values, the Group has always promoted their development and protection throughout the supply chain and encouraged their spread among its customers in order to create responsible value in the long term.*

Though the Group has upheld its values over time, they have not remained static: they have developed in line with the needs of its stakeholders, according to the Group's desire to always respond in a new and original way to their needs, combining tradition and ***innovation*** *and staying true to its mission: to offer a worldwide clientele products of the highest quality that meet their functional and aspirational needs.*

3.1 The history of TOD'S Group

It all started at the beginning of the 20th century, when Filippo Della Valle, the grandfather of Diego Della Valle, created a small cobbler's workshop. His work and passion were handed down to his children, who created the outstanding footwear business which, since then, has always distinguished the Group.

Early 20th

Diego Della Valle's grandfather, Filippo, creates a small cobber's workshop

1970

Diego Della Valle transforms his grandfather's family business into an industrial company - Calzaturificio Della Valle D. S.p.A.

1983

Creation and launch of the TOD'S brand

1985

Licensing of the HOGAN brand (acquired in 2000)

1989

Licensing of the FAY brand (acquired in 2000)

1998

Opening of the Group's production site in Sant'Elpidio a Mare

2000

TOD'S S.p.A. is listed on the MTA organized and managed by Borsa Italiana S.p.A.

2003

Licensing and relaunch of the ROGER VIVIER brand (acquired in 2016)

Over the years, TOD'S Group has expanded its product range, including through the launch and acquisition of prestigious brands, but this has never impacted the founding values of its identity, which, combined with the fundamental component of **innovation**, have enabled it to establish itself as one of the leading players in the production and distribution of footwear, leather goods, clothing and luxury accessories.

The TOD'S Group brands

Today, TOD'S S.p.A. is an operating holding company of an internationally-renowned group that operates through the **TOD'S, ROGER VIVIER, HOGAN** and **FAY** brands.

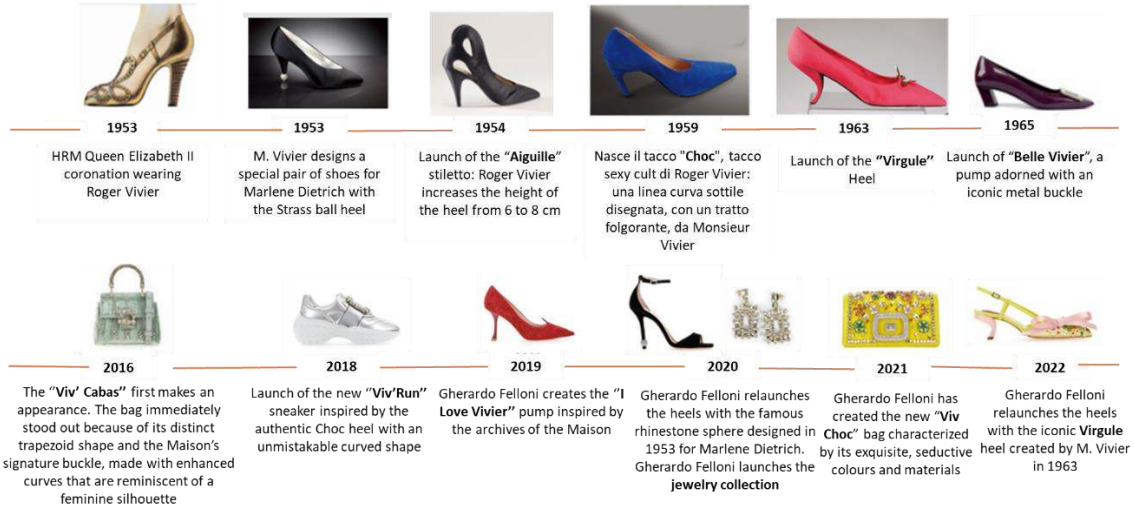
Though they each have their own distinct identity, the Group's brands share the same philosophy based on a balanced mix of tradition and modernity, high quality, creative content and broad product usability. The high quality of the products is guaranteed by the important role of manual work in all stages of the production chain.

An icon of Made in Italy, the **TOD'S** brand represents a lifestyle that combines timeless elegance and uncompromising quality. A lifestyle intrinsically linked to the concept of Italian spirit, good taste and savoir-vivre. Synonymous worldwide with an unmistakable, discreet and sophisticated style, in its footwear and leather goods collections for women and men, TOD'S has created, throughout its history, models that have become true style icons of modern luxury. First and foremost the *Gommino* in its various versions, the D Bag and many others.

Each product is manufactured using the precise techniques of the finest Italian craftsmanship, which enable the creation of extraordinary objects that are imitated and sought-after all over the planet. Through a meticulous series of checks and controls, exclusive products, loved by celebrities and leaders around the world, are produced every day.

Monsieur **ROGER VIVIER**, who created the first stiletto heel in the ’50s, designed extravagant and luxuriously embellished shoes that he described as sculptures. A skilled artisan who loved feminine elegance, Vivier elevated shoes to art objects through the savoir-faire of French embroidery houses. The artistic heritage and excellent traditional roots of the Vivier fashion house have been given a new lease of life: thanks to the Group’s work, Monsieur Roger Vivier’s creativity and vision live on and new chapters are added to this unique story every season, which goes beyond footwear expertise and includes bags, small leather goods and jewellery.

Today, ROGER VIVIER’s womenswear is sophisticated and elegant, yet slightly eccentric: it is designed for a woman who tries, through her accessories, to express her timeless elegance, without forgetting to add a cheeky, extravagant touch.



In 1986, **HOGAN** was founded together with a new concept of footwear: luxury sneakers that harmoniously combine sporty features and urban elegance. Today as then, the brand represents a pioneering vision of the concept of casual luxury with its exclusive lifestyle, suitable for any occasion: contemporary and dynamic, informal yet sophisticated.

The brand has been a trendsetter since the early ’90s with its “Interactive” sneaker: this icon is still one of the most imitated HOGAN models, the innovative brainchild of the entrepreneur, who made the distinctive “H” code the brand’s global symbol.

An Italian brand with a strong international appeal, HOGAN loves to combine tradition and aesthetic innovation with the quality of the best materials. This combination distinguishes the

timeless approach embodied by the brand's iconic products: objects designed to preserve their value over time, interpreting the wearer's lifestyle with a highly contemporary look.

The **FAY** brand's history dates back to the early '80s, in the United States, when Diego and Andrea Della Valle discovered the work jackets worn by firefighters in Maine. Realising its potential, they took over the FAY brand, specialised in technical clothing for fishermen and firefighters, introducing it in Italy with a precise idea: to offer workwear for urban use.

The work jacket thus became an ideal city garment and the 4 Ganci Fay soon gained cult status in international capitals. This iconic jacket has been constantly reinterpreted and is accompanied by a line of clothing, predominantly outerwear, which is distinguished by its technical treatment of fabrics, attention to detail and extremely functional garments.

Strongly linked to the tradition and elegance of Made in Italy, today FAY continues to communicate its distinctive spirit, combining innovative materials and the timeless characteristics of authentic Italian outerwear: style, excellence and versatility.

'80s

Launch of "**Quattro Ganci**", the first Fay jacket in super-resistant Cordura nylon, which became a symbol of the brand. It was followed by other versions in new materials ranging from nylon to fleece to anti-tear fabrics

1990

Launch of the "**Stadium Jacket**", an ultra-light, hyper-comfortable solution with two elements. A down inner and an outer jacket with large pockets and fleece hand warmers on the outside. A buttoned flap transforms into a seat cover

1992

Launch of the "**Double Coat**", a perfect fusion of elegance and functionality. A garment with a simple, refined design, which can be worn in different weather thanks to its removable inner gilet.

2003

Launch of the "**Virginia Coat**", a timeless coat with a classic allure, distinguished by its characteristic three-hook fastening and feminine, elegant silhouette

2006

Launch of the "**City Hunter**" project, a successful idea in the women's collection , it meets the needs of metropolitan gentlemen fascinated by the elegance of the woman's wardrobe. British-style charm defines outerwear in shiny or matt nylon satin, padded with very light and very warm thermos material.

2017

"**The original 4 Ganci**". Relaunch of the brand's historic jacket in its classic version, reinterpreted in a modern style with new shapes and materials. The hook is once again a distinctive detail in the Fay collections, a true cult object that celebrates the brand's origins.

2019

Fay presents **Fay Archive**: the spin-off designed to celebrate the brand's workwear heritage through versatile, hard-wearing garments that tell the amazing story of the label, combining the spirit of American work jackets with the innate style of Italian men.

TOD'S - MONCLER - PALM ANGELS

The "**Tod's x 8 Moncler Palm Angels**" project is part of **TOD'S-FACTORY**, a creative workshop where established and emerging designers are invited to offer a new take on the DNA of the TOD'S brand. As part of Moncler Genius, TOD'S teams up with Palm Angels by choosing to collaborate with Francesco Ragazzi, the brand's creative director.

This partnership translated the **lifestyle message and great quality of Italian craftsmanship** into the contemporary language of the **younger generation**, who love to celebrate the active spirit of American sports. For this collection, the creative energy and roots in Palm Angels' American Pop culture transform two timeless TOD'S models, the Gommino and the Winter Gommino.

TOD'S - COLNAGO collaboration

At the 2022 Salone del Mobile, TOD'S presented a collaboration with the Colnago brand.

TOD'S and **Colnago**, two outstanding Made in Italy companies that are founded on the values of tradition, craftsmanship and innovation, have translated the Italian lifestyle message into the contemporary language of the new generations, celebrating the active spirit and sporty lifestyle of our time with a focus on **eco-mobility**.

The **TOD'S T Bike**, a high-tech bicycle made of carbon fibre, was specially produced. Presented in racing green and leather orange, the TOD'S T Bike is available in a limited series of 70 one-off pieces.

Roger Vivier presents: "In the heart of a visionary dream", the Spring/Summer 2023 collection

A bow on satin. A rhinestone flower. A crystal cabochon. The brilliant spirit of Roger Vivier shines through in the new video starring actresses Camille Razat and Coco Rebecca, together with singer Shin Se-kyung.

Three young women who embody the exquisitely Parisian and unfettered spirit of the fashion house. Each expresses her multifaceted femininity in her own way, with a radiant and timeless charm.

Against the backdrop of a mansion in the heart of the Ville Lumière, the exuberant trio appropriates Vivier icons, personalising them and transforming them into dream accessories: the legendary Virgule pump conceived by the designer in 1963 and the bag of the season, the Viv' Choc. As soon as it was launched, this iconoclastic heel challenged the conventions of women's fashion and clothing. In a triumph of sculpture and balance, Gherardo Felloni reinvents it with an

unprecedented material, resulting in a design that continues to inspire countless other creations.

Bows, satin, rhinestones, colours, feathers, suede calfskin and smooth leather with floral motifs formed by multi-coloured crystals. Everything precisely intertwines and intersects, just as it does every day in the maison's workshops. The clip is peppered with hints of the ateliers' different specialisations: embroidery, leather cutting, and crystal application. Playing the role of artisans to indulge their own creativity, Camille Razat, Coco Rebecca and Shin Se-kyung approach Roger Vivier's distinctive savoir-faire with a playful and original attitude, evoking the founder's pioneering spirit.

Pink, yellow, blue, and green: colours radiate to gracefully emphasise the floral theme of 2023, a symbol of rebirth and carefreeness.

In this gentle, but lively universe, the complex techniques used to create hand-sewn embroidery, fine jewellery and the intriguing Virgule heel become works of art in their own right.

In the words of **Creative Director Gherardo Felloni**, Monsieur Vivier was an "inventor who changed fashion and the history of accessories". Today, this film tribute explores the brand's legendary codes, portraying Roger Vivier's avant-garde vocation in technicolour.

HOGAN - 3R

Recycle - Reuse - Reduce

Philosophy

Reduce, reuse, recycle... and rethink, redesign and respect too. The new **HOGAN-3R** collection (unveiled during Milan Fashion Week Autumn/Winter 2021/22) has been created with love for our planet and the people who inhabit it. It is made with **recycled materials** designed to create a product of comparable quality and value to the regular product lines.

Acknowledging environmental issues is about showing belief in responsible product innovation and in the **more informed use of our resources**, in order to **keep reducing waste**, while producing unique, valuable, and durable objects. HOGAN has always been passionate about incentivising innovative design, prioritising quality, practicality and aesthetics and favouring heritage over passing trends.

"As a company, we have a responsibility to promote innovative environmental and social sustainability processes in order to protect our planet and maintain its delicate balance. A significant social and cultural shift is underway. We need to work with the younger generations, who are increasingly informed and committed to this battle, to share not just values but also actions. And we need to do so with the conviction that every step we take today lays the foundations for a better future." (Andrea Della Valle, President of HOGAN and Vice-President of TOD'S Group).

AW 2021-22 collection highlights

Genderless, relaxed and contemporary. The first instalment of **HOGAN-3R** is composed of just a few simple, extremely versatile pieces, drawing inspiration from the rhythms and the skylines of the world's smart cities. The HOGAN-3R sneaker is produced using special **materials made from regenerated leather and recycled plastic**. Made from **salvaged industrial waste** to minimise landfill, the ultra-lightweight soles have an innovative 3D design, complete with the iconic H logo on the upper and incorporated into the tread. The sneaker is joined by the hooded Montgomery, in **recycled wool** cloth, and a unisex bomber perfect for pairing with a quilted shirt-jacket, made from **regenerated fibres** and **synthetic down**. The lightweight oversized down jackets, available with a short or long design, made of water-repellent **organic polyester nylon**, worn over organic **cotton/wool blend** sweatshirts, are accessorised with large pouch bags.

"Traditional" - Now, just as in the past

What is a classic? One of the best answers to this question is that it is something that has not yet finished expressing what it had to say. It can refer to a book, a film or a work of art. And why not a shoe too? This is exactly what distinguishes the **Hogan Traditional** model. Back in **1986**, Hogan took its first steps towards a future that seemed impossible and which today seems so natural: a luxury sneaker had never been designed before. Dismantling a cliché, HOGAN rewrote the rules by creating a new concept.

It did so – back then as it does now – by drawing on the past, on tradition, but with an already forward-looking gaze, because, as always, Hogan's future lies in its roots, in the constant search for a balance between tradition, innovation and contemporary style. Traditional was a perfect

example of this: with its white canvas, accentuated by a honey-coloured, genderless sole, inspired by cricket and its discreet, unconventional elegance, it immediately became a timeless icon. A new classic that today, thirty-five years later, HOGAN is celebrating with a re-edition updated for contemporary times, with a **sustainable** twist, as part of the special **HOGAN-3R** project.

It does so through a video with what has been called "**a (non-)traditional love letter**", because the recipient is none other than **our planet**. Indeed, the **environmentally conscious** HOGAN-3R project, perfectly epitomised by the "three Rs" that accompany it, was the result of a **love for the earth and its inhabitants**: **Recycle, Reuse, Reduce**. Others could be added to these, such as rethink, respect, and revolutionize.

HOGAN-3R is the result of the values in which the HOGAN brand deeply believes: **responsible product innovation**, **conscious use of resources**, and **waste reduction**. The result is a collection of unique, high-quality, exquisite and timeless objects, like Traditional, the fruit of innovation but, as always, created with a nod to HOGAN's heritage. Because drawing on the past enables us to create the future, and this is how we will continue to speak to new generations, writing new pages of our history.

Fay Archive: *Field Testers*

Fay Archive continues its journey to discover **Field Testers**. To test the garments' reliability, in 2020 the Fay Archive team began a long exploration of the world in search of workers who have to deal daily with changeable weather and harsh nature: real "testers" of the jackets. The stories of these men chosen in the field are told, season by season, through the eye of the Fay team and the lens of photographers who capture the essence of the project.

In the course of 2022, two new stories were recounted: Chile, for the spring-summer collection, and Alaska, the first story in North America, for the autumn-winter collection. The two new stages in this series of tests on jackets were again captured by James Mollison, an English photographer born in Kenya and now based in Venice, known for his clear and precise way of interpreting social and cultural themes through his work. Furthermore, field testers in Alaska are also the first to document the damage caused by **climate change** and the consequent melting of glaciers, as recounted by Alexandra, the captain of a small boat; Alan, an avalanche forecaster in the glaciers adjacent to the Alaskan capital, Juenau; and, finally, Eben, a native Inupiat, described in his hometown, Barrow ("the northermost place in North America"). The field testers project will continue in 2023 with a series of stories in Nepal.

FAY Archive & climate change*:* FLOATING ISLANDS

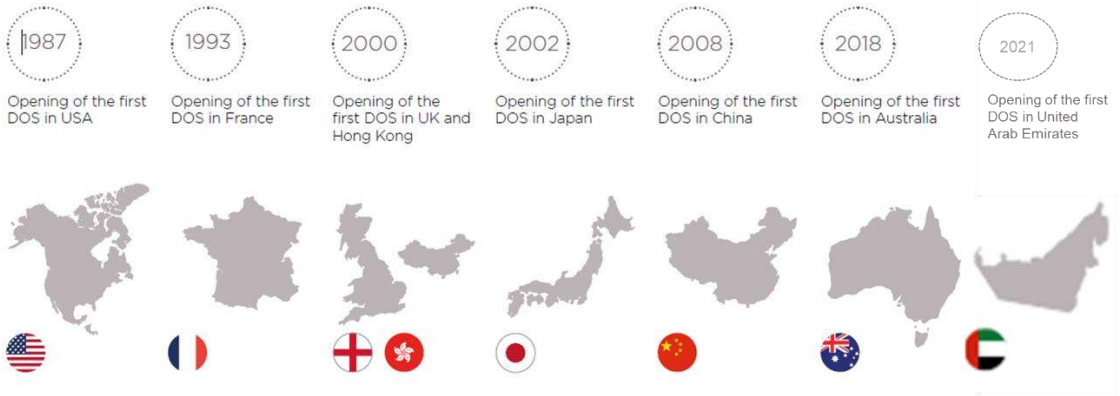
To round off the year, Fay supported Roman photographer and artist Manfredi Gioacchini on a long journey to document **Climate Change**. The Roman photographer and artist travelled from Punta Arenas, Chile – via Torres del Paine, the immense natural park in Chilean Patagonia – to the frozen continent for a photographic documentary, which will make up the second book in the "Floating Islands" series, a project he started several years ago.

"*The Antarctic Peninsula is unique and must be defended, both for us and for future generations. What happens there, happens accordingly on the other side of the world.*"

Distribution network and international expansion

The prestige of the brands distributed and the high specialisation required to present products to customers make it necessary to distribute products via a network of highly specialist stores. To this end, the Group mainly uses three channels: **directly operated single-brand** stores (DOS), franchised single-brand stores and a series of independent multi-brand stores selected on the basis of their suitability to the brands' positioning, their location and the level of service offered to customers, as well as the visibility that they can provide for products (**wholesale distribution**). Additionally, the **e-commerce channel** is becoming increasingly important both strategically and in terms of sales volume.

TOD'S Group began its international expansion in 1987 with the opening of its first direct store in the United States, in New York. Consolidating the market success of its products in Italy, TOD'S, in order to guarantee a direct presence on the strategic, respected markets, advanced its expansion strategy in foreign markets by opening its first boutique in France in 1993, in the prestigious Rue Faubourg Saint Honoré in Paris and, subsequently, in several other European markets and in England in 2000. After consolidating its presence in the European markets, the Group has begun to penetrate the Asian markets, opening its first store in Hong Kong in 2000, followed by openings in Japan and China, respectively in 2002 and 2008. Expansion into new markets has continued over the last four years with the opening of direct shops in Australia in 2018, Canada in 2019 and the United Arab Emirates in 2021.



The Group's strategic focus has historically centred on the development of the DOS and franchised store network, since these channels allow greater control of distribution and more faithful representation of individual brands' images. Moreover, in some markets, TOD'S is present through independent multi-brand shops, a channel that is still important for the Group. As of 31 December

2022, the single-brand shop distribution network consisted of a total of 333 **DOS** and **89 franchised** stores, up slightly from 318 DOS and 88 franchised stores as of 31 December 2021.

The **e-commerce** channel is playing an increasingly central role in the evolution of the Group's distribution strategies, in line with the sector's rapidly changing trends. The Group's brand e-commerce sites are currently active in 35 countries around the world, with further major new markets planned for 2023.

3.2 The central importance of the customer

Customers are among TOD'S Group's main stakeholders: understanding their expectations – from the most obvious to the unexpressed –, customer satisfaction and the desire to build lasting and trusting relationships with customers are essential objectives for the Group. The **central importance of customers**, which underpins the company's approach, is evident in its most concrete form when the Group directly interfaces with them. Consequently, TOD'S Group carefully conducts all the stages of interaction with its customers, from the selling ceremony in boutiques to the shopping experience on the e-commerce platform, from digital communication to after-sales services, product customisation services and the creation of content on social media. TOD'S is committed to ensuring that all experiences created for its customers are unique, quality moments.

TOD'S celebrates craftsmanship

The history of the TOD'S brand is founded on the values of family unity, product quality and timeless elegance. These values are reflected in one of the professional figures without whom TOD'S could not be the brand it is today and what it represents: **the craftsman**. Decades of experience working in the company are a guarantee of quality, passion and a sense of belonging.

Conscious of this, TOD'S has always wanted to export "Made in Italy", **focusing on its craftsmanship through its people**, putting them at the centre of many activities and events.

In 2022, more than **twenty days were organised in stores around the world**, from Milan to Los Angeles, where, thanks to the presence of a craftsman, customers could witness the creation of the most iconic shoes and bags, such as the Gommino and the Di Bag, as well as the customisation of certain products. Through these initiatives, TOD'S manages to communicate its values in a direct and real way.

In order to maximise the benefits of the Group's interaction with customers, it is essential to have an effective and planned contact strategy. TOD'S has therefore implemented a true contact strategy, within the scope of which a number of initiatives are conducted aimed at the Group's best customers, including the possibility of purchasing exclusive preview items, private appointments also outside opening hours, personalisation services and dedicated customer service.

The Group has also continued important internal CRM training for sales assistants, which has involved all of its brands at a global level. This training programme covered the following topics: customer recognition, the introduction of CRM during the selling ceremony and the collection of customer data, the use of systems and information, and self-efficacy when interacting with customers.

The Group has also provided various software to spread and preserve the culture of the central importance of the customer within the company. To this end, special clienteling software has continued to be implemented at each individual point of sale. Other campaign management, reporting and analytics tools are centrally implemented and customised for brands, regions, stores and retail, marketing and digital offices. In this last case, it is important to emphasise the role of the Group's CRM as a "glue" between the online and offline, digital and retail channels, with a focus on omnichannel increasingly aimed at the needs of the end customer.

Brands and customer experience: customer-oriented differentiation

The Group's careful attention to the purchasing experience is evidenced by the fact that the different brands offer different *customer experiences* that reflect their core values, positioning and peculiar characteristics.

TOD'S views its selling ceremony as a distinctive art that conveys the brand's values in the different stages of the relationship with the customer, a unique approach that aims to recognise the specific characteristics of individual customers and their desires. In defining the characteristics of the new customer experience, the role of sales staff, recognised as client advisors, is enhanced. The experience is completed in perfect TOD'S style: the salespeople become consultants who can offer interesting ideas to customers, spreading knowledge of the Italian lifestyle, of which the brand is a proud ambassador.

In **ROGER VIVIER** boutiques, customer contact is established even before the actual sales phase takes place. Through an empathetic approach and dialogue, elements that characterise a visit to the boutiques, the customer is accompanied on a journey to discover the brand. After initial contact with rare, exclusive luxury, the other distinctive elements of ROGER VIVIER's womenswear are gradually brought to light, allowing the customer to progressively identify with it: womenswear with a highly feminine, impertinent and extravagant attitude that boasts the timeless elegance of Parisian inspiration.

For **HOGAN**, the customer experience is based around taking care of customers. It is not simply a guideline, but a way to accompany them in their shopping experience, receiving them in the stores as a welcome guest and making them feel at home. Sales staff are therefore required to

convey their passion and engagement with the brand's values, combining professionalism and competence and creating an empathic relationship by adapting to individual customers.
For the **FAY** brand, although sales are mainly focused on the wholesale channel, in selected stores the customer is accompanied by a dynamic shopping experience that highlights the peculiar characteristics of the brand's style, such as versatility and excellence.

TOD'S Group periodically develops **training** modules aimed at aligning the skills and aptitude of sales staff to the essence and exclusivity of the brands.
Moreover, in recent years there has been a significant increase in digital training, which has led to the creation of new newsletters in the form of digital cards as part of the News Factory Project. This project made it possible to update the entire retail network on issues of importance to the Group and brand news in an interactive, fun way.
The year also saw the implementation and improvement of the new "Digital Knowledge" platform, which will host all the Group's digital training modules, replacing and supplementing resources developed in the past. The first module, on Digital Orientation, was launched in 2021. Available in nine languages for all brands, it summarises the history of the company and of the individual brands, allowing you to travel virtually within the headquarters and production units. All new employees and sales assistants in the most distant regions can thus learn about and appreciate the quality expressed throughout the production chain and inform themselves about the selection and processing of the hides. Following the first cross-brand general culture modules on leather culture – Mad About Leather – and bag expertise – Mad About Bags – , the module on men's shoe culture – Mad About Men's Shoes – and a highly interactive module on the No_Code project were released in 2022.
With reference to in-person activities, four delegations were received at the Headquarters in Italy during the year, with some of the most talented Italian and European salespeople, who benefited from the **Italian Orientation** programme dedicated to the different brands, with the aim of accompanying new recruits, and the rest of the shop teams, to visit the headquarters and the main production units. The programme also includes lifestyle experiences, enabling the retail team to more effectively share values related to quality, tradition and Made in Italy with its customers.
The mission of TOD'S training activities, on a global level, is to be **customer-centric**, always putting the customer first. Consequently, in order to improve the professionalism of the sales staff, in 2022 the Group focused its attention on the following areas:
• **Knowledge**: with the aim of improving the sales approach by providing more details on the inspiration of products and collections, using increasingly evocative and emotional language. In

this area, for example, training modules were provided to improve the storytelling of the women's and men's collections;

• **Professionalism (know-how)**: with the aim of emphasising the natural elegance that distinguishes TOD'S style, which can be identified in the brand's values and is recognisable throughout the world. In this area, the Group continued to deliver the following modules: *The art of selling - TOD'S loves Italia* and *Hogan Care*. During the year, omnichannel modules were resumed in order to integrate opportunities in line with the desired style. The support of various digital activities was strengthened, involving customers in new, increasingly personalised and secure services, such as home shopping and advice via WhatsApp;

• **Brand identity (knowing how to express the brand's values)**: with the aim of introducing the Group's characteristics and brand identity to enhance the sales approach, promoting the Italian lifestyle and the Made in Italy philosophy with determination and passion.

TOD'S - Aria d'Italia

The **Aria d'Italia** project celebrates the **contemporary Italian lifestyle and its values**: talent and passion for quality in every aspect of living, from the pleasures of dining to art, from a love of socialising to cherishing traditions. Harmonious doing and thinking that transcends nationality and can be embraced at all latitudes.

Aria d'Italia is a close encounter with cosmopolitan young people from different cultures sparked by extraordinary curiosity: talents from all over the world, from all backgrounds and cultures who find inspiration in Italy and share its values.

The words and images of Aria d'Italia have been brought together in an exquisite volume published in collaboration with Rizzoli International.

The following training modules were provided in this area: Italian Orientation and "welcome breakfast", designed to help new recruits settle in by immersing them in the ethos of the company and the brands.

In order to promote sharing of the values that distinguish the brands and to optimise the training and learning process for retail and corporate staff, the Group has developed online tools/platforms:

1. TOD'S Retail Library: the new, constantly updated internal repository of all information related to retail, operations and training;

2. **DK - Digital Knowledge**: the digital Corporate platform that hosts the online training modules. This project, launched in 2020, makes it possible to make the training service interactive, participative, mobile and usable from any device at any time. The platform, which is available to everyone, can host any type of training content for all the Group's brands;

3. Teams/OneDrive: new ways of exchanging resources which ensured constant contact with the retail network and other groups, through video calls and resource sharing, making digital activities more interactive;

4. Intranet: an archive of updated documentation for the provided training modules, the collections of the previous seasons and the company policies and procedures ("Store Handbook").

The additional goal of training is, on the one hand, to make sales staff aware of the **Group's values**, thus guaranteeing their adequate transmission to customers, and on the other hand, to provide the social skills necessary to excel in the international context in which the Group operates.

Starting in Q4 2022, multiple **training sessions were delivered to store managers and employees in the retail channel** (in the classroom and via an e-learning platform) in order to present the new **Group Values** and to spread awareness and involvement in their meaning. Over the course of the year, TOD'S decided to rethink the values and behaviours required to face corporate challenges without ever forgetting its own DNA, making its own **Managerial Model** explicit. **Passion**, **Excellence**, **Integrity & Respect**, **Collaboration & Empathy**, **Courage & Innovation** are the Values that underpin the Model.

The Group provided **approximately 44,560 hours of retail training in 2022** (an increase of over 86% compared to 2021).

In order to continuously improve the customer experience, the Group carries out assessments of the level of assistance offered in boutiques through Mystery Shopping surveys. This programme, again in 2022, involved a **Customer Experience Evaluation**. This initiative enables, through mystery shoppers ("professional customers" who make incognito purchases), the observation and analysis of the strengths and areas of improvement for sales staff. **Over 5,000 visits** have been carried out during the **last six years**; the results of the investigations have also allowed the Group to develop the customer experience in the best possible way, differentiating it for the different brands in order to better enhance the distinctive characteristics of each brand.

The Group set itself the goal of placing greater emphasis on the concept of Customer Experience Evaluation, moving from the more regulatory approach of monitoring compliance with processes/procedures typical of the traditional mystery shopper to a customer-centric approach

designed to emphasise customer engagement with the brand/store by measuring their overall experience and level of engagement, expressed by a new satisfaction index: the Ambassador & Advocate index.

Starting in 2019, an upgraded selling ceremony with an adaptive selling focus was launched in order to gear it towards customer engagement, ensuring dynamic interactions with in-store customers and leveraging the staff's initiative.

To this end, in 2022, highly experiential training initiatives continued in Europe and the United States. Aimed at improving the ability to interpret customer behaviour and attitudes, as well as customer feedback, the training aims to enable more streamlined and flexible use and application of the selling ceremony.

In particular, "colour reading" was also enhanced this year to accompany the leadership development of Directors and their Assistants and Department Managers. The project has already involved Italy and most European countries, as well as having recently started in the United States. This project will continue in the coming years.

Digital increasingly vital to the TOD'S Group brand experience

A selling ceremony that lives up to the Group's values and customer expectations is just one of the ways in which TOD'S focuses on its customers: the Group's primary objective is, in fact, to accompany the customer throughout their journey, offering an increasingly evolved and rewarding **brand experience**. For this reason, the Group is continuing to support the development of digital as part of its strategies, reducing physical distances in its interaction with customers, allowing them to feel closer to, if not at the centre of, the brand.

Customisation: the offer of unique products

The utmost expression of the customer's central importance in the Group's strategies is represented by the ability to offer customers the possibility to design the products they wear, making them feel part of the creation process. The customer has a unique experience that leads them to identify with the brand. With this in mind, the Group offers its customers the possibility to customise certain products, increasing their intrinsic value and making the shopping experience even more special.

The iconic **Gommino loafer** is one of the stars of the TOD'S brand customisation service. Available in TOD'S boutiques and online, the "My Gommino" programme allows customers to create their own versions from millions of available combinations. In addition to the material and colour, they can also choose details such as stitching, the strap or toecap; they can even customise shoes by changing the colour of the Gomminos or adding their own initials. The product is handmade with care and passion by TOD'S artisans and can be picked up at any of the brand's single-brand stores or sent directly to the customer's home.

Since 2020, all boutiques have offered an exclusive **D-Styling bag** personalisation service (https://www.tods.com/ww-en/tods-world/). Staff

support clients as they choose from a wide range of leathers, colours and details, helping them to create a truly unique D-Styling which is then made to measure by TOD'S craftspeople.

In 2022, TOD'S introduced **My Di Bag**, an exclusive customisation service to make the brand's icon, the Di Bag, even more special. Customers can choose colours and letters to express their uniqueness and personalise their Di Bag. A celebration of craftsmanship and creativity result in a unique piece.

This year, the Group's digital channels were also used to launch its new collections in a virtual format, setting out the key elements and taking advantage of some of the unique features offered by digital platforms.

The **digital channel** – which is being improved all the time and is able to perfectly convey the story behind the brands while showcasing products from the latest collections – is currently active in **37 countries**.

During 2022, the scope of the Group's **omnichannel programme** was extended to South Korea, completing the roll-out of functionalities across all major regions, with a view to an increasingly seamless brand experience for the customer between the different physical and digital sales channels. Customers can view the products in their nearest shop online, make reservations, book boutique appointments, and purchase (or make a return) online and offline, benefiting from an extensive omnichannel assortment.

To improve order fulfilment processes, optimise time to market and support online demand for the Group's brands from an omnichannel perspective, technology platforms, flows and logistics operations have been improved.

In early 2022, a major project was launched to integrate the Group's systems with the main Luxury Marketplaces in Europe and the United States and enable the sale of products on these platforms, guaranteeing excellent quality control of the brands' image and expanding the potential audience of customers to targets strongly aligned with the brands, starting with a partnership for the direct sale of the TOD'S, HOGAN and FAY brands on Farfetch by the Group, launched in late 2022.

In addition, in 2022, the collaboration with Klarna was initiated and made operational as part of the Group's strategy to increasingly offer its customers value-added services at all stages of the digital purchasing process: customers in the e-commerce channel can choose Klarna as their payment method during checkout.

At the same time, TOD'S is placing increasing emphasis on customer relationship management, the remote customer experience and care in providing an ever-improving brand experience. Indeed, during the year, a clienteling application was released, aimed not only to support one-to-one interactions with customers on various communication channels, but also to allow Client Advisors to check product availability in TOD'S S.p.A.'s various shops and Distribution Centres, to request a transfer or to complete an order on behalf of a customer, exploiting the omnichannel functionalities developed by the Group.

TOD'S also confirms its customer focus through the roll-out of the **customer satisfaction monitoring project** following the purchasing process. The implementation of an NPS-Net Promoter Score **Survey** was completed through an omnichannel approach for the TOD'S and FAY brands, and is scheduled for gradual release for the remaining Group brands in the coming months.

To offer customers more support, with the aim of ensuring a better customer experience, the Group is continuing to use new advanced analytics and marketing automation tools for monitoring the internet, especially social media channels.

The **customer centricity** drive is supported by development of a project to exploit new technologies to ensure a better understanding of consumer behaviour, maintain relevant relationships with customers, and maximise customer retention and lifecycle value.

With a view to becoming increasingly relevant and exceeding the expectations of a more demanding public, the Group supported the development of a series of digital innovation initiatives.

First and foremost, being a pioneer in testing new ways of telling the story of the brands and collections through the use of new channels and innovative formats in the field of digital advertising (Tik Tok, Twitch, Snapchat), as well as the publication of four case studies in partnership with major digital players (Twitter, Meta, Google).

At the same time, in view of the evolving frontiers of Web3, blockchain and the Metaverse, a work island was set up (inspired by Olivetti's "Islands of Innovation") involving multiple Management/Corporate Divisions aimed at defining development guidelines and related experiments, starting with the HOGAN brand's participation in the first Metaverse Fashion Week and the launch of the "Untraditional" sneaker in NFT (non-fungible token) version.

HOGAN and the Metaverse - Spring 2022

HOGAN collaborates with Exclusible and Boson Protocol for its participation in the first Metaverse Fashion Week on Decentraland.

During Metaverse Fashion Week, which took place on Decentraland from 24 to 27 March 2022, HOGAN presented its **first NFT collection** – in collaboration with Exclusible – with an exclusive virtual afterparty attended by numerous celebrities and a pop-up store created in partnership with Boson Protocol.

Metaverse. 22 March 2022 - HOGAN and Exclusible, a portal specialising in luxury NFTs and activations in the metaverse, announce their collaboration. During Metaverse Fashion Week on Decentraland, the two partners presented the "**HOGAN Untraditional**" NFT collection at a special "**Hogan-X**" afterparty on Saturday 26 March 2022. The event featured the first dance competition ever organised in the virtual world, with prizes in POAP (Proof of Attendance Protocol), preview access to the "HOGAN Untraditional" NFT collection, and the participation of renowned international DJ Bob Sinclar.

The "HOGAN Untraditional" NFT project was curated by Braw Haus, a creative studio that specialises in researching and showcasing international digital artists and bringing their vision and aesthetic taste to the metaverse. Artists such as Silvio Rondelli, Yoann De Geetere, Linear, Vincent Ghiotti and Finn Berenbroek worked on the project. The NFT collection, in line with the hallmarks of HOGAN, is described as "fun, modern and immersive" and celebrates HOGAN "Untraditional", a re-release of the brand's first luxury sneakers.

With this project, HOGAN experiments with the **transition from the traditional to the non-traditional**, from Web 2.0 to Web 3.0, and opens up a creative and collaborative space with the five artists. Through this innovative approach – which brings together several artistic minds at the same table, inviting them to use the brand's famous sneaker as a blank canvas without imposing any creative constraints – HOGAN lays the foundations of how the ethos of the Web 3.0 community should be valued, celebrated and communicated.

After a preview at the "Hogan-X" party, the NFT collection created by the five artists was made available for sale to the public, starting 3 April 2022, on *exclusible.com*.

HOGAN's first entry into the Metaverse extended beyond Metaverse Fashion Week with a single-brand pop-up store on Decentraland, in collaboration with Boson Protocol. HOGAN sold its physical products as redeemable NFTs through the Boson Portal – a marketplace in the metaverse for the purchase of exclusive physical products as NFTs – located within Decentraland, where Boson has set up a virtual boutique district for leading luxury brands.

"*We are excited to work with HOGAN to support their first NFT launch," commented Thibault Launay, co-founder and CEO of Exclusible. "The metaverse opens up vast opportunities for luxury brands to develop a new business segment around digital assets and connect with a new generation of users. We believe that by introducing brands from physical reality to the almost limitless possibilities of the metaverse, we are contributing to the development of vibrant communities within this world."*

"*HOGAN possesses a* ***natural instinct for innovation****. This project is a step forward into the digital age for our brand,"* commented Andrea Della Valle, President of HOGAN and Vice-President of TOD'S Group. "*Exclusible's innovative and sophisticated web3 solutions are known globally, which is why we decided to partner with Thibault and his team in this new venture. We are excited to present HOGAN's first NFT collection and to celebrate it with this event."*

Boson Protocol co-founder Justin Banon commented: "*In the run-up to Metaverse Fashion Week, we have so far witnessed strong interest from brands that have decided to sell their products in the form of NFTs within Boson Portal's Fashion District on Decentraland, consolidating Boson Protocol's position as a de facto solution for business in the metaverse. We are seeing a great demand from global brands to start selling their products in the metaverse and we are pleased to announce a long-term partnership with HOGAN."*

This first collaboration with Exclusible, Braw Haus and Boson Protocol will facilitate HOGAN's entry into the Web3 environment, with the aim of increasingly engaging a new community of digitally savvy young consumers.

In view of the growth of the e-commerce business and project investments in the digital area, the number of teams within the Group dedicated to managing these activities also increased in 2022.

TOD'S

The new **Tods.com** mobile-oriented website was launched in 2022, featuring solutions that combine state-of-the-art technology with an immersive customer experience.

A direct digital ecosystem designed to address the brand's communities around the world, where the customer focus reflects the attentive approach that TOD'S has always adopted in its boutiques.

The entire browsing process is characterised by the revamped customer experience, specifically designed for smooth and intuitive navigation. The design allows you to smoothly navigate between product types and categories for men and women, from all possible devices, with particularly immediate use from smartphones.

Particular emphasis is placed on the brand's storytelling, with content related to the history and philosophy of TOD'S, where the Italian lifestyle is reflected in the seamless purchase of products. The brand experience is becoming increasingly impressive and evolved, effectively meeting the needs of contemporary consumers in the luxury world.

The experience develops through different sections; from the **Icons** section, with all the iconic models, to **Tod's World**, where the brand's history is recounted, from the **Heritage** section, where the excellence of craftsmanship guides the customer, to the **Corporate Social Responsibility** section, where all the initiatives and projects in which TOD'S is involved can be found.

Customisation is a strength thanks to the option of customising many of the available products, iconic TOD'S items that become true one-offs.

The platform design enhances omnichannel services, ensuring an integrated experience across all physical and digital sales channels.

The new TOD'S website represents a further important step towards customer centricity and a further enhancement of the brand's digital transformation.

With the redesign and replatforming of the website, efforts were made to achieve full compliance with the WCAG 2.1 **web accessibility** guidelines. Great attention was paid to both design (contrasts, interactions, information codes, copy, etc.) and development to ensure that the sites are accessible to people with disabilities.

ROGER VIVIER

In the area of digital experience, the ROGER VIVIER brand e-commerce platform has been bolstered with important new features designed to support growth in the key markets and offer the best possible customer experience to users. Specifically, during the year, omnichannel services were activated for the Korea Region (resulting in the launch of the online channel) and the opening of the Singapore market. Additionally, European functionalities were enhanced to allow greater stock sharing between retail and online cross country.

A project has been initiated to redesign some high-impact sections of the site, such as the product listing pages and category pages, which will be released in the first half of 2023.
Within the design and development processes, all procedures to ensure compliance with the WCAG 2.1 guidelines on **website accessibility** for people with disabilities have always been considered. Project activities were started in the fourth quarter of the year to ensure that the site complies with changes in European regulations.

HOGAN

The HOGAN brand continues to follow the strategy pursue in recent seasons, which sees it adopt a more digital approach with a focus on improving the customer experience and ensuring content and services that reflect the new omnichannel approach.
The **Hogan.com** website is a flexible and versatile virtual showcase for the brand. Thanks to the adoption of new technological solutions, the brand was able to increase the visibility of the entire collection through the website, improving the time to market from season to season.
With a view to continually improving the user experience, a new A/B Testing and Conversion Rate Optimisation (CRO) project was launched in the second half of the year, a process of continual refinement with the main aim of improving the site's browsing and purchasing experience. As part of the design and development processes, a number of procedures were implemented to bring the site in line with the "Web Content Accessibility Guidelines" (WCAG) 2.1 on the **accessibility of websites** for people with disabilities. In addition, project activities were started in the fourth quarter of the year to ensure that the site complies with changes in European regulations.
Finally, HOGAN was the first Group brand to experiment with the potential of **Web3**, **blockchain** and the **Metaverse**, with the aim of involving and engaging an ever-widening community of users, both young and familiar with new technologies.
Moreover, during Milan Design Week, HOGAN welcomed the public to the Montenapoleone boutique with an immersive experience: with an Oculus viewer, visitors explored the five digital worlds modelled on the vision of the five digital artists who worked on the "Hogan Untraditional NFT Collection".

FAY

During 2022, **Fay.com** underwent further interventions aimed at increasing the conversion rate and the impact of the brand image, starting with an update of the homepage and the experience

sessions, and ending in Q4 with the release of the new product pages, which will be completed with the online launch of the SS23 season.

The promotional offer was also greatly reduced with a greater emphasis on the full-price collection.

Limited Edition development continues, specifically dedicated to FAY ARCHIVE with the second chapter of 4 Ganci Patchwork, launched at the beginning of the year.

Within the design and development processes, procedures were implemented to ensure compliance with WCAG 2.1 **accessibility** guidelines in the US, given the opening of e-commerce in the US in September. In addition, project activities were started in the fourth quarter of the year to ensure that the site complies with changes in European regulations.

The Farfetch channel was also opened for FAY in 2022 through a direct partnership.

Protection and authenticity of products

TOD'S Group, which firmly believes that it is essential for its brands' products to always have unique characteristics and the highest quality, has always devoted abundant resources and energy to the fight against the rampant phenomenon of counterfeiting. Over the years, alongside activities aimed at combating counterfeits in the offline world, it has also implemented measures to counter the phenomenon in the online world. In addition to constant dialogue with law enforcement agencies and support of their work to seize counterfeit products, with regard to **offline anti-counterfeiting** initiatives, a widespread customs monitoring system has been introduced with a focus on the main European countries and on those where counterfeiting is notoriously prevalent, as well as a targeted programme in China to identify factories that produce counterfeit products.
These law enforcement initiatives are supported by preventive actions, such as training for customs officers and law enforcement agents, as well as a worldwide trademark surveillance service, which allows TOD'S Group to intercept any counterfeit goods in order to take action to prevent the registration of those brands deemed to violate their rights. Since 2012, TOD'S Group, conscious of both the potential and the dangers of the internet, which enables the communication, in a short time and to an indefinite number of users, of the sale of counterfeit products, has designed and operated an **online anti-counterfeiting** programme, which has been improved year after year in response to new data and developments in the sector.
In this regard, to protect users, TOD'S guarantees:

• a web watching service that enables the interception and subsequent take-down of domains through which trademark infringing activities are conducted, or the launch of administrative reassignment procedures (UDPR - Uniform Domain-Name Dispute Resolution Policy) in the most difficult cases. This activity was further stepped up in 2022, when actions were initiated that led to the reassignment of 16 "clearly abusive" domain names;

• a constantly updated monitoring service focused on the main online auction platforms, with a particular emphasis on the Asian markets, including emerging markets, aimed at removing advertisements for the sale of counterfeit versions of products by the Group's brands;

• a service to constantly monitor the main social media channels (Facebook, Instagram, etc.), including those with purchase features (e.g. WeChat), with the consequent removal of posts, advertisements and profiles that infringe trademark rights.

Anti-counterfeiting results

In 2022, the Group remained committed to its anti-counterfeiting activities, which led to the achievement of significant results, partly thanks to the resumption of anti-counterfeiting activities on the road by the relevant bodies.

Offline data, although still affected by the pandemic emergency (and, in particular, by the reduced operation of the raid programme in China due to the "Covid 0" policy) are beginning to show a clear trend: the web is the main channel for the sale of counterfeit products, reaching the same levels as in 2021. On the other hand, the results achieved in 2022 offer food for thought: the Group's long-standing approach to combating the circulation of counterfeit products and its ability to adapt to social changes have over the years made it possible to contain the phenomenon, deterring counterfeiters and profiteers in both the offline and online channels.

Anti-counterfeiting results

	2022	2021
Abusive sites removed	≈ 1,050	≈ 940
Abusive auctions removed	≈ 16,600	≈ 17,500
Social media pages removed	≈ 7,400	≈ 6,500
Domain names recovered	16	15
NFT	-	-
Finished goods seized by law enforcement	6,000	> 1,100
Finished goods seized during raids in China	-	≈ 4,700

In 2022, with the exploding visibility of the NFT/metaverse world and the entry of the Group's brands in this sphere with targeted initiatives, an additional monitoring service was added, targeting platforms specialising in NFT sales. TOD'S Group's commitment in this field is not limited to the described activities, but also takes the form of membership of associations, as well as participation in specific round tables focused on the fight against counterfeiting, which are often organised in synergy with other luxury sector companies. One of the organisations that the Group is a member of is **INDICAM -Centromarca institute for the fight against counterfeiting**, which has always been on the front line in the battle against counterfeit products, with the aim of promoting, from an intersectoral and interprofessional perspective, an anti-counterfeiting culture. In addition to the fight against counterfeiting, the Group is committed to preserving the quality and uniqueness of its products by guaranteeing greater traceability along the entire production chain: with this goal, the Group has also launched various project initiatives in recent years to incorporate the use of **RFID** (Radio Frequency Identification) **labels** on orders for samples of leather goods and footwear by the TOD'S, ROGER VIVIER and HOGAN brands.

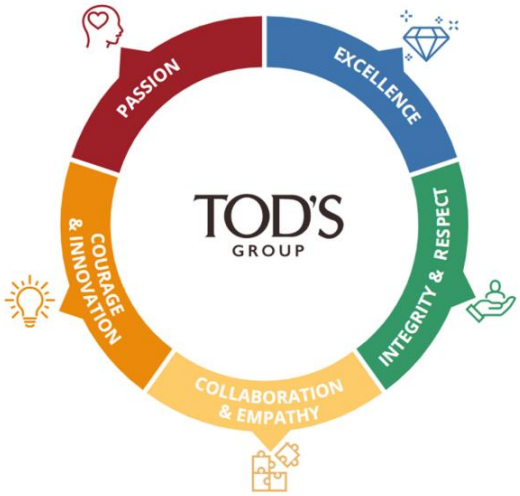
4. Well-being, protection and enhancement of people and their uniqueness

Our people are our most valuable asset and we take care of their safety, well-being and "know-how".

Our values

TOD'S Group is aware that the most important success factor for any business lies in human capital. Our people contribute every day to the development of the Group's activities and to the creation of value in the medium and long term.

This is why, during the year, the Group's **Managerial Model** was made explicit, i.e. the set of Values and related organisational behaviours that guide people's activities both in the achievement of business objectives and in the management of everyday working life. The Model is based on the following Values: **Passion, Excellence, Integrity & Respect, Collaboration & Empathy, Courage & Innovation**.



TOD'S has developed a working environment in which the well-being and professional development of its employees play a vital role in building a relationship founded on trust and mutual respect, a bond that goes beyond the standard professional relationship.

For this reason, TOD'S works hard to provide a stimulating, professional, meritocratic, healthy and safe working environment that allows employees to freely express their talent and feel valued and appreciated.

Information on employees and other workers

As at 31 December 2022, **TOD'S Group employed 4,925 people**, a slight increase (+3.8%) on the previous year. The percentage of **employees based in Italy** stood at **44.9%**, confirming the Group's strong bond with Italy.

TOD'S Group employees divided by Region

No. of employees per Region	12.31.22				12.31.21			
	Men	Women	Total	Percentage	Men	Women	Total	Percentage
Italy	972	1,241	**2,213**	**44.9**	943	1,165	**2,108**	**44.4**
Europe	240	644	**884**	**17.9**	239	663	**902**	**19.0**
Americas	92	91	**183**	**3.7**	93	91	**184**	**3.9**
Greater China	235	783	**1,018**	**20.7**	249	763	**1,012**	**21.3**
Rest of the World	124	503	**627**	**12.7**	102	438	**540**	**11.4**
Total	**1,663**	**3,262**	**4,925**	**100.0**	**1,626**	**3,120**	**4,746**	**100.0**

Given the breadth of the Group's store network, the percentage of employees working in retail activities stood at around 48% of the total at the end of 2022.

Women account for about 66.2% of the total workforce (65.7% in 2021), generally outnumbering men in almost all professional categories.

The professional category of "**white-collar workers**" has the largest number of staff members (3,174), followed by **blue-collar workers** (1,323). These proportions are to be expected given the Group's sector of operation.

The age group with the largest number of employees is the **30-50** age group, with **65%** of the total workforce, followed by the >**50** and <**30** age groups at around 18% and 17% respectively.

Attracting talent

Attracting talented people is an objective of fundamental importance for TOD'S Group, given that this is the only way to ensure that the standard of the company's day-to-day activities is maintained. For this reason, TOD'S takes great care in recruiting and selecting talent, adopting consolidated company processes designed to clearly define every stage of the recruitment process. During 2022, **1,603 new employees joined the Group**, **43% of whom were under 30 years of age** (in line with 2021). A total of 1,424 employees left the Group, meanwhile, equating to **outbound turnover** of 28.9% (up from 23.8% in 2021). Outgoing turnover was 57.8% among employees in the 30-50 age group (slightly up from 54.5% in 2021). In terms of outgoing staff members, there were 788 **voluntary resignations** in 2022, equating to a resignation rate of **16.2%**. The size of these percentages is largely attributable to retail staff turnover, which is an inevitable part of company life given the Group's sector of operations.

Recruitment and departures of TOD'S Group staff - 2022

Gender	Incoming employees 2022				Outgoing employees 2022			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Men	222	222	10	**454**	173	219	22	**414**
Women	468	604	77	**1,149**	327	604	79	**1,010**
Total	**690**	**826**	**87**	**1,603**	**500**	**823**	**101**	**1,424**
%	**43.0**	**51.5**	**5.4**	**100**	**35.1**	**57.8**	**7.1**	**100**

Attracting young talent: partnerships with schools, universities and design institutes

The TOD'S Group Human Resources Department has defined, as one of its strategic objectives in the multi-year sustainability plan, a continuous relationship with schools, training institutes and universities in the various disciplines of potential interest to the Group.

This long-term, ongoing relationship takes several forms each year, such as:

- the definition of projects in specific areas of mutual interest;
- constant exchanges between Group managers, teachers and students of the different targets;
- the Group's active participation in institutional events, including career days, job fairs and project work;
- the setting up of collaboration schemes within the various company departments in order to carry out curricular traineeships or for the preparation of dissertations.

In 2022, as the health emergency from Covid-19 subsided, part of these activities returned to a face-to-face format, while maintaining the digital formats that over time facilitated participation in numerous events and sharing with a wider audience of students, contributing to a greater focus on **Employer Branding**. Throughout the year, TOD'S participated in the career days of numerous educational institutions, including: Bocconi, Polimoda, Politecnica delle Marche, Poliarte, University of Camerino, Marangoni Institute, IAAD - Istituto d'Arte Applicata e Design in Bologna, MFI - Milano Fashion Institute, Nuova Accademia di Belle Arti and the University of Bologna.

The Talent Acquisition area has established strategic relationships and partnerships both with the academic world and with the main social media and web recruiting platforms, with the aim of updating the talent pipeline on the company's strategic roles for business development and anticipating any organisational needs in terms of staff sizing.

TOD'S has also promoted mentorship activities for students at various educational institutions (Milan Polytechnic, Bocconi University, Marangoni Institute, IED - European Design Institute, IULM,

Polimoda, etc.), through which Group managers have offered support for the development of technical and vocational skills.

In 2022, TOD'S maintained its partnership with the **Polimoda Fashion School**, continuing to sponsor the "Bag Designer" Master's programme. As part of this Master's programme, TOD'S actively collaborated with the students enrolled in the course through a project work entitled "Re-generation D Bag", which ended in September with the announcement of a winner who was offered an internship at our Designer Department.

A particularly important partnership has been established with the **University of Camerino**. TOD'S is an active member of the University's Supporters' Committee, with the aim of forging links with local social and economic organisations, more effectively orienting the educational programming of study courses in line with the skills required by the economy.

TOD'S also continued to participate the Technical and Scientific Committee of the **University of Macerata**, which, together with other companies and stakeholders in the area, contributes to planning the degree courses, particularly of the Faculty of Economics, seeking to align educational activities with those of the business world.

In 2022, in the Aula Magna of **IULM University**, the CEO of TOD'S Group addressed the students of the university with a lecture on how to combine tradition and craftsmanship, which continue to constitute the heart of Made in Italy, in a globalised world in which it is becoming increasingly complex to tackle issues related to fashions and trends. Among the additional collaborative initiatives with educational institutions, the Group can include the partnership for 2021-2023 with **Bocconi University**, which has set up a Fund to support students on Master's degree courses, providing them with total exemption based on need or partial exemption based on merit to attend the **Master's in Fashion, Experience & Design Management (MAFED)**, an outstanding Master's degree course in the sector. During the year, a working group of three international students sponsored by the TOD'S Group CSR Department was identified from among the students enrolled in MAFED 2022: "**Positive Luxury - Seize the change for a sustainable "future ready" fashion & luxury industry**". The students, partly through interviews with company managers and external industry partners, developed a positioning analysis of TOD'S Group in relation to some of the leading brands in the luxury segment (mainly fashion). The competitive environment was analysed through public sources and observed through the perceptions of a panel of potential customers with a focus on Gen Y and Gen Z. The project work ended in December with the presentation of the results to top management and the company board.

Again with the contribution of Bocconi University, the "In company training" project was replicated in virtual mode, developing a project work with the HOGAN brand entitled: *HOGAN in the Metaverse*

(*in the sky with diamonds*) with the participation of 21 students from different economics faculties, enrolled in three-year and master's degree courses. This programme allows pre-selected students to experience the company environment through visits, first-hand accounts by managers and participation in contests, with constant monitoring and supervision by dedicated company management.

Important collaborations include the partnership with the prestigious **Istituto Adriano Olivetti - ISTAO**, a training organisation in Ancona, with which a partnership has been renewed in 2022, giving the Group the opportunity to hire students participating in master's courses, as well as to have some employees participate in certain executive courses.

Another notable partnership is the one with **Poliarte in Ancona**, where TOD'S participated in the Visegrad Italian design experience project with 12 students from design academies/universities from different countries, including the Czech Republic, Slovakia, Poland and Hungary. The students were hosted at the school's site in the Marche region and were given the opportunity to learn about some prestigious companies in this region, including TOD'S.

After a prestigious English school, the **Marangoni Institute** was involved in the **TOD'S Academy** project in 2022, with the aim of training the next generation of creatives and product development professionals.

TOD'S ACADEMY - RE-GENERATION

Sustainability and the **development of young talent** were the focus of the second **TOD'S Academy** collaboration. 20 young designers from the Milan and Florence branches of the **Marangoni Institute**, an outstanding centre of higher education in Fashion, Art and Design, developed projects that reinterpreted TOD'S codes through the paradigms of **sustainability**.

To guide them through this process, internationally renowned mentors were brought in to provide their experience and knowledge. The students were given an insight into both the design and production aspects of TOD'S and the skills of our craftsmen. The project mentors include internationally renowned names such as Laura Brown, Editor in Chief of InStyle USA; Tonne Goodman, Sustainability Editor of Vogue USA; Sara Sozzani Maino, Head of Special Projects Vogue Italia and International Brand Ambassador of the National Chamber for Italian Fashion.

With this collaboration, TOD'S has reaffirmed its commitment to the new generations, demonstrating how important it is to give young talents the opportunity to develop concrete creative projects during their training.

The **eco-sustainable** aspect is fundamental and increasingly central to all the initiatives that the company has been undertaking for some time now, **looking to the future from an environmentally and labour-friendly perspective**.

Another event that saw the involvement of young people and students from many Milanese universities was the presentation, at the PAC in Milan, of the book "**Aria d'Italia**", published by TOD'S with Rizzoli International, to evoke the contemporary Italian lifestyle and its eternal values. Through eight words, stories are told of artists, entrepreneurs and craftsmen who represent the essence of the iconic Italian identity. Many photographs and aphorisms celebrate the passion and talent for every aspect of living, from the pleasures of dining to art and attention to traditions.

In 2022, the training activities of the company's "**Bottega dei Mestieri**" Academy – set up for the purpose of scouting and training new craftsmen to support the Group's plants – were resumed on an ongoing basis, with the aim of fostering generational turnover and preserving the skills needed to support Made in Italy.

A total of **97 traineeships** with an average duration of 6 months were set up in 2022, of which more than half have already turned into a stable contract.

Promoting the Group's values among new recruits

The challenge of preserving the values of Italian spirit and Italian manufacturing in the markedly international environment in which the Group operates is a significant one. In order for these values to be equally internalised and promoted by all employees, regardless of their geographical origin, a few years ago TOD'S launched the **Italian Orientation** programme, which offers a number of new hires in the retail world an opportunity for corporate training combined with a cultural itinerary.

The programme for the employees of the Group's Italian offices lasts for three days and involves a visit to the TOD'S production sites in the Marche region and the corporate offices in Milan. For employees of the international offices, the programme lasts for five days and, as well as a

visit to the production sites and corporate offices, it begins with a visit to Rome – including a trip to the Colosseum – and ends with a visit to Villa Necchi in Milan.

This initiative is offered to all store managers and the most deserving store manager assistants and sales assistants. By alternating cultural activities with recreational opportunities, employees in the foreign offices have a chance to completely immerse themselves in Italian culture and lifestyle, experiencing the values that TOD'S promotes in its business management and among its workforce.

The programme also represents a unique experience for the staff of the Italian offices, who have the chance to interact with colleagues from all over the world, promoting mutual cultural exchange. It is an initiative that underscores the ongoing TOD'S commitment to creating an increasingly cohesive, international team. The programme also includes lifestyle experiences to allow the retail team to more effectively share the values of quality, tradition and Made in Italy with their customers.

Over the course of the year, four delegations were received at the headquarters in Italy, with some Italian and European sales network employees.

Diversity, equity, inclusion and non-discrimination

The Group bases its approach to managing staff around the principles of **diversity, multiculturalism, equity and inclusion**. The chance to work with people of different nationalities, with diverse cultural and professional backgrounds, is of vital importance to an **inclusive international organisation** like TOD'S Group.

By promoting these principles, the Group boosts its staff's ability to interact effectively, optimising their day-to-day performance. At the same time, the Group's diversity is a precious tool to help the organisation understand and respond to the unique needs of different markets.

Diversity, Equity and Inclusion Protection Policy

The **Diversity, Equity and Inclusion Protection Policy** (approved by the TOD'S S.p.A. BOD on 25 January 2023) was created with the aim of formalising TOD'S Group's commitment to **promoting the values of inclusion and equality among people**. This policy sets out the principles which, in line with the Code of Ethics and the Sustainability Policy, have always guided the organisation in the transparent and responsible conduct of its activities.

Through this Policy, which can be consulted in full at the following link (https://www.todsgroup.com/en/sustainability), in line with the provisions of the Universal Declaration of Human Rights and the ILO Conventions on non-discrimination, TOD'S Group undertakes to:

- promote equality, combating any kind of discrimination based on age, ethnicity, nationality, political and trade union opinions, religion, sexual orientation, gender identity, disabilities and any other personal characteristic;
- ensure that all employees and collaborators behave respectfully and fairly towards colleagues and third parties;
- promote and guarantee respect for equal opportunities and foster gender balance, facilitating the management of the relationship between family and professional life;
- condemn and oppose any form of harassment, be it gender-based, physical, verbal or sexual;
- promote and foster meritocracy and fair treatment at all professional levels;
- support multiculturalism in all activities and business contexts.

The Group's desire to respect these values is underscored in the **Code of Ethics**, in which the Group commits to ensuring that **diversity** and **equal opportunities** are respected at every level of the organisation, with the principles of meritocracy upheld and all forms of discrimination rejected, including those linked to age, gender, sexual orientation, race, language, nationality, political opinions, trade union affiliations and religious beliefs.

TOD'S has also signed the **Charter for Equal Opportunities and Equality at Work**, sponsored by the Ministry of Labour and Social Policies, which is a declaration of commitment to adopt inclusive human resources policies. By joining this initiative, TOD'S reaffirms its commitment to help combat all forms of discrimination in the workplace and to **value diversity within the organisation**.

As of 31 December 2022, **women** accounted for around **66.2% of the Group's overall workforce**, a slight increase on the figure of 65.7% the previous year. This strong female presence is seen in all regions in which the Group operates. In the most senior professional categories (**executives and managers**), the split between men and women is more equal, although there are slightly more women here too (**58.2%**, up from 56.9% in the previous year). As also shown in the tables below, as at 31 December 2022, there was an improvement, compared to the previous year, in the

proportion of **women** in the top positions (**executives and managers**) of the **STEM**[15] **Divisions** and of the **Business Divisions**, by **39%** and **63%** respectively (33% and 61% as at 31 December 2021).

Breakdown of employees in STEM-related positions

No. of employees	12.31.22			12.31.21		
	Men	Women	Total	Men	Women	Total
Executives and Managers	23	15	38	22	11	33
Percentage	61%	39%	100%	67%	33%	100%

On the other hand, considering all professional categories, the incidence **of women belonging to STEM Divisions**, as at 31 December 2022, was equal to **28%** (with an increase compared to last year, in which they were equal to 24.7%)

Breakdown of management positions in business roles

No. of employees	12.31.22			12.31.21		
	Men	Women	Total	Men	Women	Total
Executives and Managers	122	207	329	124	197	321
Percentage	37%	63%	100%	39%	61%	100%

The offer of **part-time** contracts also confirms the Group's commitment to equal opportunities: as of 31 December 2022, 5.9% of the Group's employees benefited from these contracts (84.6% women). Moreover, the Group offers its employees the chance to take **parental leave**, in accordance with laws and regulations in the various countries.

TOD'S has a large number of **employees of different nationalities** in its international organisation. Specifically, Italian employees accounted for 43.5% of the total as at 31 December 2022 (in line with last year), followed by Chinese employees at 19.1%, Korean employees at 5.6% and American employees at 3.2%.

Breakdown of employees by nationality

Nationalities	12.31.22		12.31.21	
	Total	Executives & Managers	Total	Executives & Managers
Italians	43.5%	38.5%	43.4%	38.5%
Chinese	19.1%	23.4%	17.7%	22.8%
Koreans	5.6%	13.1%	5.6%	12.1%
Americans	3.2%	6.3%	3.2%	7.0%
Other nationalities	28.6%	18.7%	30.1%	19.6%
Total	100%	100%	100%	100%

Finally, the number of Group employees belonging to **legally protected categories** was 127 as at 31 December 2022 (it was also 122 as at 31 December 2021). The Group has also signed a number of agreements with Employment Centres in order to progressively incorporate these people into the Group's companies.

[15] Science, Technology, Engineering, Mathematics.

Remuneration and benefits

TOD'S Group's remuneration policies are also centred around the **values of equal opportunities and equity**. All policies are designed to reward the skills of each employee.

Every year, the Group companies set out **meritocratic remuneration policies**, with direct involvement from managers, who are asked to identify staff who deserve a pay rise. Moreover, to supplement salaries, the Group also sets out variable retribution plans (MBO – Management by Objectives) on an annual basis. These are assigned to management staff on the basis of targets to achieve over the course of the year. The MBO plan for Executives and Managers is based on quantitative and qualitative targets. They are allocated in the first quarter and disbursed in the following year. Maximum goals are expressed as a percentage of gross annual remuneration and vary between a minimum of 10% and a maximum of 60% (or 25% for Managers). As regards the **salaries of new recruits**, TOD'S Group offers salaries in line or above the minimums set out by law or collective bargaining agreements in the various countries in which it operates. This applies to both men and women.

Ratio between base salary of new recruits[16] and local minimum wage[17], by significant operational location

Significant location	2022		2021	
	Men	Women	Men	Women
Albania	1.10	1.10	1.00	1.00
Austria	1.09	1.09	1.42	1.42
Australia	1.20	1.22	1.18	1.18
Belgium	1.42	1.14	1.26	1.16
Canada	1.29	1.29	1.33	1.37
China	1.16	1.16	1.16	1.16
Korea	1.18	1.18	1.14	1.14
United Arab Emirates	1.00	1.17	1.00	1.00
France	1.35	1.28	1.26	1.25
Germany	1.24	1.24	1.27	1.27
Japan	1.48	1.48	1.52	1.52
Hong Kong	2.03	2.03	2.03	2.03
India	2.15	2.15	2.15	2.15
Ireland	1.13	1.13	1.13	1.13
Italy	1.00	1.00	1.00	1.00
Macau	2.10	2.10	2.10	2.10
Netherlands	1.05	1.15	1.05	1.01
United Kingdom	1.16	1.03	1.12	1.01
Singapore	1.41	1.41	1.75	1.75
Spain	1.21	1.22	1.21	1.22
United States of America	1.35	1.35	1.65	1.66
Switzerland	1.30	1.30	1.17	1.20
Hungary	1.00	1.00	1.00	1.00

[16] "Base salary of new recruits" refers to the lowest salary paid to new recruits in the year in question.

[17] "Local minimum wage" refers to the minimum wage permitted according to the collective agreement (where applicable) or regulations valid in the various countries in which the Group operates.

While there are some anomalies at regional level in terms of both base and overall remuneration, the analysis reveals no particular disparity between men and women (neither in 2021 nor 2022).
Finally, as regards the benefits offered, the Group strives to minimise inequality and standardise its offering for all staff members, regardless of their contract type and professional level. The main benefits provided by the Group include, for example, health insurance, life insurance, disability insurance and supplementary pension contributions. In particular, for the Italian companies and the main companies in the Europe Region, which account for about 64% (in line with last year) of the Group's employees, the main benefits, where present, are granted to all employees, regardless of their contractual and professional type. With regard to the remaining regions, i.e. Greater China, the Americas and the Rest of the World, which represent approximately 36% of the Group's employees, the main types of benefits, where applicable, are only granted to full-time employees or, for some companies, also to part-time employees, excluding temporary employees.[18]

Talent development

TOD'S Group is committed to promoting **training** activities by allocating specific resources to the achievement of five-year targets integrated into the broader sustainability framework. The goal is to align specific skills with actual business needs, a necessity exacerbated by the global pandemic crisis and new macroeconomic trends such as sustainability and digitisation.
Employee training plays a crucial role in the Group's present and future success. On the one hand, training is an important means of professional development and enhancement for employees. On the other, it represents a valuable way of spreading the Group's values and strategies, preserving the skills of the company workforce.
The Human Resources department, through its training team and with the support of various company departments and line managers, mapped out training requirements and worked with specialist partners to produce customised training resources tailored to fit the real needs of the company, with the overall aim of development and realigning employee skills.
In 2022, TOD'S Group provided **64,400 hours of training** (an increase of about 34% over the previous year). Of this, around 31% was made up of corporate training, with the other 69% consisting of retail training. In 2022, TOD'S Group provided **13.1 hours of training per capita** (compared with 10.1 in 2021).

[18] TOD'S Korea and Roger Vivier Korea provide benefits to all employees.

Hours of training delivered, by employee gender and type of training (corporate / retail) 2022 and 2021

No. of Hours	2022			2021		
	Men	Women	Total	Men	Women	Total
Corporate	9,195	10,643	**19,838**	12,131	12,355	**24,486**
Retail	15,482	29,079	**44,562**	7,368	16,244	**23,612**
Total	**24,678**	**39,722**	**64,400**	**19,499**	**28,599**	**48,098**

During 2022, TOD'S allocated a total amount of about 838,000 euros for training activities (up by more than 16% compared to 2021) with a cost per capita of over 170 euros (was about 152 euros in 2021)

Retail training

The innovative B_TOD'S training continued for retail staff in 2022. By drawing on elements of neuroscience, the training course brings together a range of different approaches and methodologies to help sales staff across the various Group brands to analyse the psychometric profile of their clients during the purchasing process, with the aim of maximising sales and loyalty results. The Group also continued to provide its Clienteling and CRM training activities through coaching methodologies for strategic figures such as retail operation managers, store managers and assistant store managers, with the objective of boosting the efficacy of the sales process.

The Human Resources Department, in the Talent Acquisition & Training division, promoted a training catalogue on soft topics in 2022, which, with input from HR Managers and the Business, resulted in a timely mapping of the company's training needs in spring 2022.

This inventory of needs enabled a clustering of recurring "themes" on the different target groups of the company workforce, resulting in an annual training calendar (TEC - **TOD'S Educational Catalogue**) relating to the different chapters: Managerial, technical and mandatory training.

In Italy, where realistic, TOD'S benefits from training funding opportunities available nationwide, such as interprofessional funds, as well as European, national or regional tenders for the various local units in the area.

During the year, TOD'S Group launched several initiatives, including the **Digital Ambassador** project launched in 2020, through which a population of "trainers" was identified and trained throughout the organisation and the Group's local units, with the aim of supporting the transfer of digital skills and developing specific digital workplace skills, through the use of agile tools, to assist hybrid working methods and team management, with the aim of improving work-life balance. This project

subsequently focused on new tools and software with an emphasis on **cybersecurity**. In 2022, a course called "**Digital Ambassador 3.0**" was designed to extend the digital skills and knowledge of Ambassadors, leading them to experiment with new tools for greater collaboration.

Another initiative is the **Soft Skills Catalogue**, which led to the dissemination and refocusing of evolutions of mature skills, revisited from a new perspective, such as those related to communication, seen from different angles and on new frontiers, such as digital or remote working. On this task, the Group provided training initiative, such as "effective communication", including on new targets such as production, involving line managers and operational staff. This skill covered different aspects, such as public speaking and digital and assertive communication, right up to concepts of not only verbal communication, but also business writing and storytelling. An important chapter of 2022 accompanied the new performance management system, supporting the company workforce with specific training on the "appraisal interview" or "feedback management", developing it from the perspective of both the appraisee and the appraiser.

In view of the continued importance of the **Bottega dei Mestieri** programme within the company, TOD'S continued to provide the "train the trainer" module for company tutors, or rather those who support young craftsmen in their technical and soft skill development.

Over the year, following the launch of the **Managerial Model**, special information campaigns were promoted through the sharing of "video clips" and value weeks, which made it possible to disseminate the new values at all organisational levels.

On the **technical** side, a series of training sessions were carried out to support the organisation and streamlining of certain processes, including their digitisation, as well as obtaining and maintaining certain certifications (e.g. ISO 14001/45001; Authorized Economic Operator, or Recognised Sender). In addition, in the second part of 2022, initiatives were implemented to support the **introduction of a 3D approach**, in particular **in product creation**, seeking to achieve a twofold objective: reducing the time required to manufacture products and **lessening the environmental impact of the creative process**, through the reduced use of materials required to produce prototypes or samples for all product categories, but particularly for leather goods and footwear.

"Digital Knowledge" continues to be of strategic importance, launching and implementing a series of digital training sessions, enabling all employees to be reached globally, with a high level of involvement on specific topics such as Corporate tour, Digital orientation, as well as vertical modules on specific footwear and leather goods skills (Mad about...). In 2022, the Group also promoted language skills at all levels, expanding them globally through its partnership with **GoFluent** for the study of major languages. This platform provides an opportunity for the Group's

2,000 users to plan, completely independently, training activities and in-depth analysis of vertical topics, with the possibility of measuring achievements through a series of progressive assessments. The "**Sustainability Change Management**" programme, aimed at top and senior managers, was particularly important during the year, aiming to supplement existing skills with new **sustainability** skills, such as:

- sustainability as a strategic choice in our business model;
- the reduction of environmental impacts along the value chain, from raw material sourcing to product end-of-life;
- communicating sustainability: regulations, tools and good practices;
- sustainability and traceability: from supply chain to product;
- eco-design and circular creativity;
- the selection of sustainable materials for products and packaging;
- sustainable chemistry.

In 2022, more than **52% of the Group's employees** (including 64% of white-collar workers and 82% of managers) underwent **performance appraisals** (up slightly from 50% the previous year).
In 2022, the Pilot of the **Performance Management** process defined in the previous year was implemented.
This initiative involved **five organisational divisions** belonging to different company areas, involving a sample of **about 150 colleagues at Italian level**. The Performance Management process not only aimed at providing people managers with a tool to manage and dialogue with their employees, but also gave them the opportunity to work on internalising the Group's Management Model and managing the dynamic interrelationships within work teams.
For the year 2023, the process will be further extended within the Italian scope and, at the same time, a series of initiatives will be implemented to standardise the process at an international level in the various Group regions in order to introduce a global process by 2024. In addition to these formal performance appraisals, the Group strives to promote continuous dialogue between management and employees in order to encourage an ongoing flow of information designed to facilitate constant qualitative improvement of performance and the work environment.
In order to monitor the ability of retail employees and to ensure constant improvement, the Group regularly assesses employee performance so as to be able to set individual targets and ensure necessary development.

Employee well-being

TOD'S Group's success is closely linked to the happiness of its workforce and, for this reason, one of its main objectives is to ensure the **well-being of its employees**, in order to generate value in the long term. Employee well-being is not just about professional fulfilment, but also about the ability to ensure a **good work-life balance** that never oversteps the mark. To this end, the Group, where possible, has provided for its people the use of agile work (smart working) and greater flexibility in entering and leaving the workplace, according to the specific role and company needs. The Parent Company TOD'S S.p.A. supports a number of initiatives. Firstly, TOD'S offers its employees a large range of services at the Group headquarters, including:

• a free nursery for employees with children between the ages of two and six. Every school year, access is reserved for the first 28 children who qualify based on a ranking system drawn up according to specific criteria;

• a free gym that can be accessed by employees during set hours (after 17.00), with the option of attending courses that run on a weekly schedule;

• a company restaurant serving subsidised meals, using organic and km-0 products;

• a free media library offering employees a wide range of books and DVDs.

In 2008, the Group launched its "**Welfare" Programme** in Italy, with the aim of improving the well-being of employees and their families. In 2022, the project featured a range of initiatives providing economic support to employees, including:

• a contribution towards employee costs relating to the purchase of school and university books for children ranging from primary school to university age[19];

• insurance for employees and their immediate families covering the cost of major specialist operations, dental treatment, diagnostic tests and laboratory analysis, specialist visits, a "maternity support package", physiotherapy services, and specific prevention check-up programmes (including cardiovascular and oncological prevention)[20];

- the **Company Welfare Plan** established for the two-year period (2021-2022)[21] and renewed, with the same features, for the years (2023-2024).

[19] This contribution was not paid to employees on fixed-term contracts.

[20] Insurance will come into effect from the 13th month of employment for those employees on fixed-term contracts who are covered by the Footwear Industry collective bargaining agreement.

[21] The Plan allows each employee, employed on 31 December of the previous year and not terminated on 1 February of each year and belonging to the national collective bargaining agreement for the Footwear Industry (excluding the Sales Campaign), who decides to participate in the Plan to choose the benefits that best meet their personal and family needs, using the allocated welfare credit.

TOD'S has made available to the beneficiaries, for each year of 2021 and 2022, the amount of 1,400 euros. Each Beneficiary may choose, each year, whether to:

· contribute this sum entirely to welfare services (not subject to taxation);

The goal of the Welfare Plan is to offer even greater value to employees and their families by allowing them to access a series of goods and services ("flexible benefits") aimed at supporting personal and family life in health, sport, education, culture, well-being and entertainment, as well as enhancing their pension and health coverage.

To support purchasing power, which has been affected by international events that have also led to a significant increase in the cost of living, TOD'S paid a **special contribution** of 500 euros, in the form of welfare, to all Italian employees in December 2022.

In these extraordinarily complex times, the company has once again shown its willingness to continue to play an active role in social responsibility, supporting and helping its employees, fully aware of the importance of balancing work and personal life and supporting purchasing power.

"There is a still a lot of appreciation for the idea, which was implemented years ago in the main plant, of designing a company on a human scale, with spaces dedicated not only to work, but also to the well-being of our employees and their children."

Diego Della Valle

· contribute 50% of this sum (700 euros) to welfare services (not subject to taxation) and receive the remaining 50% (700 euros) in a paycheck (with tax and social security contributions deducted as required by law);

· not participate in the programme, receiving the full amount (1,400 euros) in a paycheck (with tax and social security contributions deducted as required by law).

For part-time employees, the share of the welfare credit allocated is reproportioned on the basis of the average hours worked in the 12 months preceding the date of the opening of the plan.

Health and safety

Employee well-being is also dependant on the provision of **adequate health and safety conditions at the workplace**, across all Group facilities.

TOD'S therefore dedicates particular attention to the management of these aspects in order to prevent and reduce the occurrence of accidents and injuries as much as possible. It complies with the relevant legal requirements and obligations, based on the specific regulations in force in the various countries in which it operates.

With a view to continuous improvement, in 2020 TOD'S embarked on the path of certifying its **Occupational Health and Safety Management System**, achieving, on 24 November 2022, **certification in accordance with the UNI ISO45001:2018 standard** for the "Brancadoro Complex" (headquarters, production plant, raw materials warehouse and outlet), which employs 975 employees as at 31 December 2022.

The implementation of this system will extend, according to a multi-year plan, to all of the Group's Italian industrial and logistics sites. With the gradual introduction of the new Management System in accordance with the ISO 45001 standard, TOD'S Group intends to minimise the social and economic costs of non-safety, to further promote the well-being of people in the workplace, and to ensure compliance with the highest labour standards.

Key points of the Occupational Health and Safety Policy

Since 2021, TOD'S Group has adopted an **Occupational Health and Safety Policy** (the adequacy of which was most recently confirmed by the TOD'S S.p.A. Board of Directors on 13 March 2023).

By implementing the above policy (available in full at the following link (https://www.todsgroup.com/en/sustainability), TOD'S is promoting the well-being of its employees and spreading the culture of health and safety, with the goal of protecting the people who work on company sites and enhancing local communities.

In addition to meeting the legal obligations associated with its activities, TOD'S undertakes to pursue the following goals:

- to ensure safe and healthy workplaces and provide Personal Protective Equipment in order to prevent occupational accidents and illness;
- to adopt a preventive approach with a view to eliminating hazards, reducing risks and taking advantage of opportunities to safeguard occupational Health and Safety;
- to involve workers and their representatives, favouring their participation to boost awareness of risks and promoting responsible conduct;

- to spread a culture of Health and Safety by developing the skills required to carry out work activities and organising specific training and instruction plans.

TOD'S Group asks its suppliers and external workers to define and adopt Health and Safety conduct and standards aligned with this Policy.

Monitoring and improvement over time of health and safety requirements were carried out by the Group through the risk assessment document, a tool that is structured and periodically updated based on a similar model for all sites.

The processes used to identify hazards consist, for example, of inspections and audits in work environments carried out with the support of external consultants and technicians, interviews with workers through managers, supervisors and workers' safety representatives, technical investigations to detect the presence of chemical and physical substances in the workplace, and ergonomic analysis to determine the risks of biomechanical overload or related to manual handling of loads. Quantification of risk levels associated with the identified hazards is carried out differently depending on whether the risk relates to accidents or to workers' health. For the former, risk assessment is based on the probability and damage matrix, while for the latter, the Group assesses worker exposure levels, which are then compared with the action and limit values set out by Legislative Decree 81/2008 or by other national or international standards. The quality of the processes for identifying hazards at work and assessing risks is guaranteed by the direct control of the Prevention and Protection Service, through specialised staff (health and safety officers). At the production sites, health and safety officers are generally maintenance staff, guaranteeing the greatest possible contact with the working environment, as well as adequate technical preparation to deal with reports. If external consultants are involved, the Group regulates the protection of sensitive data in accordance with current legislation.

Based on the results of the assessment process, should any risk factors emerge, TOD'S carries out immediate or planned optimisation actions within the Risk Prevention and Protection Programme. Should it be necessary to make changes that involve the introduction of new risks to the health or safety of workers (such as new chemical substances or mixtures used in production/prototyping, new work equipment or plants), these are subject to prior inspection by the Prevention and Protection Service, in collaboration with competent doctors, who then approve or revise them.

There is also a Steering Committee composed of the Employer, health and safety officers, competent doctors, safety representatives and the HR Business Partner Division that meets at least once a year at each operational site.

In order to improve the way it deals with this issue, the Parent Company TOD'S S.p.A. has internal reporting systems covering Health and Safety in the Workplace. These are regularly sent to Control Bodies.

During 2022, in the area of **health and safety training**, each employee benefited from training programmes focused on workplace hazards and the prevention of occupational accidents and illnesses, delivered both in the classroom and through e-learning. Strictly compulsory topics under Legislative Decree 81/08 were supplemented with a massive and widespread informative, training and awareness-raising campaign on how to behave in the workplace. In particular, in the context of ISO 45001 certification, some 500 employees were involved in 2022 at the "Brancadoro Complex" for a total of 140 hours. This training covered topics such as operational instructions and recommendations in the production, logistics and outlet departments; planning and operational controls; machinery maintenance management and, in general, the requirements of the ISO 45001 Management System.

Moreover, as part of the training programmes, workers are instructed to report any hazardous conditions, near misses or medication needs to the relevant contact persons; those responsible can in turn directly communicate with the Prevention and Protection Service and the HR Department, depending on their requirements. Workers can also make reports to the on-site workers' health and safety representatives, who guarantee anonymous communication, and can use the whistleblowing system, which guarantees a specific and confidential information channel, protecting the reporter's privacy.

Since 2019, TOD'S **has supported the commitment of AVIS** (**Association of Italian Blood Donors**), participating in initiatives promoted by the organisation in the Lombardy region to contribute to and sponsor blood collection, offering employees an additional access channel to check-ups and specialist examinations, as well as a complete and free health check-up.

As in the past, a blood donation day was organised in 2022, hosting an equipped mobile unit in front of the Corso Venezia offices in Milan.

Given the success of the initiative, two events have already been scheduled for 2023, so that the entire interested company workforce can participate and make their contribution in a practical and easy way to the blood collection, simply by going to the Group's main Milan offices.

2022 saw the continuation of specific initiatives aimed at promoting health and safety, primarily focused on prevention and containment measures relating to the **COVID-19 pandemic**.

As reported in the previous NFS, TOD'S not only set up a "Covid-19 Task Force" to manage the emergency, but also immediately implemented exceptional measures in the organisational, procedural and technical/logistical adaptation areas aimed at the maximum protection of the

health and safety of its employees and collaborators. Also in 2022, TOD'S kept its attention focused on the Covid-19 emergency and continued to apply the Shared Anti-Contagion Protocol, adapting it from time to time to the government regulations that followed, with the simultaneous reinforcement, due to the outbreak of the pandemic in China, of the anti-contagion preventive measures in the Region in order to protect its staff and guarantee greater safety.

During 2022, there were **44 accidents** among employees, up from 37 in 2021, **partly due to growth in production and commercial operations**, with the accident rate rising from 0.95 to 1.01 in 2022. Moreover, in 2022 there was one accident among contractors[22] (in line with 2021) due to a cut during work.

[22] External workshops in the Footwear and Leather Goods divisions that worked exclusively for TOD'S Group.

5. Traceability and a sustainable supply chain

We care about our supply chains and intend to promote programmes for qualification, monitoring and sustainable growth of our raw material suppliers and workshops to integrate environmental and human protection along the production cycle.

Responsible management of the supply chain

TOD'S Group boasts a long history in the production and marketing of footwear, leather goods and clothing, featuring four different brands all equally synonymous with high quality, exclusivity and a recognisable style.

A distinctive element of the Group's production processes, which guarantees the prestige and exclusiveness of the brands, is its careful internal control of the entire production chain from the creative stage to the production of prototypes, to the selection and procurement of raw materials and components, and finally to the creation of products. The production of footwear and leather goods is carried out in internal facilities and workshops owned by the Group or in specialised external workshops. The latter are entirely located in areas that have a historic tradition of footwear and leather goods production, a guarantee of manual expertise and professional workmanship. For the production of its clothing line, the Group relies on selected specialised external workshops.

The uniqueness of the Group's products has always been based on **values** such as craftsmanship, design, creativity, tradition, innovation, quality and the promotion of Made in Italy. Over the years, the Group's product range has evolved in line with customer needs and the values inherent in each of the Group's brands. These values are reflected in the **Supplier Code of Conduct**, **adopted as of 2019**, and available at the following link: https://www.todsgroup.com/en/corporate-governance/procedures-and-guidelines.

Supplier Code of Conduct

The Supplier Code of Conduct – inspired by the principles set out in the **ILO** (International Labour Organisation) **Conventions and the United Nations Universal Declaration of Human Rights** – defines the principles and rules of conduct that the Group requires to be respected in order to ensure integrity and ethics in governance, anti-corruption, environmental protection, animal welfare and fair, equitable and responsible working conditions throughout the supply chain.

The Code covers the ethical principles and rules of conduct that supplement and enhance the legal, contractual, regulatory and procedural provisions that characterise the commercial relations between the Group and its main strategic partners along the entire production chain.

The Code contains standards and rules of conduct relating, but not limited to, **business integrity and ethics, social responsibility and care for workers, product responsibility, environmental responsibility, worker health and animal welfare**.

Also in 2022, all necessary initiatives continued to inform and raise awareness among the Code's recipients. These activities included a formal commitment to comply with the principles and

rules set out therein, as well as the implementation of a monitoring process to check compliance with its provisions through audits.
All addressees are required to promptly inform the relevant Group Departments through the specially established reporting channels if they become aware of conduct that does not comply with the rules adopted by TOD'S Group or alleged violations of the Code.

As anticipated, in order to further strengthen its commitment to ensuring responsible management of its supply chains, TOD'S has joined the **United Nations Global Compact** to promote the protection and monitoring of **human rights**, **labour practices**, the **environment** and **anti-corruption**, including in relations with third parties.

Supply chain quality

All the Group's commercial partners, whether suppliers or external workshops, from the raw material procurement stage to production management and product distribution, play a crucial role in the pursuit of qualitative excellence. To this end, TOD'S Group carefully selects its partners, favouring established collaborations and solid, long-lasting relationships aimed at maintaining the standards of excellence and quality that have always distinguished its products.

Craftsmanship: A value to pass on - "Bottega dei Mestieri" Business Academy

Artisan skills are not only key to the Group's creation of high-quality products, but also an important component of the technical and cultural heritage of Made in Italy production. For this reason, TOD'S Group is committed to preserving this value, encouraging young people to enter the world of craftsmanship, which still offers major employment opportunities in Italy, combining innovation and tradition. For this reason, it remains committed to the company's **"Bottega dei Mestieri"** academy, which, since 2012, has trained and continues to train a large group of young people, offering them an insight into the world of craftsmanship in order to give them an interesting, prestigious training experience consisting of classroom activities and on-the-job training, which in most cases leads to them being hired at one of TOD'S Group's production plants.
In 2022, the training activities of the "Botteghe dei Mestieri" programme, set up for the purpose of scouting and training new craftsmen to support our production plants in the various product categories produced by the Group's brands, were resumed on an ongoing basis, with the aim of

facilitating generational change, ensuring the preservation of the skills needed to support Made in Italy.

In 2022, TOD'S celebrated the **tenth anniversary of the launch of the "Bottega dei Mestieri" programme**, which involved the implementation of **260 traineeships** over the decade, 54% of which turned into stable contracts.

In the last year alone, partly in view of the Group's growing production and industrial needs, the programme has accelerated considerably, resulting in the launch of a further **97 traineeships** for an average duration of six months, more than half of which have already been hired with a stable contract.

Outstanding raw materials and promotion of Made in Italy

In order to guarantee excellent products, structured processes are adopted to research and select the best raw materials (leather, accessories and fabrics), combining quality, tradition and innovation. In its constant pursuit of these values, the Group continues to collaborate with the best tanneries, as well as researching, where available, new developments and new stylistic trends at trade fairs. When selecting raw materials, TOD'S prefers to establish partnerships with the best suppliers in Italy. This preference is evidenced by the fact that in 2022 the total cost of the **procurement of raw materials from Italian suppliers** amounted to 98.7% of the total budget for the Footwear Division and for the Leather Goods & Accessories Division, and to 99.9% for the Clothing Division, recording slight growth for all three Divisions, compared to the 2021 figure. In 2022, the Group collaborated with a total of 456 suppliers, including 236 for the Footwear Division, 60 for the Leather Goods & Accessories Division and 160 for the Clothing Division. The overall figure is up by more than 5% compared to last year.

No. of suppliers by geographical area and product category (%)

Region	2022			2021		
	Footwear	Leather goods & accessories	Clothing	Footwear	Leather goods & accessories	Clothing
Italy	**92.8**	**93.3**	**98.1**	**94.6**	**94.9**	**96.4**
Marche	31.4	10.0	11.2	33.1	11.9	12.6
Tuscany	25.8	45.0	21.9	26.8	45.7	22.2
Lombardy	14.4	16.6	35.6	13.6	22.1	32.9
Veneto	8.9	18.3	11.9	10.2	11.9	11.4
Other Italian regions	12.3	3.3	17.5	10.9	3.4	17.4
Europe	**6.8**	**5.0**	**1.3**	**4.9**	**5.1**	**2.4**
Americas						
Greater China						
Rest of the World	**0.4**	**1.7**	**0.6**	**0.5**		**1.2**
Total	**100**	**100**	**100**	**100**	**100**	**100**

In 2022, **Italian suppliers** accounted for a significant percentage of the total for all product categories, in particular with regard to the Clothing Division (around 98%). Only when the best raw materials for a single product category are not available in the local market, the selection process involves the best foreign suppliers (e.g. in France) that are able to meet the Group's quality and stylistic expectations, while guaranteeing the highest standards of technical reliability. In order to ensure compliance with the common goals of Made in Italy excellence, quality and the fight against counterfeiting, the Group considers it essential to create and maintain long-lasting relationships with suppliers.

It should be noted that, within the core business of Footwear, about 50% of **suppliers have been working with the Group for more than 11 years**.

Suppliers by years of collaboration and product category

Suppliers by years of collaboration (%)	2022			2021		
	Footwear	Leather goods & accessories	Clothing	Footwear	Leather goods & accessories	Clothing
Occasional	17.8	38.3		6.3	20.4	
1-3 years	9.3	23.3	5.6	12.6	25.5	9.0
4-10 years	22.9	23.3	15.0	28.6	37.2	19.8
> 11 years	50.0	15.1	79.4	52.5	16.9	71.2
Total	**100**	**100**	**100**	**100**	**100**	**100**

Participation in the Leather Working Group (LWG)

To further strengthen the sustainable management processes of the leather supply chain, on 10 February 2023, **TOD'S Group joined the Leather Working Group**, a non-profit organisation for stakeholders in the value chain of the tanning industry who work in synergy to foster a **responsible and positive environmental and social impact for the leather manufacturing industry** (https://www.leatherworkinggroup.com/). The initiative pays particular attention to the following aspects: traceability and transparency of the supply chain; efficiency in the use of raw materials; waste and emissions from production processes; chemicals management; animal welfare and biodiversity; and labour conditions and fair treatment of workers.

The main goal of the LWG is to provide, maintain and develop audit protocols with the aim of verifying compliance with the principles and environmental and social performance of tanners around the world, promoting sustainable business practices for the protection and preservation of the environment and communities.

By participating in the Leather Working Group, TOD'S committed to further promoting the involvement of the leather value chain and to declaring the percentage of materials sourced from LWG-certified suppliers.

Raw materials purchased by type*

Typology of raw material	Unit of measurement	2022 Quantity/000	2021 Quantity/000
Hides	Pq/000	21,247	15,020
Metal accessories and other materials	Pieces/000	27,185	24,840
Fabric for clothing	Meters/000	483	346
Fabrics linings for clothing	Meters/000	288	146
Bottoms	Pairs/000	2,045	1,777
Accessories	Pairs/000	665	503

* Purchases include the main raw materials supplied, according to the most representative measurement unit. The purchased raw materials, rather than the raw materials consumed, were reported.

The overall increase in the quantity of raw materials purchased of more than 20% is linked to market dynamics and thus to the improvement in the Group's performance in 2022 compared to 2021.

In order to analyse and enhance the **projects and initiatives of its supply chains in the management of social and environmental aspects**, TOD'S Group launched a survey in the fourth

quarter of the year to map the main system and product certifications held by suppliers of raw materials (leathers, fabrics, soles and accessories) in the Footwear and Leather Goods Divisions. The survey involved 130 strategic suppliers through a self-assessment questionnaire. The main results are summarised below:

- 75% of leather suppliers have LWG (Leather Working Group) certification, while about 15% have started the certification process;
- 30% of leather suppliers have ICEC (Institute of Quality Certification for the Leather Sector) certification on the traceability of raw materials (ICEC TS CS 410 / ICEC TS PC 412), while 7% have started the certification process;
- 40% of suppliers have joined the Zero Discharge of Hazardous Chemicals (ZDHC) Programme;
- 18% of suppliers are certified according to the Global Recycle Standard (GRS), while 3% have started the certification process;
- 25% of textile suppliers have OEKO TEX certification, while 3% have started the certification process;

finally, with reference to the main system certifications, it should be noted that:

- around 30% of suppliers are certified according to ISO 14001 (Environment);
- 12% of suppliers are certified according to ISO 45001 (Occupational Health and Safety);
- over 30% of suppliers are certified according to ISO 9001 (Quality).

TOD'S Group monitors substances deemed dangerous for the health and safety of the end user and harmful to the environment, putting environmental sustainability at the heart of its production processes. At the same time, in order to protect and safeguard its image and that of its brands with regard to checks by the relevant authorities, TOD'S ensures that its products comply with its RSLs (Restricted Substances Lists), which were developed in accordance with the guidelines of the National Chamber for Italian Fashion (CNMI) regarding eco-toxicological requirements, based on current regulations **on the protection of health and safety and respect for the environment**. To this end, TOD'S requires its suppliers to ensure compliance with the relevant standards regarding the materials supplied by signing special RSLs that list the obligations for each supplier and specify the substances and relevant regulatory restrictions by type of material and final destination. In addition, TOD'S Group carries out random tests on materials supplied to the Group in order to verify their compliance with current regulations.

In 2022, TOD'S continued the **on-site audit** process which began in 2019 in its production chains on **environmental and social issues, human rights, health and safety, and ethical principles.**

Promotion of artisan "know-how"

In order to protect and support **artisan "know-how"**, the heritage of Made in Italy, TOD'S has promoted the inclusion of small women-led businesses, connected to tradition and local culture, in the brands' projects. Among them, TOD'S has been collaborating with **IN3CCI** on the production of bags, belts and bracelets since 2017.

IN3CCI was established in 2016 thanks to the resilience and professionalism of its owner, Carmelina, who, finding herself without a job due to the closure of the company in which she was employed, chose to invest in herself and embark on a new entrepreneurial path in the field of "weaving".

As Carmelina herself said: "*The first two years were really difficult: so many sacrifices, so many hours of sleep lost as the company struggled to get off the ground. Prototypes and samples were made, but we could not go any further. Until the autumn of 2017 when a major order from a Fashion & Luxury brand kick-started what is now IN3CCI.*" Based in Compiobbi, INT3CCI is a small, women-led company with a network of craftsmen in Tuscany, Apulia and Marche.

During the year, TOD'S Group, within the framework of the Integrated Environment and Occupational Health and Safety Management System compliant with ISO 14001 and ISO 45001 standards for the "Brancadoro Complex", aware of the importance of the **environmental and social sustainability of its supply chain**, continued its assessment activities of its main suppliers.

The goal of this initiative is to integrate environmental protection and occupational health and safety parameters into the supplier qualification and evaluation standards adopted by the Group. The assessment, in line with previous years, involved the main suppliers of the core Footwear division selected on the basis of relevance and criticality for the business[23].

This screening led to the involvement, through the sending of self-assessment questionnaires, of a panel of about 220 suppliers (in line with 2021) from various categories, including raw material and finished product processing, logistics and service providers, waste management and disposal,

[23] ABC analysis splits suppliers into three categories based on their incidence on revenue against the overall pool of suppliers for the site, as follows: A: suppliers with an incidence of 80%; B: suppliers with an incidence of 15%; C: suppliers with an incidence of 5%. The analysis focused on category A.

packaging supply and maintenance of machinery and equipment. Of these, 93% (around 90% in 2021) responded to the questionnaire, which allowed for an environmental and occupational health and safety rating.

The overall rating was defined on the basis of the assignment of a value from 1 to 10, weighted, in turn, on specific indicators, including, but not limited to:

- governance of environmental, health and safety concerns;
- implementation of organisational models and management systems in line with international standards;
- management and monitoring of environmental impacts (waste, emissions, energy consumption, water, materials);
- initiatives and investments for energy diagnosis and efficiency;
- management, monitoring and prevention of accidents at work;
- mapping of the main risks in the workplace.

The overall rating, again this year, was satisfactory and in line with the Group's expectations. In particular, there is a growing commitment to the use of energy from renewable sources by suppliers, as evidenced by a rating of 7.9 out of 10 in 2022 (7.8 in 2021 and 6.2 in 2020), while in the area of occupational health and safety, there is significant sensitivity – demonstrated by a rating of 8.2 out of 10 – regarding the training initiatives provided to employees.

The significant level of engagement testifies to the increasing awareness and attention of the Group's partners on these issues.

The J.P. TOD'S Sartorial Collection

The **J.P. TOD'S Sartorial** Collection is both a tribute to TOD'S history and a reinterpretation of its past designs with a contemporary twist: the TOD'S J.P. monogram is an exclusive collection of men's shoes that can be customised with a choice of different leather and the application of your own monogram.

The J.P. TOD'S Sartorial Collection is currently available in a selection of TOD'S boutiques. The shopping experience is focused on refinement and attention to detail, embodied by environments, furnishing objects, works of art and dedicated consultants, guiding customers in the customisation and purchase of J.P. TOD'S products.

The sophisticated selection of fine leathers in the J.P. TOD'S Sartorial Collection and its colour range is collected in a series of volumes that allow you to directly touch these high-quality elegant leathers.

Your initials can be stamped on the shoes made with exclusive crinkled leather to make the J.P. TOD'S Sartorial collection product even more personal.

With the support of two books dedicated to the process, customers can discover the customisation variants: from one to four letters – with or without punctuation – stamped or painted in silver, which can be affixed to the shoes' upper, counter or insole and to the bag's handles and binding.

Quality production processes

Though they have their own distinct identity, the Group's brands share the same philosophy based on a balanced mix of tradition and modernity, high quality, creative content and broad product usability.

The high quality of the products is guaranteed by the strong manual component that characterises all stages of the production chain: every product is made by hand with superior craftsmanship to become, after numerous steps and checks, an exclusive and recognisable item.

The production process for footwear, leather goods and leather accessories is carried out inside the Group's facilities and workshops or in specialised external workshops.

The Group currently has five facilities for the production of footwear – four in Italy (one in Sant'Elpidio a Mare, one in Arquata del Tronto and two in Comunanza) and one in Albania –, a specialised workshop in Hungary where certain specific footwear processing sub-phases are conducted, and two leather goods facilities in Italy (one in Pontassieve and one in Tolentino). The processing stage in the Group's facilities is carried out by **expert craftsmen** who, thanks to their consolidated working relationships with the Group, possess authentic know-how and artisan skills essential for manufacturing high-quality products. The specialised external workshops are located in areas with a deep-rooted craft tradition in footwear production, both in Italy and, for a minority part, abroad. To produce its clothing, the Group uses highly specialised external workshops that meet the requirements of technical and qualitative excellence necessary for the creation of the individual products that make up the clothing line.

In its continuous pursuit of high quality standards, TOD'S relies on long-term collaborations with the best, highly-specialised external workshops that ensure high quality. When researching new workshops, the Group adopts structured qualification processes that provide accurate technical and organisational analysis to evaluate the characteristics of the production structure, the level of specialisation achieved, the company organisation and any UNI-ISO certifications obtained.

The external workshops that collaborate with TOD'S Group must operate in accordance with regulatory requirements regarding health and safety in the workplace and must possess all the qualifications and permits required by the relevant authorities. When conducting their work, the workshops are required to apply, in their internal and external working relationships, the industry's National Collective Bargaining Agreement and to scrupulously observe its application with particular reference to regularity in the recruitment process, the level of wages, periods of rest and vacation, aspects of protection of individual and collective safety and health, the absolute prohibition of the use of child labour and staff who are not in compliance with all applicable regulations.

The external workshops are also required to comply with the Code of Ethics and Supplier Code of Conduct.

Any violation of the aforementioned regulations and/or TOD'S Group's Code of Ethics and/or the Supplier Code of Conduct may result in termination of the contractual relationship.

In 2019, TOD'S launched an **audit process with on-site checks** in its production chains on **environmental and social issues, human rights, health and safety, and ethical principles**.

In particular, in the last three years 2020-2022, which were heavily affected by the impact of the COVID-19 health emergency, a total of **96 audits** were performed (including follow-up audits directly managed by TOD'S departments or through third parties) on the main workshops of the Group's three Divisions (Footwear, Leather Goods and Clothing).

TOD'S promptly agreed remediation plans with the counterparties concerned in the event of impacts identified in one of the analysed areas. TOD'S, with the support of a third party where necessary, ensures the immediate implementation of these measures with dedicated follow-ups. In the last three years, the auditing has led to the detection of two cases related to the social sphere (one in 2020 and one in 2021), resulting in timely follow-up actions implemented by the Group that made it possible, in both cases, to deploy mitigation measures with a fully positive outcome.

The qualification of the Group's external workshops and their position in the Group's register are periodically evaluated to assess whether they have complied with the requirements inherent in the production structure and satisfied the high quality standards required, which are certified by inspections by external inspectors, who carry out technical analysis, and by checks conducted by the Group's quality control division.

External workshops by geographical area and product category (%)

Region	2022			2021		
	Footwear	Leather goods & accessories	Clothing	Footwear	Leather goods & accessories	Clothing
Italy	**83.6**	**95.6**	**100.0**	**86.1**	**96.3**	**100.0**
Marche	71.3	27.9	47.0	71.2	35.8	50.0
Tuscany		38.2			37.0	12.5
Lombardy		7.4	5.9		6.2	
Veneto		1.5	11.8			12.5
Other Italian regions	12.3	20.6	35.3	14.9	17.3	25.0
Europe	**12.3**	**2.9**		**10.9**	**3.7**	
Americas						
Greater China						
Rest of the World	**4.1**	**1.5**		**3.0**		
Total	**100**	**100**	**100**	**100**	**100**	**100**

With regard to the geographical areas of the external workshops, there is a slight decrease in the percentage share of the total **Italian workshops** for the Footwear Division (from 86.1% in 2021 to 83.6% in 2022) and for the Leather Goods & Accessories Division (from 96.3% in 2021 to 95.6% in 2022), while for the Clothing Division the figure is 100% in line with last year.

External workshops by years of collaboration and product category

External workshops by years (%) of collaboration (%)	2022			2021		
	Footwear	Leather goods & accessories	Clothing	Footwear	Leather goods & accessories	Clothing
Occasional	4.9			3.0	9.9	
1-3 years	22.1	27.9	35.3	4.0	18.5	31.3
4-10 years	39.3	19.1	29.4	44.5	22.2	31.2
> 11 years	33.7	53.0	35.3	48.5	49.4	37.5
Total	**100**	**100**	**100**	**100**	**100**	**100**

Quality checks

TOD'S Group is known throughout the world for the high quality standards of its products and for the image and prestige of its brands. To achieve these standards, it uses the best suppliers of raw materials and employs expert craftsmen who are able to guarantee the high standards of excellence for which the Group is known and respected.

The procedure guaranteeing clients the high quality standards is based on structured process controls and systematic product checks. The process controls cover the different stages of the design of a new product, from the choice of material requirements to construction techniques, to industrialisation, to inspections of the quality of the raw material, components and semi-finished products, and finally to product quality checks. The Group's quality management of its processes is aimed at ensuring compliance with technical parameters and identifying the risk of any hidden defects that may arise during the use of the product, which cannot be identified from a "visual" inspection.

During the product design phase, the controls and checks carried out by skilled technical experts concern the quality of the "product design" and therefore include selection and analysis of the requirements of the best raw materials and components potentially used in the collections and of the construction and industrialisation techniques suitable to guarantee the required standards.

In the raw materials selection stage, the materials are subjected to static analysis and laboratory tests in order to verify that their characteristics reflect the parameters set out in the company's standards, which are intended to ensure that products are suitable and durable. The static material qualification process is followed by a prototyping stage, in which the materials are subjected to further evaluations from a technical and aesthetic point of view, including with the help of specific tests that analyse their **durability**.

If the prototype passes the control stages described above, the raw materials identified are considered suitable for the production of the products and it is therefore possible to proceed to the product procurement and production stage.

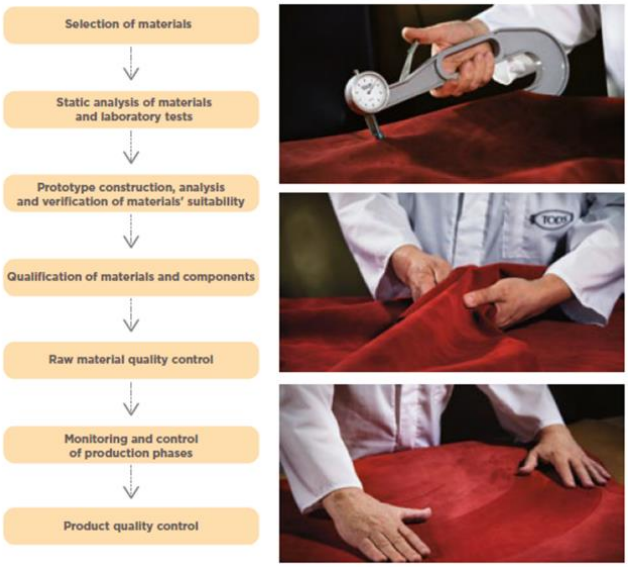
To ensure compliance with the high quality standards required by TOD'S Group, structured processes of research, selection and qualification of suppliers, raw materials and components are adopted, in order to ensure that the selected raw materials have innovative elements and high-quality levels that guarantee durability and permanent aesthetic appeal, functionality and quality. Every consignment of supplied leather and fabric is checked, based on specific criteria, when it is delivered in order to verify compliance with TOD'S requirements. These checks are carried out in compliance with the approved company procedures and computers are used to guarantee the traceability of the entire process.

After the raw material controls, the production process begins, involving, at specific key stages, the identification of control checkpoints.

At the end of the production process, quality controls are carried out on the product, ensuring that every product has reached the standards and requirements defined at Group level.

In the case of production carried out by external workshops, quality controls are directly carried out by Quality Inspectors at the external production units, and then at the Group Logistics Centre.

Main stages of quality control



Chemical safety of products

The quality of products also depends on their **chemical safety**, ensuring above all customers' well-being. TOD'S Group monitors substances deemed dangerous for the end user and harmful to the environment, putting environmental sustainability at the heart of its production processes.

The RSLs (Restricted Substances Lists), which fully comply with the Guidelines of the National Chamber for Italian Fashion, are based on the one hand on the main relevant standards specific to each division and product category, and on the other, on the medium and long-term goal of gradually eliminating certain chemicals, even though they are permitted by law.

The RSLs have been drawn up on the basis of the following criteria:

1. Compliance with the main international regulations:

• European Union regulation no. 1907 of 2006, called REACH, concerning the registration, evaluation and restriction of chemical substances;

• Chinese national standards (GB standards), specific to each raw material (leather, textiles, accessories);

• Korean Safety Quality Mark Act (KC mark);

• US Consumer Product Safety Improvement Act (CPSIA) of 2008, which establishes limits with respect to the levels of hazardous materials imported or produced in the United States, especially in relation to their recipients;

• principles of the "Proposition 65 Settlement" in California.

2. Gradual elimination of certain chemicals from the production process, even though they are permitted by law. In this respect, many reference parameters, expressly referred to by TOD'S RSLs, have significantly lower values than those permitted by current regulations.

In the course of 2023, the Group will start project activities aimed at a general review of its RSL.

Chemical checks

TOD'S Group carries out random tests on supplied materials in order to verify their compliance with its RSLs.

Further specific checks on finished products

During the product quality control stages, TOD'S pays particular attention to compliance, focusing on the requirements of current international regulations considered the most restrictive and exacting. Even on its own products, TOD'S Group carries out specific tests based

on the main global safety and quality standards: QB/Standard, CPSIA (Consumer Product Safety Improvement Act).

Finally, the Group follows structured and codified processes for the management and transmission of correct information to the consumer with regard to product safety in compliance with current regulations in the relevant markets.

6. Protection of the environment and ecosystems

We care for the environment and have initiated projects to progressively reduce our impact on ecosystems

Responsible management of the environment and ecosystems

TOD'S Group is committed to respecting and protecting the environment by trying to reduce the impact of its activities through the optimisation and rationalisation of all processes that may have direct effects on natural ecosystems, also promoted through the guidelines of the Group's Environmental Policy.

Key points of the Environmental Policy

Tod's Group is committed to protecting the environment, preventing pollution and using sustainable resources, reducing and mitigating the impact of its operations on the environment, both with respect to its manufacturing sites and its commercial locations.

In this context, TOD'S Group, in order to further strengthen these principles and increase its environmental performance, has adopted an **Environmental Policy** since 2019, the latest update of which was approved by the TOD'S S.p.A. Board of Directors on 13 March 2023 as part of its periodic review.

By implementing this Policy (available in full at the following link (https://www.todsgroup.com/en/sustainability), TOD'S, in addition to meeting the compliance obligations associated with its activities, has the firm intention of reducing its environmental footprint, by pursuing the following ambitious goals:

- reduction and optimisation of energy consumption, including through self-production and use of energy from renewable sources;
- reduction of emissions directly generated by its business activities, fully respecting the policies adopted with the Paris Agreement, aimed at curbing the rise in global temperatures;
- promotion of environmentally friendly research and development of raw materials and products, taking into account the entire life cycle;
- ensure, in addition to full compliance with applicable national, EU and international regulations and standards, the progressive reduction and, where possible, elimination of chemicals in raw materials;
- progressive reduction and, where possible, elimination from the production process of certain chemicals, including those permitted by the relevant regulations, by adopting a more restrictive approach;

- reduction and optimisation of the use of paper and plastic materials, with particular attention to packaging, while also promoting the use of alternative sustainable and plastic-free solutions;
- adoption of criteria for the design and construction of its buildings geared towards energy efficiency and reduction of environmental impact;
- reduction and optimisation of water consumption;
- reduction of waste production in production sites, offices, shops and distribution logistics, promoting waste recycling and/or reuse and reduction of landfill quantities;
- selection of logistics carriers with less environmental impact, when possible;
- rapid implementation of a plan for the prevention and management of environmental emergencies.

In October 2022, TOD'S, in line with the Group's sustainability goals, successfully passed a surveillance audit to maintain certification of its **environmental management system**, achieved in December 2020, in accordance with the **UNI EN ISO 14001:2015** standard for the "Brancadoro Complex", which has 975 employees at 31 December 2022.

At the same time, in line with the Sustainability Plan, in December 2022 TOD'S began implementing the **Integrated Environment and Occupational Health and Safety System** at the **Tolentino** leather goods production plant, with the aim of achieving certification in accordance with ISO 14001 and ISO 45001 by 2023.

The implementation of this system permits constant and timely monitoring of the context, with the identification of all potential risks and opportunities and the main sources of impact, including climate-altering emissions. It also means the company can take action to reduce these emissions and ensure continuous improvements, with the senior management updating the Environmental Policy and undertaking an annual review of company goals.

Furthermore, various information, training and awareness-raising activities continued in 2022, concerning sustainability and environmental issues, such as waste management and sorting, environmental emergencies, energy consumption and sustainable mobility, as well as recommendations for saving and optimising the use of resources and consumables (both at work and outside the workplace). In the last three years, TOD'S has involved **around 600 staff members** at the Headquarters in a total of **455 training hours** (of which 135 in 2022).

In 2022, TOD'S, in order to assess and measure its employees' level of environmental awareness, as well as to receive suggestions and proposals with a view to continuous improvement of

environmental performance, also continued its "***Environmental Awareness Test***" activities by conducting an online survey.

Energy efficiency measures in Information Technology services

TOD'S Group has long been active in the identification, selection and monitoring of energy efficiency projects in the field of Information Technology services.

In recent years, the Group has also continued to consolidate, rationalise and virtualise its servers. To date, 98% of physical servers have been converted into virtual servers, with appreciable benefits in terms of energy consumption. During the year, several services were moved to the cloud, which also led to a reduction in energy consumption at the Headquarters.

TOD'S also actively promotes the use of audio/video conferencing systems and platforms, in order to reduce the environmental impact of staff travel and the use of consumable material, as well as to improve the quality of life of its employees.

In recent years, partly as a result of the effects of the pandemic and the use of "smartworking" work arrangements, the use of audio/video conferencing tools has become an indispensable part of work activities. Specifically, the use of such tools and the adoption of new technologies, by all employees with TOD'S Group company devices, has enabled them to take advantage of both online meeting capabilities and fast, collaborative communication via chat.

Furthermore, TOD'S has reduced the number of printers by providing dedicated print centres and has streamlined the systems by installing multi-function devices, each of which can print, copy and scan, which naturally leads to energy savings and simplification of maintenance activities. The existing equipment was gradually replaced with energy-efficient devices.

In 2022, in line with previous years, TOD'S continued to develop numerous initiatives relating to the digitalisation and optimisation of business processes in order to progressively reduce environmental impact and to minimise the use of resources and consumable materials. The digitalisation and optimisation of processes will also continue in the coming years through the implementation of additional project initiatives.

Responsible management of resources[24]

Energy consumption

In 2022, total **energy consumption decreased by more than 3%** compared to 2021.

The trend is generated by a 25% reduction in **natural gas** consumption attributable to the increase in atmospheric temperatures recorded during the winter and to consumption containment actions as part of the efficiency projects launched by the Group.

Specifically, TOD'S Group's **electricity consumption** stood at 117,876 GJ (up about 1.8% from the previous year), a slightly higher figure justified by the increase in production activities.

In addition to optimising energy consumption, for several years the Group has been committed to increasing the **use of energy from renewable sources.** It should be noted that TOD'S has **photovoltaic systems**, two at the Brancadoro Headquarters, one of which has been in operation since 2011, and another plant at the Arquata del Tronto plant (which became operational in 2018 with an installed capacity of 50 kWp).

In 2022, the systems produced a total of 4,024 GJ of energy (slightly up from the previous year), **meeting 16.1% of the energy needs of the headquarters and 15.7% of the needs of the Arquata del Tronto plant, respectively**.

In December 2022, investment in a **new photovoltaic system** at the Brancadoro Headquarters of 740 kWp (in addition to the 956.88 kWp) was completed, reaching a total installed capacity of approximately 1,700 kWp, which will cover approximately 30% of the site's energy needs.

TOD'S also has geothermal facilities at its headquarters which are used to guarantee sustainable power for its heating and air-conditioning systems.

In 2022, a contract was signed for the purchase of **electricity, with certified origin, exclusively from renewable sources**, which, as of 1 January 2023, **extended the supply of "green energy" to all industrial sites and the Monteprandone logistics hub**, in addition to the Brancadoro Complex and the Noventa di Piave Outlet, which will use these energy sources from 2021.

During the year, TOD'S completed the installation at its headquarters of a **water-cooled heat pump unit** that can simultaneously produce both chilled water at 8°C and hot water at 50°C.

The heat pump, installed inside the refrigeration plant, which is more energy efficient than the existing refrigeration units, will guarantee the simultaneous production of hot water and chilled water and, compared to the existing equipment, will ensure that the condensation heat will be transferred to the heating system with immediate benefits in terms of methane gas savings.

In summer, the chilled water will be used for air conditioning in the Brancadoro complex, while the heat produced will be used for post-heating air treatment. In addition, during the winter, to ensure

[24] Where data was not readily available, estimates have been used.

favourable environmental conditions, thermal energy will be used for heating (radiant panel and Air Handling Units).

In 2020, the company car fleet policy was updated to include vehicles with a lower environmental impact, such as full electric, hybrid and methane models. In particular, in 2022, around 30 methane-powered cars and 3 hybrid cars will be included in the company car fleet, replacing cars with traditional engines.

Energy consumption by type (2022 - 2021)

Typology of energy consumption (GJ)*	2022	2021
Natural gas	21,093	28,199
Diesel fuel consumption	269	358
Transport Diesel **	9,659	9,519
Transport Petrol **	634	731
Electricity ***	117,876	115,750
Total	**149,531**	**154,556**

* Conversion factors for 2022: natural gas 1 m3 = 0.035337 GJ, fuel oil 1 kg = 0.042873, diesel 1 kg = 0.04288 GJ, petrol 1 kg = 0.043128 GJ, electricity 1kWh = 0.0036 GJ.
** This consumption refers to the consumption of the Group's (owned and leased) company car fleet.
*** For 2022, the electricity self-produced by photovoltaic systems is equal to 4,024 GJ (3,908 GJ in 2021), the electricity purchased is equal to 113,909 GJ (111,902 GJ in 2021) and the electricity fed back into the grid is equal to 57 GJ (60 GJ in 2021).

In 2022, the Group's commitment to reducing energy consumption was once again illustrated by a range of initiatives focusing mainly on Italy, the location of the Group's headquarters and main production and logistics facilities. This process is the natural progression of the application and structured management of the energy efficiency action plan produced following an energy audit carried out in 2019 for the key sites (Brancadoro, Comunanza and Monteprandone). In addition to the requirements set out in Legislative Decree 102/2014, this audit also analyses the energy consumption of all production and logistics sites owned by the Group. In this regard, TOD'S analysed the data collected by the monitoring system in a timely manner, identifying potential energy efficiency and optimisation measures (supported by a business plan) for implementation in the following three years. The Group has also voluntarily continued its monitoring activities at the other production sites by activating the "Enel channel", which provides consumption data for the previous month. TOD'S, as was the case for the recent measures implemented, is committed to the development of initiatives in line with design guidelines intended to increase the energy performance of company buildings, including measures such as:

- equipping buildings with high-efficiency insulation;
- installing photovoltaic systems;
- using geothermal systems for air-conditioning and heating;
- replacing traditional light bulbs with LED bulbs.

The **monitoring of energy consumption** at industrial sites through special measuring equipment (MID multimeters) is particularly notable. This network of tools enables precise analysis of energy consumption and identification of appropriate rationalisation and optimisation measures. It should be noted that the installation of **LED lighting systems at all Italian production and logistics sites** was completed in 2022. The Group is also committed to reducing consumption in stores through the use of LED technology for lighting the premises and displays in the sales areas.
With reference to the domestic hot water needed for the services at the headquarters (children's centre, company restaurant, toilets, etc.), TOD'S, in order to reduce its consumption of methane gas, installed thermal solar panels and electric heat pumps, recording, from the outset, a reduction in the consumption of methane gas used as fuel for thermal plants.

Water consumption

With regard to **water consumption**, TOD'S Group has always worked hard to ensure that it is constantly monitored and plans technical checks in the event of significant changes to past consumption levels. Thanks to these checks, the company is able to identify and eliminate hidden losses at some facilities or identify improper or incorrect use of resources. In 2022, the Group's water consumption stood at 119 megalitres (88% of which in "water-stressed" areas[25]), **down about 19% from 2021**. The **reduction in water consumption** was largely influenced by the further optimisation of the air-conditioning systems and the improved configuration of the cooling plant at Headquarters (where the maximum water temperature in the fire protection tank was raised to 26°C) and, to a lesser extent, by the organisation's identification and removal of hidden leaks at certain industrial sites in 2021.
Considering the range of activities undertaken by the business, the Group's water consumption levels are largely attributable to its headquarters and production sites, where the majority of employees are based, and which use water for hygienic/sanitary, geothermal, fire-prevention, irrigation and company restaurant purposes. Water consumption attributable to the production

[25] Water stress refers to the ability or inability to meet water demand, whether human or ecological; it may refer to water availability, quality or accessibility, is based on subjective elements and is assessed differently based on social values such as water potability or accessibility requirements for ecosystems ("CEO Water Mandate, Corporate Water Disclosure Guidelines, 2014").

process is not considered significant. Nevertheless, TOD'S plans to develop initiatives to raise awareness in supply chains (such as tanneries) on rationalising and optimising water consumption. In this regard, TOD'S conducts an annual survey via a questionnaire sent to a selected panel of suppliers to gauge their level of awareness and assess their level of sensitivity to environmental issues, including the use of water resources.

With regard to **water sources**, in 2022 water resources from the subsoil accounted for around 53%, while water resources from third parties accounted for the remaining 47%. The Group's commitment to responsible water management is formalised in guidelines adopted by its headquarters. This is further underpinned by the decision to use water from the subsoil for all irrigation systems (where present).

During 2022, the overall quantity of **water released into the surface water body** was estimated at 73.2 megalitres, down from 85.4 megalitres in 2021. The decrease is largely due to the use of water in the tank for irrigation in the afternoon (warmer hours) and, to a lesser extent, to the raising of the maximum tank temperature from 24 degrees to 26 degrees.

In particular, the Brancadoro Complex draws water from the subsoil via four wells.

During 2020, the Group obtained the licence to draw public water from a wellfield – on a predominantly seasonal basis – comprising four water capture systems for geothermal, irrigation and fire-prevention use, with up to 53% (2022) of the water being released back into the Chienti river.

The water from the wells is also used as a heat carrier for the operation of the high-efficiency reversible heat pumps necessary for the buildings' air conditioning. These systems operate on a closed circuit basis, with the water returning to a technical basin which serves as a reservoir for irrigation and fire-prevention uses. Once the basin reaches maximum capacity, or when the water temperature reaches a level that means that the effect of the cooling system is lessened, the water in the basin is released into the fresh water network that runs into the Chienti river and therefore joins the surface water body. It is then replaced by water from the wells, whose temperature is around 15°C. This mechanism means that the variation in water drawn from the wells or released into the network depends on climatic conditions, particularly those at play during the spring and summer, when water is widely used for irrigation and geothermal purposes. Broad consumption trends, together with relevant aspects regarding water supply, are set out in the Management Review stipulated by the ISO 14001-certified management report.

Water used by source type[26] (2022 - 2021)

Water intake (megaliters)	2022		2021	
Intake source	All areas	Areas under water stress	All areas	Areas under water stress
Fresh water (≤ 1000 mg/L total dissolved solids)	*63.073*	*63.073*	*76.902*	*76.902*
Underground water (total)	63.073	63.073	76.902	76.902
Fresh water (≤ 1000 mg/L total dissolved solids)	*56.358*	*42.132*	*70.019*	*36.118*
Water resources from third parties (total)	56.358	42.132	70.019	36.118
Total	**119.431**	**105.205**	**146.921**	**113.020**

In terms of the Group's water discharge, this is largely composed of water from sanitation services and water used for preparation in the company restaurant, which in 2022 was equipped with a grease separator with discharge to the internal sewage system. Water discharge that can join the domestic sewer system runs directly into the sewer network that serves the buildings and joins the public sewer system which serves the Brancadoro area, once it has been purified. The water is treated by being passed through septic tanks which are regularly maintained through cleaning and the removal of mud. The water output from the production processes is due to the condensate produced in the compressor rooms and the waste water from the water-level booths in the assembly department (finishing and prototyping) and used for retouching and painting certain production details. This water, which is not of a significant quantity, is collected in special cisterns and disposed of as waste by specialist companies. At all industrial and retail sites, water consumption is linked exclusively to hygiene/sanitary use and fire-prevention use, while all water waste can be added to domestic waste.

With regard to potable water (hygiene/sanitary), in order to optimise the way water resources are used and monitored, TOD'S keeps a close relationship with the multi-service companies and water consortiums (public participation)[27] who manage water in the key locations for the Group.

[26] Given that water used for the condensation process does not have its properties altered, it is therefore not considered waste water and thus the quantity of such water released back into the fresh water cycle (and that therefore ends up as surface water) is not included in the sample. The quantity of water released back into surface water is therefore subtracted from the figure in the table relating to the quantity of groundwater.

[27] CIIP S.p.A. (Cicli Integrati Impianti Primari), Tennacola S.p.A., Publiacqua S.p.A., Azienda Specializzata Settore Multiservizi S.p.A., MM S.p.A.

Greenhouse gas emissions

The main objective of the Group's strategy as regards environmental protection and reducing the impact of its activities is to reduce polluting emissions in the atmosphere. The Group has recently started to implement monitoring of its greenhouse gas emissions generated by direct and indirect activities. This analysis enables it to plan future initiatives and projects for a progressive and constant reduction of climate change impacts. The table below details the main emissions generated by the Group. In compliance with the Greenhouse Gas (GHG) Protocol, emissions were divided into three different categories:

- *Scope 1*: includes direct emissions from sources owned or controlled by the organisation;
- *Scope 2*: includes emissions related to energy purchased by the Group;
- *Scope 3*: in the case of TOD'S, emissions related to employee mobility are currently reported.

CO2 emissions (2022 - 2021)[28]

Footprint di CO_2 (Ton CO_2)	2022	2021
Scope 1	1,924	2,363
Scope 2	12,040	12,069
Scope 3	1,480	1,289
Total footprint of CO_2	**15,444**	**15,721**

As can be seen from the table, the Group's greatest impact in terms of CO_2 emissions, for both years, is produced by Scope 2[29], amounting to 78% in 2022 and approximately 77% in 2021, respectively.

In addition, with reference to production facilities, the calculation of other polluting emissions into the atmosphere has been entrusted to an external body. In particular, volatile organic compounds (VOCs), nitrogen oxides (NOx) and sulphur oxides (SOx) were calculated as the total of

[28] Factors used: - for fuel oil (Scope 1), the conversion factors calculated by DEFRA [ghg-conversion-factors-2022] were used – for natural gas (Scope 1), the 2022 national standard parameters drawn up by the Ministry of the Environment and Energy Security were used – for petrol and diesel (Scope 1 and Scope 3), the conversion factors calculated by DEFRA [ghg-conversion-factors-2022] were used – for electricity (Scope 2) conversion factors by Terna [Confronti internazionali - 2019] were used for calculation with the location-based method. With reference to the market-based method, emission factors related to the "residual mix" were used (Source: AIB - 2021 European Residual Mix) where available; elsewhere, the same emission factors used for calculation with the location-based method were used – for air and rail transport (included in Scope 3), conversion factors calculated by DEFRA were used [ghg-conversion-factors-2022].

[29] CO_2 emissions calculated with the "Location-based method". However, for the calculation of Scope 2 CO_2 emissions, both the methods provided by the GRI Sustainability Reporting Standards were used. With reference to the "Market-based method", the total Scope 2 emissions amount to 11,569 tonnes for 2022 and 11,600 tonnes for 2021.

channelled and diffuse emissions. For the purposes of this calculation, the body analysed all Italian production sites included in the mass balance sheets, which are used to create the Solvent Management Plan. The amount of VOCs calculated for 2022 is 27.1 tonnes (up 3.2% from the previous year). With regard to nitrogen oxides, around 4.4 tonnes of NOx were calculated for 2022 (down from 4.8 tonnes in 2021), while for sulphur oxides the quantities for 2021 totalled about 0.04 tonnes of SOx (down by more than 25% compared to 2021).

Transport and logistics[30]

Given the highly international nature of the Group, whose extensive distribution network encompasses all the main countries in the world, **transport** and **logistics** play an essential role in product procurement and distribution activities. Considering that these activities are related to customer satisfaction, the Group works hard to minimise the environmental impact associated with these aspects, while striving to maintain the standard of the service offered. With reference to the distribution of finished products, in 2022, **the amount of quantities shipped amounted to approximately 12,835 tonnes**, an increase of 11.5% compared to 2021, partly due to the Group's improved results. TOD'S uses leading logistics partners to ship its products by air, sea and, above all, by road. In order to plan more precise measures to increase consumption efficiency in the area of transport and logistics, TOD'S Group is working hard to intensify its monitoring of environmental impact stemming from these areas, partly in collaboration with its logistics partners. Where possible, these efforts include a greater focus on vehicles with reduced environmental impact (such as hybrid or electric vehicles).

Starting in 2019, TOD'S launched the **A.R.T. Project.** ("Allocation & Replenishment for Tod's") based on a data analytics/artificial intelligence tool. A.R.T. is an in-season process integrated with the pull/push approach, which makes it possible to optimise the allocation of pieces and rebalance excess stock during the season, thus preserving brand image, guaranteeing better response times, flexibility and reactivity in the distribution model, optimising stockpiles and cutting unsold stock.

The project allows the company to plan production and merchandising activities systematically, in line with the needs and expectations of clients. In the short to long term, it also allows TOD'S to mitigate the risk of unsold stock, with subsequent potential positive impacts on financial and **environmental sustainability**, to the benefit of shareholders and the main stakeholders. The additional **"TIP" Project** ("Tod's Item Plan") for the management of ongoing products was subsequently added to the A.R.T. Project. The goal of the TIP Model is to ensure an optimised stock

[30] Where data was not readily available, estimates have been used.

level that can support the sales trend without generating overstock and thus guarantee, when fully operational, maintenance of an ideal turnover rate for each of the Group's brands.

In particular, this Project was launched, for strategic and operational reasons, in order to ensure:

- better accuracy and alignment between business opportunities and production planning;
- the use of the sales plan in automatic mode for NOOS ("Never Out Of Stock") and carry over items, with better integration between the different seasons, guaranteeing a level of service consistent with brand identity activities.

Integrating biodiversity protection and local development

Arquata del Tronto plant: social preservation and biodiversity protection

Another concrete example of TOD'S Group's commitment to supporting the local community lies in its decision to help the population of the town of **Arquata del Tronto** and the surrounding areas in the Marche region affected by the 2016 earthquake.

Arquata del Tronto is the only municipality in Europe whose territory lies within two National Parks: Monti Sibillini to the north and Gran Sasso and Monti della Laga to the south (in Abruzzo).

The construction of the new industrial plant in Arquata del Tronto owned by the Group, which was completed in 2017, falls within the **subdivision plan defined as "ZONE 1 - Productive, commercial and for district services"**, in the Pescara del Tronto area.

The rectangular building has a single level on a plot with a **total area of 4,960 m²**, of which **1,756 m² is actually covered**. During the design stage, an **Environmental Impact Study** was prepared, which was necessary because the project areas fall within the boundaries of the Natura 2000 site IT5340012 (SIC now designated ZSC, **Special Conservation Area**) called "**Boschi ripariali del Tronto**". The document was drawn up in accordance with the provisions of Regional Decree 220/2010 and subsequent amendments and additions, which define the regional guidelines for the assessment of the impact of plans and measures, taking into consideration the **conservation measures currently in force set out in the management plan for site IT5340012**.

The study showed that no habitats for fauna species of EU interest listed in Annex I of the Habitats Directive 92/43/EEC are present in the specific intervention area. Only **herbaceous and shrubby vegetation** was found, with a few small tree specimens belonging to **species not**

included in Annex II of the Habitats Directive 92/43/EEC and in any case typical of vegetation from persistent anthropogenic disturbance.

The interventions were therefore carried out in **an area that is already anthropised and designated for productive activities**, an area **in which similar interventions have already been authorised by the Park in the past for the development of the present lots**.

The potential impacts associated with the works, assessed during the design phase, **were found to be insignificant for the environment, landscape and protected natural and semi-natural environments**, and specific **measures were implemented to mitigate the visual impact of the industrial building**, with the aim of facilitating its inclusion in the landscape:

- the photovoltaic system that was installed on the roof consists of "total black" panels that have no reflective elements;
- the outdoor lighting system complies with current light pollution regulations;
- native plant species were planted in the landscaped areas.

The new site in Arquata del Tronto has provided a **tangible sign of hope and created new job opportunities** for young people in the area. Constructed in less than a year, the facility instantly created jobs for 30 people with a capacity of around 100 units. It is a facility that has allowed these young people to rebuild their future in their local area. **Around 45 people are currently employed at the factory**.

The project offered concrete help in order to sustain the fabric of the area by comforting the local people who, even today, are still suffering the consequences of this earthquake.

7. Ecodesign and circular processes for products and packaging

We are constantly researching ecodesign and circular production processes, involving our supply chains

Promotion of circular business models

TOD'S Group confirms its commitment to promoting circular production and consumption models through **concrete upcycling and resource management initiatives with a regenerative approach**, which affect the entire value chain.

The main **circular economy** initiatives undertaken by the Group and its individual brands are described below.

Membership in the Monitor for Circular Fashion

TOD'S Group strengthened its commitment to new **sustainable and circular business** models by joining the **Monitor for Circular Fashion** in 2022, a multistakeholder initiative involving leading fashion companies and supply chain players with scientific input from the **SDA Bocconi Sustainability Lab** and the cross-industry vision of **Enel X**.

The Monitor welcomes virtuous companies and disseminates good circular fashion practices, leveraging technical, managerial and scientific skills with the aim of contributing to the transition to circular business models.

The Monitor for Circular Fashion aims to:

- analyse the evolutionary dynamics of the industry and its major segments in the next decade;
- examine the impact of these dynamics and alignment with the Sustainable Development Goals, part of the United Nations 2030 Agenda;
- identify the main qualitative and quantitative indicators of circular fashion;
- give a voice to the Italian fashion industry by creating the Circular Fashion Manifesto to be presented to institutions and national and international summits.

For 2023, the Monitor has initiated research on **traceability and circularity in the leather supply chain**, which reinforces the importance of TOD'S contribution to this initiative.

Leather and Lining Recovery Project

During the year, the inter-departmental project, launched in 2020, for the **recovery of hides and linings** continued, resulting in the **recovery from stock risk of approximately 5,900 items** (of which around 1,500 in 2022). Of the approximately 5,900 items recovered, 2,955 came from the TOD'S,

ROGER VIVIER and HOGAN brands and from the Outlets, 2,747 were in the "other recoveries" category and 196 items were saved from the scrap heap.

The recovery operations undertaken so far are set to continue in the coming years in view of the Group's desire to adopt best practices aimed at exploiting materials that can still be used in industrial processing, and to implement circular economy initiatives designed to increase the rate of recovery and recycling of waste from the various production stages.

Membership in the RE.CREA Consortium - National Chamber for Italian Fashion

RE·CREA

During 2022, TOD'S joined the **RE.CREA** consortium, established under the coordination of the **National Chamber for Italian Fashion (CNMI)**, as a **promoting member**. RE.CREA was founded to organise the management of end-of-life textile and fashion industry products and to **promote research and development of innovative recycling solutions**. The consortium places systematic and strict control of the entire recycling chain at the centre of its activities.

RE.CREA is a centre of excellence and unity for shared sustainability projects.

Member companies will collaborate on projects aimed at: preventing the production of their own waste by optimising its management; promoting eco-design; measuring the environmental performance of production and consumption cycles; providing elements for environmental communication.

Production and disposal of waste

The Group recognises the importance of ensuring the **responsible management of the waste produced** as a result of its activities. Where possible, it tries to promote recycling in order to reduce the quantity of waste requiring disposal. In 2022, TOD'S Group **produced approximately 2,730 tonnes of waste** (a slight increase of around 1.8% compared to 2021).

Non-hazardous waste accounts for almost all – **99.6%** – of the total waste generated (in line with the 2021 figure). As regards **disposal methods**, it should be noted that **more than 50% of the waste generated by the Group was sent to be recycled** (up from 44% in 2021). Waste disposed of in landfills was generated by stores and showrooms in other countries.

Waste

	2022				2021			
	Dangerous	Not dangerous	Total	% Total	Dangerous	Not dangerous	Total	% Total
Total waste generated	**11.83**	**2,717.08**	**2,728.91**		**10.45**	**2,669.71**	**2,680.16**	
Waste not destined for disposal (ton)								
R 13	0.77	1359.03	1,359.80	99.46%	1.11	1179.04	1180.15	**99.83%**
R 4	-	6.92	6.92	0.51%	-	1.45	1.45	**0.12%**
R 5	-	0.45	0.45	0.03%	-	0.56	0.56	**0.05%**
Other	-	-	-	-	-	-	-	-
Sub-total waste not destined for disposal	**0.77**	**1,366.40**	**1,367.17**	**100%**	**1.11**	**1,181.05**	**1,182.16**	**100%**
Waste destined for disposal (ton)								
D 15	11.05	28.70	39.76	**2.92%**	9.34	25.71	35.06	**2.34%**
D 8 e D 9	-	7.98	7.98	**0.59%**	-	25.94	25.94	**1.73%**
Landfill	-	1,314.00	1,314.00	**96.49%**	-	1,437.00	1,437.00	**95.93%**
Sub-total waste destined for disposal	**11.05**	**1,350.68**	**1,361.74**	**100%**	**9.34**	**1,488.65**	**1,498.00**	**100%**

*Waste generated does not take into account stocks not yet sent for recovery or disposal on 31 December, which are in any case residual and not significant in relation to the total waste sent for recovery and disposal during the year. All waste is managed at external sites.
R13: storage for recycling at a later date; D15: preliminary deposit ahead of disposal operations; D8 and D9: biological treatment and chemical/physical treatment; R4: metal recycling; R5: recycling/reuse of other non-organic substances.

Aware of the importance of **reducing waste production**, even before identifying strategies for the **reuse and recycling of waste**, TOD'S Group committed itself in an increasingly practical manner to reducing the quantity of waste produced in the course of its daily activities, not only in the production cycle.

The main types of waste generated during the TOD'S production cycle are paper, wood and mixed packaging (over 50%) and waste from packaging and finishing operations (around 25%).

The input materials of the production process are mainly raw materials (leather, linings, fabrics, soles, etc.), chemicals for processing and finishing, and the related packaging of these materials. Downstream in the value chain, TOD'S markets the finished product (shoes, leather goods, accessories, and clothing) and its packaging (mainly paper and cardboard).

Management of waste production and its proper disposal is carried out in accordance with current regulations and the guidelines of the ISO 14001-compliant Environmental Management System.

The paper and wood packaging generated within the Brancadoro Complex and at the production sites is delivered to a specialised company, which sends it directly to recycling plants, while the sales network is managed using the waste collection systems provided for by municipal regulations. It should be noted, however, that for the Brancadoro Complex, the main residual waste, such as mixed packaging and waste from packaging and finishing operations, in line with a circular economy approach, although categorised as waste, is delivered to a specialised company for thermal treatment to produce electricity (waste-to-energy).

Furthermore, efforts continue to optimise the systems for separate waste collection at the Group's headquarters and production/logistics sites.

Other initiatives implemented by TOD'S in recent years, with a view to reducing waste production, are the installation of automatic cutting machines, which optimise the use of leather by reducing waste, wrapping machines (both automatic and manual) that optimise the use of stretch film by reducing its consumption, and automatic gluing machines that reduce use of products (glues/adhesives).

Material consumption

Given the Group's area of operations, significant quantities of **office materials** and **product packaging** materials are used. TOD'S therefore places great importance on carefully managing the consumption of such materials as part of its strategy to minimise and rationalise environmental impacts linked to this. The Group prioritises sustainable materials, particularly those that can be recycled and that come from responsible sources. It also checks whether its suppliers hold relevant certifications.

Main materials used by type (2022 - 2021)

Typology of materials	Kilos	
	2022	2021
A4 Paper	45,866	43,044
of which FSC/PEFC	*13,740*	*9,628*
A3 Paper	1,076	1,118
of which FSC/PEFC	*1,011*	*1,016*
Shopping bag	254,946	195,432
of which FSC	*219,868*	*156,065*
Cardboard Box	553,489	426,035
of which FSC	*467,315*	*372,575*
Cardboard for Packaging and Freight	621,769	485,000
A5 Paper (FSC)	1,686	1,712
Total	**1,478,832**	**1,152,341**

The growing trend in packaging is largely justified by the increase in production activities.

In 2022, TOD'S began **mapping primary, secondary and tertiary packaging**, covering Group brands and all product categories for the purpose of environmental labelling and elimination of single-use plastic, and to further promote the use of recycled and recyclable materials and the use of certified alternatives with a lower environmental impact.

Untraditional - Limited Edition by GONG Jun

In November 2022, the HOGAN brand launched a limited edition in collaboration with brand ambassador **Gong Jun**. The chosen sneaker is the **UNTRADITIONAL**, which, in the limited edition version, features a custom front lace loop with embroidery on the heel.

The soft, elegant contours of the upper are emphasised by the monochrome of the canvas, the result of a process using **recycled fibres**. The prominent volumes of the rubber sole, also made from **recycled materials**, do not compromise the lightness of this lace-up with its fresh and refined look.

Hogan 3-R packaging

Reduce waste, share more and prioritise quality over quantity. The philosophy of the **Hogan-3R** collection is reflected in its packaging: inside the box, made of **recycled cardboard**, is a plantable card with seeds, a small gesture to make customers aware of nature conservation and the preservation of the planet and its delicate balance.

TOD'S - Sustainable Fashion Award

On 25 September 2022, the 2022 **CNMI Sustainable Fashion Awards** ceremony was held, organised by the **National Chamber for Italian Fashion** in collaboration with the United Nations Ethical Fashion Initiative, and with the support of the Ministry of Foreign Affairs and International Cooperation, the ICE Agency and the City of Milan. TOD'S participated by dressing **Bianca Balti** with a look specially created by Creative Director Walter Chiapponi, in **ECONYL®**, a **regenerated nylon thread** created from **recycled materials** from around the world such as fishing nets, used carpets, fabric scraps and industrial plastics. ECONYL® nylon, created by the Italian company Aquafil, combines **sustainability** and creativity, since it can be endlessly regenerated, recreated and reshaped.

The brand therefore combined research and innovation with a desire to meet sustainability criteria, always in line with Made in Italy quality, which makes it recognisable around the world.

HOGAN *Special Made Upcycled*

As part of its drive to develop more **sustainable** products, the HOGAN brand has created the **Special Made Upcycled** collection, a series of sneakers made with **fabrics and leathers recovered from the brand's archives**, creating original limited edition models.

Examples include the Hogan Hyperlight sneakers and the new H597, presented for the spring/summer 2022 season as part of the **Upcycled** project.

Fay Archive: The 4 Ganci Cut&Sew (a 4 Ganci upcycled - chapter 2)

In January 2022, a new **Fay Archive** limited edition was launched as a spring-summer 2022 preview: The second chapter of **4 Ganci Cut&Sew**, a **4 Ganci Upcycled**.

It all began with curiosity for the world of vintage and workwear: the starting point was the iconic 4 Ganci, the brand's iconic garment, produced here in a Patchwork version inspired by an image of Bob Dylan in Long Beach in the 1970s. This resulted in the numbered Fay Archive edition, made from scraps of fabric salvaged from the brand's archives that are used to create a unique garment. Among other things, the creation of the 4 Ganci Patchwork is part of the concept of a **greater re-evaluation of existing materials in the archives with a focus on sustainability**.

8 Solidarity towards communities and local areas

We support initiatives that enable us to grow the communities in which we operate and to generate development and value for their areas

Supporting local areas and communities

The redistribution of the value generated for the communities and local areas in which – and thanks to which – the Group operates represents an opportunity for TOD'S to combine competitiveness with the creation of social value in the long term.

TOD'S is aware of its role as a key player in promoting the socio-economic development of the territory and supporting the most fragile and, since its foundation, has been supporting initiatives to grow the communities it operates in and generate development and value for their areas, with the aim of leaving no one behind. Local needs are connected with corporate objectives, to the point of identifying projects and initiatives that respond to shared interests, in order to generate a concrete and measurable positive impact on communities.

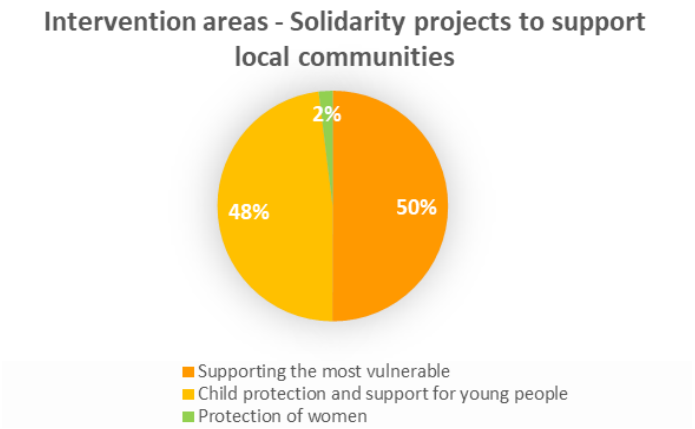
Policy for philanthropy, solidarity and community support initiatives

Partly with a view to further expanding and enhancing this commitment, the Group has promoted the formalisation of a new **Policy for philanthropy, solidarity and community support initiatives** of TOD'S Group (approved by the Board of Directors of TOD'S S.p.A. Parent Company on 6 March 2023).

The Policy, which can be consulted at the following link (https://www.todsgroup.com/en/sustainability), reaffirms the organization's commitment to the most vulnerable, to protecting children, assisting young people, supporting women, and promoting historical, artistic, environmental and cultural heritage, in line with the objectives promoted by the Sustainability Policy and in accordance with the principles of integrity and transparency set out in the Group's Code of Ethics and Anti-Corruption Policy.

Supporting local communities

The Group wanted to offer concrete assistance to the local community through various initiatives over time, strengthening its strong ties with the community. A particularly important measure was the decision, starting from the 2012 financial year, to allocate **1% of the Group's annual net profits to support initiatives designed to help the most vulnerable sections of the local community.** In a manner consistent with this commitment, the TOD'S S.p.A. Board of Directors resolved to allocate resources to the continuation of the aforementioned initiatives in 2022, despite the slightly negative accounting balance recorded at the level of net profit for 2021.



Through this initiative, since 2012 the Group has been able to collaborate with a range of volunteer associations, providing financial and operational support for their projects and participating actively and passionately in order to promote their work over time. These associations show profound dedication and work ceaselessly to deliver projects across a wide range of areas, including promoting the education and training of young people, helping disadvantaged population sectors and supporting families.

The commitment to allocate 1% of net profit to support initiatives to benefit local communities is submitted to the Shareholders' Meeting and formalised within the Sustainability Plan (most recently in the 2023-2025 Sustainability Plan, approved by the TOD'S S.p.A. Board of Directors on 6 March 2023).

The following describes TOD'S broader commitment to supporting communities even beyond the Group's areas of operation.

Supporting the most vulnerable

Since 2013, the Group has launched a series of initiatives designed to support **families in difficult situations** through partnerships with local associations and regional institutions, who have taken part in the Group's "**solidarity meetings**".

The Group organises "poverty meetings" in local areas in order to coordinate the work of all participating associations working to help citizens or families experiencing situations of difficulty. Assistance and monitoring services are also provided.

This initiative is active in Fermo, Civitanova Marche, Comunanza, Comunità Montana dei Sibillini, Tolentino and San Severino Marche. The Group is active in a range of fields, including food support, covering medical expenses, purchasing medicines, paying domestic bills, contributing to rent costs

and providing support in emergency situations such as evictions, as well as initiatives designed to help young people and promote social and professional integration.

AROUND **30,000** BENEFICIARIES OF DONATIONS OF BASIC FOODSTUFFS IN 2022

In the area of **food support**, the Group helps to finance a fund to support the "Banco delle opere di carità Marche" (Marche charity food bank) association, which has been present in the Marche region since 2013.
The charity food bank of the Marche region, through charitable associations (over 120 in the Marche region), helps needy families by providing a monthly supply of basic foodstuffs.
In 2022, a total of around 1,258,836 kg of **foodstuffs** and around 1,036,081 kg of fruit and vegetables were **distributed**.

In the **field of healthcare**, TOD'S supports associations working **to cover the medical costs of families in difficult situations**. The Group has set up a fund with the objective of helping disadvantaged local families to maintain an adequate standard of health and, more importantly, to deal with exceptional and sudden situations. In particular, a memorandum of understanding was established between the local public ASUR health facility and the Group, aimed at covering the minimum expenses of each health care service, with free co-participation of medical staff, with the aim of ensuring effective care for those most in need. The beneficiaries of the initiatives are identified on a case by case basis by the associations involved.

One project targeting the **disabled** and their families is "**Il volo delle farfalle**" (Flight of the Butterflies), structured in a series of initiatives designed and organised together with the "**La Crisalide**" association. The association provides support to around 200 families, predominantly in the Municipalities of Porto Sant'Elpidio, Sant'Elpidio a Mare and Monte Urano.
The work with this association – which was set up in 2002 – involves organising activities focused on promoting **social integration of disabled people**. These include music therapy, courses encompassing reading and writing, acting, IT, dancing, cooking, singing, rhythmics, music, creative painting and bricolage. The project also helps disabled people to create small vegetable gardens and to organise group outings at weekends. in addition to offering occupation therapy and appointments with pedagogical specialists.

Montepacini Social Farm project

Montepacini represents many years of experience in social farming, hospitality, and inclusion, an educating community that is the result of the public/private partnership between the Social Farm, the Municipality of Fermo and TOD'S, designed to ensure that **disabled and vulnerable people** can fully exercise their **rights**. The initiative involves volunteers and associations on the **topics of sustainability, biodiversity protection, short supply chains and promotion of local agricultural production** that is "good, clean, fair and for everyone".

Montepacini is a welcoming and inclusive place where, since 2012, a social agriculture programme for direct sales and agritourism has been implemented on 13.5 hectares of organically certified land.

The farm employs 27 people, including asylum seekers and trainees with disabilities; volunteers and young people engaged in community service.

There is a farmhouse on the premises where a zero-km educational holiday farm is operated, involving students and teachers from the hospitality institute.

There is also a summer centre that welcomes children from the city and the region (60 girls and boys in 2022);

Montepacini also represents:

- a solidarity purchasing group for the direct sale of organic, fresh and seasonal products from the Farm and, occasionally, from solidarity farms;
- a place for the preservation of horticultural biodiversity through the recovery, conservation and reproduction of ancient/rare seeds and animal biodiversity;
- a place of inclusion, of people with international protection and asylum seekers;
- a space to express the values of inclusion through sport, with two football teams, Soccer Dream Montepacini (30 disabled people involved, 25 of whom are registered members) and Save The Youths Montepacini (30 registered refugees, asylum seekers and volunteers from the Farm), competing in the F.I.G.C. and Lega Nazionale Dilettanti championships, in the fifth category (reserved for people with disabilities) and third category respectively.

In addition, during the 2021-2022 school year, the Group implemented specific projects with the "Carlo Urbani" High School. A group of young people prepared meals for elderly people in socio-economic difficulty in the municipality of Sant'Elpidio a Mare. Thanks to the cooperation of the municipality's social policy sector, which identified around 20 users and a number of volunteers, **home delivery** of meals was possible with coverage on almost every day of the week. The ability

to have a healthy and consistent diet has enabled the elderly to improve their general health and feel secure within a care network.

20 MEALS HOME-DELIVERED TO THE ELDERLY

40 MEALS PREPARED BY STUDENTS PER DAY

In 2022, TOD'S continued its close collaboration with the **San Patrignano Community**, which takes in young men and women **recovering from addiction**.

TOD'S Group been working with the community since 2016 to create special collections. In particular, the Group makes raw materials and craftsmanship skills available free of charge, from the design of bag and leather goods collections to their production and sale.

Through carefully planned events and thanks to the involvement of notable ambassadors, the Group was able to use its online communications channels to drive sales both in San Patrignano and at the TOD'S outlet in Casette D'Ete.

This past year, in view of the quality level achieved by the young people, TOD'S requested the production of some representative gadgets. The ability to recreate real working contexts in community workshops, with real jobs and deadlines to meet, includes, among its goals, the empowerment of those involved in the project.

"HABANERA - Sustainable creativity" project

With regard to "**sustainable creativity**", from both an environmental and social standpoint, it is worth mentioning the "**HABANERA**" project, launched in 2020 with the aim of creating a bag that combines **eco-friendly** processes with the tradition of high craftsmanship, seen as an enhancement of individuals with a view to **social inclusiveness**.

The Cuba Lab project is the brilliant result of the alliance between the **San Patrignano Leather Goods Workshop** and the contribution of TOD'S Group artisans.

The San Patrignano Leather Lab division (set up thanks to the visionary support of TOD'S, which continuously supervises the entire product development process) is now a well-established entity thanks to the talent and dedication of its workforce.

Cuba Lab's main ethical choice has been that all Cuba Lab products are manufactured:

- with leather from food waste;
- tanned with substances that are not harmful to the environment;
- from circular textile and paper mills.

This project sees the close collaboration of TOD'S style offices and craftsmen with Cuba Lab – an association that supports training activities located in Habana – and the leather workshop of the **Community of San Patrignano**, a social recovery workshop where people are taught a trade to re-educate them and help them regain their dignity.

Tangible support: Arquata del Tronto plant

A tangible sign of TOD'S Group's commitment to supporting the region was its support for the population of **Arquata del Tronto** and the adjacent areas affected by the 2016 earthquake.

The Arquata del Tronto site represented **an opportunity for rebirth and hope, offering new job opportunities** to young people in the area. Constructed in less than a year, the facility instantly employed 30 people with a capacity of around 100 units. It is a facility that has allowed these young people to rebuild their future in their local area. Around 45 people are currently employed at the factory.

The project made it possible to sustain the fabric of the area and open up a space for inclusion for local communities that are still suffering the consequences of the earthquake.

Over the past few years, some clothing and footwear **products** left in stock have been **given to local associations**, which have delivered them to people in need. Important work has been done by the associations, ensuring timely distribution commensurate with the actual needs of the communities.

In addition to organising the above initiatives, TOD'S Group continued its charity work in 2022, including through donation of its products to charity auctions. In this area, **several charitable associations have collaborated with the Group**, including Save the Children, IEO, Fondazione Veronesi, CESVI, Fondazione Marcegaglia, Charity Children for peace, Fondazione Cometa, Fondazione De Marchi Onlus, Fondazione TOG, Fondazione Soleterre Onlus, Komen Italia Onlus and Progetto Sorriso nel Mondo Onlus.

Child Protection and Youth Support

Since 2014, the group has fully supported two youth centres in Casette D'Ete and Comunanza, which offer courses and activities for all segments of the population.

2022 was the year of the gradual **return to normality** following the Covid-19 health emergency. However, over the course of the year, economic, social and psychological consequences have gradually emerged that have changed and will profoundly change the structures of communities and individuals.

In this scenario, the role of the **Casette Youth Centre** (managed by the EraFutura Social Cooperative) was a **point of reference** and reconnection with places and people. There is no doubt that children and adolescents are the groups that have been most affected by the pandemic.

The Casette Youth Centre sought to give **a tangible and constructive** response by progressively restarting the many pre-Covid projects and at the same time activating new programmes of community and cultural action.

Attendance at the centre has increased over time to a daily average of **around 90 visits**.

The Casette Youth Centre has its own **internal activities**, as well as a strong network of collaborations with the local area. One of the most important services is **study support**, with about **40 attendances per day**.

After their studies, young people can use the **themed areas** of the facility (games room, dance room, music room, library and computer room) and attend **courses and workshops**.

During 2022, the following courses were run:

- wall painting, 30 participants
- creativity and manual skills, 40 participants
- modern dance, 20 participants
- guitar and drums, 20 participants
- board and role-playing games, 30 participants
- English with native speakers, 15 participants
- creative library, 15 participants
- carpentry and recycling, 15 participants.

In addition to proposals for young people, there were also **others for adults**. Approximately **100 people** were divided between the following courses: postural gymnastics, basic English, English with a native speaker, fit-dance, smartphones and apps from scratch (a course aimed at the elderly to help them with their knowledge and understanding of technological tools), reading group and

Italian for foreigners. The latter was attended by about **20 people**, confirming the need for knowledge of the **Italian language** as a basis for inclusion and integration into the community.
A **series of events** entitled "Communicating Love" was organised at the Auditorium Della Valle to support and reflect on family relationships, parent-child relationships, the difficulties of communicating, asking for help and establishing bonds of trust.
This series of events coincided with the opening, at the Youth Centre, of a **help desk**, a space to serve the community where they can find support, talk to each other and have a tool to help them deal with this difficult and precarious social situation.
Through this project, the EraFutura Social Cooperative and the Casette Youth Centre have started a path towards greater dissemination of the importance of **psychological support** as a tool for dealing with various personal and relational difficulties.
The month of May saw the inauguration of the **Casette Youth Centre Library**, which officially became part of the national library system.
Summer centres were organised in June and July. The 2022 edition was attended by around 100 participants, offering a varied programme of activities for different age groups. In addition, for boys and girls aged 12 to 16, a five-day camp in the mountains was organised, a unique experience surrounded by nature, adventure and fun.

Together with other entrepreneurs, the Group finances the Fermano "**Mus-e Association**", which actively promotes **social integration in infant and primary schools through artistic language**. The association follows teaching methods that aim to celebrate the creative talent of all children by supplementing the curriculum with projects developed with the teachers of the classes involved.
In the 2021-2022 school year, the association fully resumed workshop activities based on the methodology devised by Yeudhi Menuhin, one of the greatest violinists of the 20th century. Theatre, dance, music and the visual sphere are the areas in which the workshops are conducted through a multidisciplinary approach. The Mus-e network enabled Erasmus projects that also involved the Cascinare primary school, while standard activities continued at the Sant'Elpidio a Mare main school. A total of 20 courses were run in the Fermo area in the 2021-2022 school year, involving around 500 pupils.

Moreover, in recent years, the group supported the construction of the **Visso Youth Centre**. This project, which was completed in July 2021 and is now fully operational, involved the construction of a nearby **community centre open to young people** to serve those **living in the emergency**

housing facilities (following the 2016 earthquake), as well as young people and the entire local community. This centre currently offers a programme of activities for young people and adults.

For several years, TOD'S has also been committed to collaborating with institutions and non-profit associations to support **projects to protect the life, health, well-being and rights of children**. A particularly notable example in 2022 was TOD'S commitment to support the "Hunger Emergency" campaign promoted by Save the Children to combat malnutrition in Somalia.

TOD'S supports Save the Children in the fight against the hunger emergency in Somalia

In 2022, TOD'S Group supported **Save the Children's Hunger Campaign** by contributing to the **anti-malnutrition programme operating in Somalia**.

The collaboration with Save the Children began in 2011, when TOD'S supported the emergency response to the tragic tsunami in Japan, and continued in 2015 with the opening of the Punto Luce in Barra, Naples.

Protecting women

In reaffirming its **commitment to combating gender-based violence**, in 2022 the Group again co-financed several projects of the **"On the Road" Social Cooperative**, which has managed the **"Percorsi Donna" Anti-Violence Centre** in the Province of Fermo since 2009 and the "**Donna con Te**" Anti-Violence Centre in the Province of Ascoli Piceno since 2015.

With the opening of the **Casa dei Fiori di Mandorlo** in 2017, On the Road once again sought to play a leading role in combating violence against women.

The shelter is a community-based residential facility where single women or women with sons and daughters of any nationality who are victims of domestic violence can be accommodated free of charge. The shelter is a safe place where women can escape from the violence and aggression of their abusers, protecting their physical and psychological well-being. At the shelter, women can begin, in their own time, a journey out of the violent relationship, through physical and emotional distancing from the abusive man, accompanied on a path towards autonomy and independence.

By reducing the risk to personal safety, the woman can subsequently start a path of awareness and empowerment, with the possibility of being supported by the team and the service network in achieving her autonomy.

The Casa dei Fiori di Mandorlo offers free board and lodging, sociomedical assistance, psychological support, social support, assistance in the legal process, an individualised project to escape

violence, assistance with services and social reintegration, school placement for minors and educational/parenting support for women guests.
A customised project (PAI - Programme for Autonomy and Integration) is prepared for each female guest, together with the relevant Social Services, regarding the path she is about to follow and the goals to achieve. This project is developed together with the woman and addresses her life story, the resources she possesses, and the needs she expresses.

Measures to combat gender-based violence in 2022

10 WOMEN RECEIVED LEGAL SUPPORT
10 WOMEN RECEIVED INDIVIDUAL PSYCHOLOGICAL SUPPORT
10 WOMEN BENEFITED FROM GROUP PSYCHOLOGICAL SUPPORT
10 WOMEN TAKEN INTO SHELTER
15 MINORS TAKEN INTO SHELTER

9. Supporting the cultural and artistic heritage

We care for our country's beauty and support initiatives to protect and enhance its artistic, cultural and environmental heritage

Initiatives supporting Italy's artistic and cultural heritage

Supporting culture and celebrating the Italian spirit around the world are further important objectives for TOD'S Group, which is active in a range of initiatives designed **to protect and promote Italian historical and cultural heritage**. The aim is to promote Italy's image and to spread its values.

Since 2011, the Group has been working with the Ministry of Cultural Heritage and Activities and the Special Superintendency for the Archaeological Heritage of Rome to fund a series of restoration measures involving the **Colosseum**, with a total value of **25 million euros**.

In 2016, the first phase of the measures came to a close with the completion of the restoration of the north and south sides and the installation of perimeter fences. These measures saw the ancient splendour of one of the most important and well-known symbols of Italy's artistic and cultural heritage restored.

The second stage of the work, which began in December 2018, under the guidance of the new Parco Archeologico del Colosseo independent institute, involved the area of the hypogea, a monument within a monument that corresponds to the part of the amphitheatre below the arena which, in ancient times, was invisible to spectators. The restoration operations involved more than 80 people including archaeologists, restorers, architects, engineers, surveyors and labourers. At the end of the work, in December 2020, a 160-metre long walkway accessible to everyone was installed, returning an area to visitors of the Colosseum that had never been accessible before. After 781 days since the opening of the site and more than 55,700 hours of work, the restoration work returned a total area of 15,000 square metres to its former glory. This second project consolidates TOD'S Group's commitment to a World Heritage monument. The plan of works will continue with the restoration of the second-tier galleries, the upgrading and implementation of the installations and the construction of a service centre that will permit visitor support activities, currently located inside the monument, to be brought outside.

TOD'S SS22 Fashion Show

In recent seasons, TOD'S has forged an important relationship with the **art** world, which has been gradually expanded with new projects that have helped strengthen the bond between the brand's craftsmanship and creativity and the world's finest artistic production.

Following Vanessa Beecroft and Thomas De Falco, for the third chapter of these collaborations TOD'S invited artist **Carlota Guerrero** to interpret, through an innovative recorded performance, the main values of the brand's identity: Made in Italy, craftsmanship and quality. The work was revealed on 24 September 2021 during Milan Fashion Week: it is a modern and glamorous vision of TOD'S heritage, which starts from the founding elements of the artisan world, such as the tools on the artisans' tables, the needles, threads, leather samples and offcuts of materials from the Spring Summer 2022 collection, and creates a poetic and modern tale of the brand's timeless lifestyle.

As part of its attempts to celebrate Italian culture, manufacturing and contemporary art, TOD'S Group supports two symbols of the city of Milan: the **Teatro alla Scala** and the **Padiglione di Arte Contemporanea (PAC)**.

The Group is proud to be a Permanent Founding Member of the Fondazione Teatro alla Scala, a prestigious and important international institution working to celebrate the historical and cultural heritage of the opera house. The foundation also provides an opportunity to support an outstanding calendar of artistic events and to contribute to the objective of promoting musical culture around the world. For the Padiglione di Arte Contemporanea (PAC), the Group renewed its long-term agreement with the Municipality of Milan in 2022 with the aim of supporting the completion and promotion of research activities and projects run by the Padiglione, a vital institution in the international contemporary art panorama in Milan, which attracts an average of 27,000 visitors to every exhibition.

In October 2022, for the eighth consecutive year, TOD'S Group supported the Riscatti non-profit voluntary association, which has been carrying out social redemption projects through photography since 2014, to create a **photographic exhibition ''Ri-scatti - Per me si va tra la perduta gente"** that shone a spotlight on Milan's correctional institutions through the eyes of inmates and prison officers. The exhibition, conceived and organised by the PAC, is an unfiltered journey through the reality of prisons through the first-hand perspective of those who live and work in them. This was an approach that had never been taken before, offering the inmates the opportunity to have cameras at their disposal in the wards and cells.

In 2022, TOD'S continued to support the **Fondo Ambiente Italiano (FAI)**. Launched in 1975, the non-profit organisation invests great passion and enthusiasm in order to save some of the most important parts of Italy, artistic heritage and natural wonders from decline.The fund also

undertakes restoration work and ensures the Italian public can enjoy these assets, while raising awareness among institutions and the general public on how to protect them.

As part of an open and inclusive "**beauty education**" path, TOD'S, once again in 2022, involved its people in its Italian offices by providing free entrance tickets to invite them to visit the main sites and properties managed by the FAI Foundation.

In 2022, TOD'S also supported the second edition of **PANORAMA|Monopoli**, an exhibition spread across the town of Monopoli, organised by ITALICS, the consortium that brings together over sixty of the most authoritative Italian galleries of ancient, modern and contemporary art. An itinerary consisting of around 70 works displayed in some of the town's most representative locations.

With this partnership, TOD'S is continuing to support and promote cultural activities conducted in Italy, aligning them with the Group's founding values: craftsmanship, Italian spirit, promotion of the region and profound artistic sensitivity.

10 Annexes

Breakdown of employees by professional category and gender

No. of people	12.31.22			12.31.21		
	Men	Women	Total	Men	Women	Total
Executives	39	28	**67**	39	22	**61**
Managers	140	221	**361**	139	213	**352**
White collars	969	2,205	**3,174**	971	2,122	**3,093**
Blue collars	515	808	**1,323**	477	763	**1,240**
Total	**1,663**	**3,262**	**4,925**	**1,626**	**3,120**	**4,746**

Breakdown of employees by professional category and age range

No. of people	12.31.22				12.31.21			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Executives	1	28	38	**67**	-	26	35	**61**
Managers	6	301	54	**361**	4	295	53	**352**
White collars	684	2,167	323	**3,174**	658	2,159	276	**3,093**
Blue collars	161	684	478	**1,323**	144	648	448	**1,240**
Total	**852**	**3,180**	**893**	**4,925**	**806**	**3,128**	**812**	**4,746**

Breakdown of employees by contract type, gender and region

No. of people	12.31.22																	
	Italy			Europe			Americas			Greather China			Rest of the World			Group		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	908	1,076	**1,984**	202	586	**788**	92	91	**183**	87	329	**416**	122	490	**612**	**1,411**	**2,572**	**3,983**
Fixed-term contract	64	165	**229**	38	58	**96**	-	-	**-**	148	454	**602**	2	13	**15**	**252**	**690**	**942**
Of which non-guaranteed hours	2	6	8	-	-	-	-	-	-	-	-	-	-	-	-	***2***	***6***	***8***
Total	**972**	**1,241**	**2,213**	**240**	**644**	**884**	**92**	**91**	**183**	**235**	**783**	**1,018**	**124**	**503**	**627**	**1,663**	**3,262**	**4,925**

Breakdown of employees by contract type, gender and region

No. of people	12.31.21																	
	Italy			Europe			Americas			Greather China			Rest of the World			Group		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent contract	900	1,072	**1,972**	209	613	**822**	93	90	**183**	112	359	**471**	100	429	**529**	**1,414**	**2,563**	**3,977**
Fixed-term contract	43	93	**136**	30	50	**80**	-	1	**1**	137	404	**541**	2	9	**11**	**212**	**557**	**769**
Of which non-guaranteed hours	-	-	**-**	-	-	-	-	-	-	-	-	-	-	-	-	**-**	**-**	**-**
Total	**943**	**1,165**	**2,108**	**239**	**663**	**902**	**93**	**91**	**184**	**249**	**763**	**1,012**	**102**	**438**	**540**	**1,626**	**3,120**	**4,746**

Breakdown of employees by professional category, gender and region

No. of people	12.31.22																	
	Italy			Europe			Americas			Greather China			Rest of the World			Group		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	963	1,103	**2,066**	217	569	**786**	86	82	**168**	235	779	**1,014**	117	481	**598**	**1,618**	**3,014**	**4,632**
Part-time	9	138	**147**	23	75	**98**	6	9	**15**	-	4	**4**	7	22	**29**	**45**	**248**	**293**
Total	**972**	**1,241**	**2,213**	**240**	**644**	**884**	**92**	**91**	**183**	**235**	**783**	**1,018**	**124**	**503**	**627**	**1,663**	**3,262**	**4,925**

Breakdown of employees by professional category, gender and region

No. of people	12.31.21																	
	Italy			Europe			Americas			Greather China			Rest of the World			Group		
	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	926	1,013	**1,939**	223	595	**818**	84	80	**164**	246	750	**996**	102	432	**534**	**1,581**	**2,870**	**4,451**
Part-time	17	152	**169**	16	68	**84**	9	11	**20**	3	13	**16**	-	6	**6**	**45**	**250**	**295**
Total	**943**	**1,165**	**2,108**	**239**	**663**	**902**	**93**	**91**	**184**	**249**	**763**	**1,012**	**102**	**438**	**540**	**1,626**	**3,120**	**4,746**

Breakdown of employees by type (corporate/retail) and gender

No. of people	12.31.22			12.31.21		
	Men	Women	Total	Men	Women	Total
Corporate	992	1,551	**2,543**	937	1,372	**2,309**
Retail	671	1,711	**2,382**	689	1,748	**2,437**
Total	**1,663**	**3,262**	**4,925**	**1,626**	**3,120**	**4,746**

Breakdown of employees by type (corporate/retail) and age range

No. of people	12.31.22				12.31.21			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Corporate	300	1,509	734	**2,543**	246	1,424	639	**2,309**
Retail	552	1,671	159	**2,382**	560	1,704	173	**2,437**
Total	**852**	**3,180**	**893**	**4,925**	**806**	**3,128**	**812**	**4,746**

Workers who are not employees

No. of people	12.31.22	12.31.21
Agency Workers	300	147
Self-employedpersons / Project collaborators	8	5
Interns	58	43
Other (volounteers, home workers, etc.)	-	-
Total	**366**	**195**

Employees covered by collective bargaining agreements*

Employees	12.31.22	12.31.21
	Total	Total
Covered by collective bargaining agreements	60.5%	59.3%

* These percentages are calculated on the basis of the total number of employees as at 31/12/2021 and 31/12/2022, and must be considered net of countries where local legislation does not provide for the establishment of collective bargaining agreements.

Employees incoming - 2022

Region	< 30 years		30-50 years		> 50 years		Total		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Italy	69	164	71	201	6	48	**146**	**413**	15.0%	33.3%
Europe	65	109	63	114	4	18	**132**	**241**	55.0%	37.4%
Americas	21	22	17	18	-	7	**38**	**47**	41.3%	51.6%
Greater China	48	104	41	171	-	1	**89**	**276**	37.9%	35.2%
Rest of the World	19	69	30	100	-	3	**49**	**172**	39.5%	34.2%
Total	**222**	**468**	**222**	**604**	**10**	**77**	**454**	**1,149**	**27.3%**	**35.2%**

Employees incoming - 2021*

Region	< 30 years		30 -50 years		> 50 years		Total		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Italy	44	106	42	131	1	31	**87**	**268**	9.2%	23.0%
Europe	44	71	40	95	-	12	**84**	**178**	35.1%	26.8%
Americas	22	16	14	20	1	5	**37**	**41**	39.8%	45.1%
Greater China	64	117	56	152	-	2	**120**	**271**	48.2%	35.5%
Rest of the World	15	60	27	99	1	1	**43**	**160**	42.2%	36.5%
Total	**189**	**370**	**179**	**497**	**3**	**51**	**371**	**918**	**22.8%**	**29.4%**

* Of the total hires in 2021, 10 were related to intra-group movements, of which 6 were men and 4 women, and 8 in the 30-50 age group, 1 in the under-30 age group and 1 in the over-50 age group.

Employees outgoing - 2022

Region	< 30 years		30 -50 years		> 50 years		Total		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Italy	43	116	61	179	13	42	**117**	**337**	12.0%	27.2%
Europe	64	101	61	140	5	20	**130**	**261**	54.2%	40.5%
Americas	16	13	21	26	2	8	**39**	**47**	42.4%	51.6%
Greater China	34	56	39	160	1	4	**74**	**220**	31.5%	28.1%
Rest of the World	16	41	37	99	1	5	**54**	**145**	43.5%	28.8%
Total	**173**	**327**	**219**	**604**	**22**	**79**	**414**	**1,010**	**24.9%**	**31.0%**

Employees outgoing - 2021*

Region	< 30 years		30-50 years		> 50 years		Total		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Italy	26	78	35	116	27	59	**88**	**253**	9.3%	21.7%
Europe	40	59	41	102	1	13	**82**	**174**	34.3%	26.2%
Americas	18	16	19	30	3	6	**40**	**52**	43.0%	57.1%
Greater China	38	77	55	124	1	1	**94**	**202**	37.8%	26.5%
Rest of the World	12	34	24	70	2	3	**38**	**107**	37.3%	24.4%
Total	**134**	**264**	**174**	**442**	**34**	**82**	**342**	**788**	**21.0%**	**25.3%**

* Of the total terminations in 2021, 10 were related to intra-group movements, of which 6 were men and 4 women, and 8 in the 30-50 age group, 1 in the under-30 age group and 1 in the over-50 age group.

Number of recordable work - related injuries

Region	2022			2021		
	Number of recordable work related injury	Number of high-consequence work-related injuries (excluding fatalities)	Number of fatalities as a result of work-related injury	Number of recordable work related injury	Number of high-consequence work-related injuries (excluding fatalities)	Number of fatalities as a result of work-related injury
Italy	21	-	-	22	-	-
Europe	14	-	-	9	-	-
Americas	8	-	-	3	-	-
Greater China	1	-	-	3	-	-
Rest of the World	-	-	-	-	-	-
Total	**44**	**-**	**-**	**37**	**-**	**-**

Number of recordable work - related injuries - external associates*

	2022	2021
Number of recordable work-related injuries	1	1
Number of high-conseguence work-related injuries (excluding fatalities)	-	-
Number of fatalities	-	-
Total	**1**	**1**

In order to calculate GRI 403-9.b relating to injuries to external workers, in 2022 TOD'S Group continued to gather data from employers at external workshops in the Footwear and Leather Goods divisions that worked exclusively for TOD'S Group. The scope of assessment is subject to variation based on the number of workshops with exclusive contracts in place.

Type of recordable work - related injuries - 2022

Region	Contusions / Fractures	Incised wounds and puncture wounds	Polytrauma	Burns	Other types of minor injuries	Totale
Italy	5	9	-	-	7	21
Europe	1	1	-	-	12	14
Americas	4	1	1	-	2	8
Greater China	1	-	-	-	-	1
Rest of the World	-	-	-	-	-	-
Total	**11**	**11**	**1**	**-**	**21**	**44**

Type of recordable work - related injuries - 2021

Region	Contusions / Fractures	Incised wounds and puncture wounds	Polytrauma	Burns	Other types of minor injuries	Totale
Italy	13	4	4	-	1	22
Europe	1	2	1	-	5	9
Americas	-	-	1	-	2	3
Greater China	-	-	1	-	2	3
Rest of the World	-	-	-	-	-	-
Total	**14**	**6**	**7**	**-**	**10**	**37**

Type of recordable work - related injuries - external associates 2022 - 2021

Type of injuries	2022	2021
Contusions / Fractures	-	-
Incised wounds and puncture wounds	1	1
Polytrauma	-	-
Burns	-	-
Other types of minor injuries	-	-
Total	**1**	**1**

Recordable work - related injuries Index*

	2022			2021		
Region	Rate of recordable work - related injuries (a)	Rate of facilities as a result of work - related injury (b)	Rate of high - conseguence wortk - related injuries (excluding fatalities) (c)	Rate of recordable work - related injuries (a)	Rate of facilities as a result of work - related injury (b)	Rate of high - conseguence wortk - related injuries (excluding fatalities) (c)
Italy	1.24	-	-	1.37	-	-
Europe	1.88	-	-	1.24	-	-
Americas	5.44	-	-	2.00	-	-
Greater China	0.10	-	-	0.30	-	-
Rest of the World	-	-	-	-	-	-
Total	**1.01**	**-**	**-**	**0.95**	**-**	**-**

* Where data was not readily available, estimates have been used.
(a) The rate of recordable accidents at work is the ratio between the total number of accidents at work and the total hours worked in the same period, multiplied by 200,000.
(b) The rate of deaths due to accidents at work is the ratio between the total number of deaths due to accidents at work and the total hours worked in the same period, multiplied by 200,000.
(c) The rate of accidents at work with serious consequences (excluding deaths) is the ratio between the total number of accidents at work with serious consequences (excluding deaths) and the total hours worked in the same period, multiplied by 200,000.
It should be noted that the total hours worked in 2022 were 8,685,599 and in 2021 7,792,011.

Recordable work - related injuries Index - external associates*

	2022	2021
Rate of recordable work - related injuries (a)	0.32	0.33
Rate of facilities as a result of work - related injury (b)	-	-
Rate of high - conseguence wortk - related injuries (excluding fatalities) (c)	-	-

* Where data was not readily available, estimates have been used.
(a) The rate of recordable accidents at work is the ratio between the total number of accidents at work and the total hours worked in the same period, multiplied by 200,000.
(b) The rate of deaths due to accidents at work is the ratio between the total number of deaths due to accidents at work and the total hours worked in the same period, multiplied by 200,000.
(c) The rate of accidents at work with serious consequences (excluding deaths) is the ratio between the total number of accidents at work with serious consequences (excluding deaths) and the total hours worked in the same period, multiplied by 200,000.
In order to calculate GRI 403-9.b relating to injuries to external workers, in 2022 TOD'S Group continued to gather data from employers at external workshops in the Footwear and Leather Goods divisions that worked exclusively for TOD'S Group. The scope of assessment is subject to variation based on the number of workshops on exclusive contracts with TOD'S during the reporting period.
It should be noted that the total hours worked in 2022 were 631,723.78 and in 2021 598,471.29.

Ratio between base salary for men and women - 2022

Base Salary	Ratio Women on Men 2022					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Executives	1.12				0.51	**1.00**
Managers	1.07	1.00	1.12	0.78	0.87	**0.87**
White collars	0.88	1.00	0.97	1.03	0.94	**0.87**
Blue collars	0.94	1.02				**0.73**

Ratio between base salary for men and women - 2021

Base Salary	Ratio Women on Men 2021					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Executives	1.12					**1.11**
Managers	1.12	1.08	1.12	0.79	0.82	**0.89**
White collars	0.88	1.02	1.09	1.09	0.91	**0.89**
Blue collars	0.96	1.10				**0.69**

Ratio between total remuneration for men and women - 2022

Average comprehensive remuneration	Ratio Women on Men 2022					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Executives	1.21				0.32	**0.98**
Managers	1.07	0.99	1.14	0.71	0.88	**0.86**
White collars	0.88	1.00	0.98	1.01	0.89	**0.86**
Blue collars	0.94	1.02				**0.73**

Ratio between total remuneration for men and women - 2021

Average comprehensive remuneration	Ratio Women on Men 2021					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Executives	1.19					**1.10**
Managers	1.11	1.07	1.15	0.71	0.82	**0.88**
White collars	0.88	1.02	1.10	1.06	0.85	**0.88**
Blue collars	0.96	1.10				**0.68**

Average training hours per capita, divided by professional category and gender

No. of people	2022			2021		
	Men	Women	Total	Men	Women	Total
Executives	6.4	8.5	**7.3**	21.7	16.2	**19.7**
Managers	37.9	32.3	**34.5**	22.8	26.3	**24.9**
White collars	17.0	13.0	**14.2**	11.7	8.9	**9.8**
Blue collars	5.2	4.4	**4.7**	8.7	4.8	**6.3**
Total	**14.8**	**12.2**	**13.1**	**12.0**	**9.2**	**10.1**

Employees belonging to legally protected status, divided by professional category and gender

No. of legally protected status people	12.31.22			12.31.21		
	Men	Women	Total	Men	Women	Total
Executives	-	-	**-**	-	-	**-**
Managers	1	2	**3**	1	2	**3**
White collars	17	31	**48**	16	34	**50**
Blue collars	33	43	**76**	33	36	**69**
Total	**51**	**76**	**127**	**50**	**72**	**122**

Annual total compensation rate 2022*

Annual total compansation rate	12.31.22					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Ratio between highest total annual compensation and median value	65.61	18.87	18.81	97.57	13.73	**67.05**
Ratio between highest total annual compensation and average value	46.36	17.88	13.70	34.02	11.43	**51.42**

*Both for the numerator and the denominator, monetary and non-monetary benefits have been included in the calculation of total annual remuneration.
At the level of the individual Region, the percentage change of the medians and averages was calculated by considering the remuneration of the highest paid individual and the total remuneration of the employees belonging to the same Region.
In accordance with the requirements of GRI 2-21 letter a) at Group level, the ratio was calculated by considering the median of the total remuneration of all employees and the remuneration of the highest paid individual. The same methodology was also applied to the calculation of the average.

Annual total compensation rate 2021*

Annual total compansation rate	12.31.21					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Ratio between highest total annual compensation and median value	66.35	28.16	19.50	91.58	14.51	**69.46**
Ratio between highest total annual compensation and average value	46.35	26.54	14.14	34.38	12.18	**53.84**

*Both for the numerator and the denominator, monetary and non-monetary benefits have been included in the calculation of total annual remuneration.
At the level of the individual Region, the percentage change of the medians and averages was calculated by considering the remuneration of the highest paid individual and the total remuneration of the employees belonging to the same Region.
In accordance with the requirements of GRI 2-21 letter a) at Group level, the ratio was calculated by considering the median of the total remuneration of all employees and the remuneration of the highest paid individual. The same methodology was also applied to the calculation of the average.

Change of annual total compensation rate 2022 vs 2021*

Annual total compansation rate	Italy	Europe	Americas	Greater China	Rest of the World	Group
Ratio of the percentage increase in total annual compensation for the highest-paid person to the median percentage increase in total annual compensation for all employees (excluding the highest).	0	-298.1%	75.4%	325.2%	-25.4%	**0**
Ratio of the percentage increase in total annual compensation for the highest-paid person to the average percentage increase in total annual compensation for all employees (excluding the highest).	0	-320.1%	77.8%	89.2%	-21.4%	**0**

*Both for the numerator and the denominator, monetary and non-monetary benefits have been included in the calculation of total annual remuneration.
In view of the high turnover between 2021 and 2022, the annual remuneration rate was calculated based on the percentage change of the medians and averages for each reporting year.

Country by country reporting - Tax period 2021 - 2020

	Italy		Europe		Americas		Greater China		Rest of the World	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Number of employees	2,108	2,094	902	897	184	198	1,012	916	540	483
Revenues from third-party sales	348,498,133	296,111,466	87,366,357	67,920,987	51,031,155	27,137,346	320,952,801	203,915,034	107,909,248	81,058,493
Revenues from intra-group transactions with other tax jurisdictions	238,258,261	144,719,974	33,235,902	31,234,416	18,444,042	21,601,831	57,023,992	62,601,248	13,660,639	11,918,750
Profit/loss before tax	- 11,460,682	-169,061,269	- 2,990,923	-13,242,365	- 13,783,557	-17,058,626	1,199,869	- 6,348,452	- 7,152,673	- 14,801,256
Tangible assets other than cash and cash equivalents;	83,359,277	87,956,311	11,965,760	13,072,614	6,410,296	7,283,511	25,304,991	18,365,489	12,681,435	11,663,320
Corporate income tax paid on a cash basis;	2,152,537	-	- 702,195	488,029	24,235	- 3,172,001	1,378,864	838,112	- 75,069	17,726,709
Corporate income tax accrued on profit/loss	- 1,789,009	3,522,179	763,486	294,136	166,147	129,950	2,363,086	1,865,667	281,608	100,385

The above figures refer to the 2021 fiscal year and the 2020 fiscal year[31].
Please refer to the consolidated financial statements for the reasons for the difference between the corporate income tax accrued on profits/losses and the tax due.
The Regions listed in the table primarily carry out the following main activities:
• Italy: research and development, ownership or management of intellectual property rights, manufacturing or production, sales, marketing or distribution, administration, management or support services, internal group financing, ownership of shares or other capital instruments.
• Europe: manufacturing or production, sales, marketing or distribution, administration, management or support services, internal group financing, ownership of shares or other capital instruments.
• Americas: sales, marketing or distribution, administration, management or support services, internal group financing, ownership of shares or other capital instruments.
• Greater China: sales, marketing or distribution, administration, management or support services, internal group financing, ownership of shares or other capital instruments.
• Rest of the World: sales, marketing or distribution, administration, management or support services.

[31] The Regions shown in the tables consist of the following companies:
• Italy: Re.Se.Del. S.r.l., Roger Vivier S.p.A., TOD'S S.p.A. while the companies: Del.Pav. S.r.l. and Filangieri 29 S.r.l. (for the 2020 fiscal year only).
• Europe: Alban.Del S.h.p.k., TOD'S Austria Gmbh, TOD'S Belgique S.p.r.l., TOD'S Danmark APS, Roger Vivier France Sas, Roger Vivier Paris Sas, TOD'S France Sas, TOD'S Deutschland Gmbh, Roger Vivier Deutschland Gmbh, Un.Del. Cipoipari Kft, TOD'S International BV, TOD'S Espana SL, Roger Vivier Espana SL, Gen.Del. SA, Roger Vivier Switzerland SA, Roger Vivier UK Ltd, TOD'S UK Ltd, Webcover Ltd, Buena Ltd, TOD'S OAK Ltd.
• Americas: Roger Vivier Canada Ltd , Ala.Del. Inc., An.Del. USA Inc., Cal.Del. USA Inc., Deva Inc., Flor.Del. USA Inc., Hono.Del. Inc., Il.Del. USA Inc., Neva.Del. Inc., Or.Del. USA Inc., TOD'S Georgia Inc., TOD'S Tex.Del. Inc., TOD'S Washington Inc., TOD'S Massachussets Inc., Italiantouch USA Inc., TOD'S New Jersey Inc.
• Greater China: Roger Vivier Hong Kong Ltd, TOD'S Hong Kong Ltd, Roger Vivier Macau Ltd, TOD'S Macau Ltd, Roger Vivier (Shanghai) Trading Co. Ltd, TOD'S (Shanghai) Trading Co. Ltd, Italiantouch Shanghai Trading Co. Ltd.
• Rest of the World: TOD'S Retail India Private Ltd, Roger Vivier Singapore PTE Ltd, TOD'S Singapore Pte Ltd, Roger Vivier Australia PTY Ltd., TOD'S Australia PTY LTd., Roger Vivier Japan KK, TOD'S Japan KK, Roger Vivier Korea Inc., TOD'S Korea Inc.

EU Taxonomy: models for key performance indicators (KPIs) of non-financial corporations

Proportion of turnover derived from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

				Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic activities	Code(s)	Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	**Taxonomy-aligned proportion of turnover, year 2022**	Category (enabling activity or)	Category (transitional activity)
		mln €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)	-	0	0%	0%	0%												0%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	-	0	0%																
Total (A.1 + A.2)	-	0	0%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities (B)	-	1,006.979	100%																
Total (A + B)	-	1,006.979	100%																

Proportion of capital expenditure from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of CapEx, year 2022	Category (enabling activity or)	Category (transitional activity)
		mln €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	7.3	1.341	2.925%	2.925%	0%						y			y		y	2.925%	E	
Installation, maintenance and repair of renewable energy technologies	7.6	0.614	1.340%	1.340%	0%						y					y	1.340%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1.955	4.265%	4.265%	0%											-	4.265%		
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Installation, maintenance and repair of energy efficiency equipment	7.3	0.444	0.968%																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.004	0.008%																
Installation, maintenance and repair of renewable energy technologies	7.6	0.021	0.046%																
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)	-	0.469	1.022%																
Total (A.1 + A.2)	-	2.424	5.288%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities (B)	-	43.421	94.712%																
Total (A + B)	-	45.845	100%																

Proportion of operating expenses derived from products or services associated with economic activities aligned with the taxonomy - Disclosure for the year 2022

				Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s)	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned proportion of OpEx, year 2022	Category (enabling activity or)	Category '(transitional activity)'
		mln €	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Installation, maintenance and repair of energy efficiency equipment	7.3	0.062	0.198%	0.198%	0%						Y			Y		Y	0.198%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.001	0.004%	0.004%	0%						Y					Y	0.004%	E	
Installation, maintenance and repair of renewable energy technologies	7.6	0.008	0.025%	0.025%	0%						Y					Y	0.025%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0.071	0.227%	0.227%	0%												0.227%	-	
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Installation, maintenance and repair of energy efficiency equipment	7.3	0.392	1.255%																
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.001	0.003%																
Installation, maintenance and repair of renewable energy technologies	7.6	0.011	0.037%																
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.404	1.294%																
Total (A.1 + A.2)		0.475	1.522%																
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities (B)	-	30.752	98.478%																
Total (A + B)	-	31.227	100%																

11. GRI Content Index

TOD'S Group's 2022 Non-Financial Statement was produced in accordance with the GRI Standards. The following table shows Group data based on GRI Standards, with reference to the materiality analysis. For each piece of data shown, the relevant page number in the Non-Financial Statement (NFS) and/or Annual Financial Report (AFR) is shown.

Statement of use	TOD'S S.p.A. submitted a report in accordance with the GRI Standards for the period 01/01/2022 - 31/12/2022.
GRI 1 used	GRI 1 - Foundation - 2021 version
Applicable GRI sector standards	N/A - publication of the sector-specific standard is forthcoming

GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**OMISSION (REQUIREMENTS OMITTED, REASON FOR OMISSION, EXPLANATION)**
General Disclosures			
GRI 2 - General Disclosures- 2021 version	2-1 Organisational details	NFS pp. 40-42 AFR pp. 1, 4-6	
	2-2 Entities included in the organisation's sustainability reporting	NFS pp. 40-42 AFR pp. 4-5	
	2-3 Reporting period, frequency and contact point	NFS pp. 40, 42	
	2-4 Restatements of information	NFS pp. 40-42	
	2-5 External assurance	NFS p. 42, 213-216	
	2-6 Activities, value chain and other business relationships	NFS pp. 98-99, 138-139 AFR pp. 6, 10-11	
	2-7 Employees	NFS pp. 117-119, 124-125, 191-192	
	2-8 Workers who are not employees	NFS p. 192	
	2-9 Governance structure and composition	NFS pp. 65-68 AFR p. 3	
	2-10 Nomination and selection of the highest governance body	NFS pp. 67-70	
	2-11 Chair of the highest governance body	NFS pp. 67-69	
	2-12 Role of the highest governance body in overseeing the management of impacts	NFS pp. 56-60, 66-67	

	2-13 Delegation of responsibility for managing impacts	NFS pp. 56-60, 66-67	
GRI 2 - General Disclosures- 2021 version	2-14 Role of the highest governance bodyin sustainability reporting	NFS pp. 42, 58	
	2-15 Conflicts of interest	NFS p. 70	
	2-16 Communication of critical concerns	NFS pp. 62-64, 70	
	2-17 Collective knowledge of the highest governance body	NFS pp. 46-50, 56-60	
	2-18 Evaluation of the performance of the highest governance body	NFS p. 67	
	2-19 Remuneration policies	NFS pp. 67, 69-70, 126-127	
	2-20 Process to determine remuneration	NFS pp. 67, 69-70, 126-127	
	2-21 Annual total compensation ratio	NFS p. 198	
	2-22 Statement on sustainable development strategy	NFS pp. 37-39	
	2-23 Policy commitments	NFS pp. 45-50, 62-64, 71-78, 123-124, 152-153, 177 Further policies that the Group adopts are specified under each material topic.	
	2-24 Embedding policy commitments	NFS pp. 68-78	
	2-25 Processes to remediate negative impacts	NFS pp. 56-60, 68-78 The processes that the Group adopts are specified under each material topic.	
	2-26 Mechanisms for seeking advice and raising concerns	NFS pp. 64, 70, 86	
	2-27 Compliance with laws and regulations	During 2021 and 2022, there were no significant cases of non-compliance with laws and regulations and no penalties were paid for cases of non-compliance with laws and regulations that	

		occurred during the year.	
	2-28 Membership associations	NFS pp. 44-45, 49 115, 143, 170	
	2-29 Approach to stakeholder engagement	NFS pp. 52-55, 57-58	
	2-30 Collective bargaining agreements	NFS p. 192	
Material topics			
GRI 3 - Material topics - 2021 version	3-1 Process to determine material topics	NFS pp. 56-58	
	3-2 List of material topics	NFS pp. 58-60	

Creating shared value			
Economic performance			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 79-83 AFR pp. 7-9	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	NFS p. 79	
Tax			
GRI 207: Tax 2019	207-1 Approach to tax	NFS pp. 84-86	
	207-2 Tax governance, control and risk management	NFS pp. 84-86	
	207-3 Stakeholder engagement and management concerns related to tax	NFS pp. 84-86	
	207-4 Country-by-country reporting	NFS p. 199	
Market presence			
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	NFS p. 126	
	202-2 Proportion of senior management hired from the local community	In 2021 and 2022, 88.5% and 88.1% of senior managers in the Group's companies were hired from the local community.	
Responsible management of the supply chain			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 138-153	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	NFS p. 140	
GRI 414: Supplier social assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	NFS pp. 147-148	
Raw materials and responsible manufacturing			

GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 138-153	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	NFS p. 142	The raw materials analysed (page 142) refer to raw materials purchased, and not raw materials consumed. This information is not available due to confidentiality issues.
Ethics, integrity and anti-corruption			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 62-64	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	The Group reported no incidents of corruption in 2021 and 2022.	
Climate change and responsible consumption			
Energy			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 155-156, 158-160	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	NFS p. 159	
Water and effluents			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 155-156, 160-162	
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	NFS pp. 160-162	
	303-2 Management of water discharge-related impacts	NFS pp. 160-162	
	303-3 Water withdrawal	NFS p. 162	
Emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 155-156, 163-164	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	NFS p. 163	
	305-2 Energy indirect (Scope 2) GHG emissions	NFS p. 163	
	305-3 Other indirect (Scope 3) GHG emissions	NFS p. 163	

	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	NFS pp. 163-164	
Protecting biodiversity			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 142, 166-167	
GRI 304: Biodiversity 2016	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NFS pp. 166-167	
Employee well-being and work/life balance			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 126-127, 131-132	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	NFS pp. 126-127	
GRI 402: Labour/ management relations 2016	402-1 Minimum notice periods regarding operational changes	The minimum notice period is set out in collective bargaining agreements, where present, and by laws in force in the countries in which the Group operates.	
Occupational health and safety			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 133-136	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	NFS pp. 133-136	
	403-2 Hazard identification, risk assessment and incident investigation	NFS pp. 133-136	
	403-3 Occupational health services	NFS pp. 133-136	
	403-4 Worker participation, consultation, and communication on occupational health and safety	NFS pp. 133-136	
	403-5 Worker training on occupational health and safety	NFS pp. 133-135	
	403-6 Promotion of worker health	NFS pp. 133-136	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NFS pp. 133-136	
	403-8 Workers covered by an occupational health and safety management system	NFS p. 133	

	403-9 Work-related injuries	NFS pp. 194-196	
Training and development of employees			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 118-122, 127-130	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	NFS pp. 118-119, 193	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	NFS pp. 128, 197	
Diversity, inclusion and equal opportunities			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 68-69, 123-125	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	NFS pp. 68, 191, 197	
	405-2 Ratio of basic salary and remuneration of women to men	NFS pp. 196-197	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2021 and 2022, the Group did not record any incidents of discrimination.	
Supporting the local community and area			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 176-186	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	NFS pp. 176-186	
Product quality and uniqueness			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 138-153	
GRI 416: Customer health and safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2021 and 2022 there were no cases of non-compliance with regulations and/or self-regulatory codes concerning the health and safety impacts of products and services.	

GRI 417: Marketing and labelling 2016	417-2 Incidents of non-compliance concerning product and service information and labelling	During 2021 and 2022, the Group registered no cases of non-compliance with regulations or voluntary codes as regards product/service information and labelling.	
	417-3 Incidents of non-compliance concerning marketing communications	During 2021 and 2022, the Group registered no cases of non-compliance with regulations or voluntary codes as regards marketing activities.	
Privacy, Data Protection & Cybersecurity			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 73-76	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2021 and 2022, the Group did not file any complaints concerning breaches of customer privacy and loss of customer data.	
Brand identify and enhancement			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 88-97	
Customer experience and digitalization of sales channels			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 106-113	
Ecodesign and sustainability of products and packaging			
Materials			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 172-175	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	NFS p. 172	

Waste			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 170-172	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	NFS pp. 170-172	
	306-2 Management of significant waste-related impacts	NFS pp. 170-172	
	306-3 Waste generated	NFS p. 171	
	306-4 Waste diverted from disposal	NFS p. 171	
	306-5 Waste directed to disposal	NFS p. 171	
Protecting art and culture			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 187-190	
Protection and enhancement of craftsmanship			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 100, 122, 139-140, 144	
Risk management			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS pp. 56-60, 71-78 AFR pp. 11-14	

Correlation between the UN Global Compact principles and the GRI Standards Indicators

On 16 January 2023, TOD'S Group joined the **UN Global Compact**, a voluntary initiative that encourages businesses around the world to create an economic, social and environmental framework to promote a healthy and sustainable global economy that ensures everyone has an opportunity to share its benefits. To this end, the UN Global Compact requires participating companies and organisations to share, support and enforce – within their sphere of influence – a set of core principles relating to human rights, labour standards, environmental protection and anti-corruption.

For this reason, this NFS will also support the Communication On Progress (COP), the annual document used to present stakeholders with a report on the progress made in the application of the Ten Principles promoted by the UN Global Compact in the course of its activities.

Below is the correlation between the reported GRI Standards indicators and the 10 Principles.

Categories	Principles of the Global Compact	GRI Standards Indicators
Human Rights	Businesses should support and respect the protection of internationally proclaimed human rights	2-23; 2-24; 414-2
	Businesses should make sure that they are not complicit in human rights abuses	2-23; 2-24; 414-2
Labour	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	2-30
	Businesses should uphold the elimination of all forms of forced and compulsory labour	2-23; 2-24; 2-30; 414-2
	Businesses should uphold the effective abolition of child labour	2-23; 2-24; 414-2
	Businesses should uphold the elimination of discrimination in respect of employment and occupation	2-7; 401-1; 401-2; 404-1; 405-1; 405-2; 406-1
Environment	Businesses should support a precautionary approach to environmental challenges	302-1; 303-1; 303-2; 303-3; 304-1; 305-1; 305-2; 305-3; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5
	Businesses should undertake initiatives to promote greater environmental responsibility	302-1; 303-1; 303-2; 303-3; 304-1; 305-1; 305-2; 305-3; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5
	Businesses should encourage the development and diffusion of environmentally friendly technologies	301-1; 302-1; 303-1; 303-2; 303-3; 304-1; 305-1; 305-2; 305-3; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5
Anti-corruption	Businesses should work against corruption in all its forms, including extortion and bribery	2-23; 2-26; 205-3

TOD'S Group

Group

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INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND ART. 5 OF CONSOB REGULATION N. 20267/2018

To the Board of Directors of
TOD'S S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of TOD'S S.p.A. and its subsidiaries (hereinafter "TOD'S Group" or "Group") as of December 31, 2022 prepared on the basis of art. 4 of the Decree, presented in the specific section of the report on operations and approved by the Board of Directors on 13 March 13, 2023 (hereinafter "NFS").

Our limited assurance engagement does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph EU Taxonomy.

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and *the "Global Reporting Initiative Sustainability Reporting Standards" defined by the GRI – Global Reporting Initiative (hereinafter "GRI Standards")*, which they have identified as reporting framework.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 - 20144 Milano | Capitale Sociale: Euro 10.328.220,00 i.v.
Codice Fiscale/Registro delle Imprese di Milano Monza Brianza Lodi n. 03049560166 - R.E.A. n. MI-1720239 | Partita IVA: IT 03049560166

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The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1* (*ISQC Italia 1*) and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted our work in accordance with the criteria established in the "*International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information*" (hereinafter "*ISAE 3000 Revised*"), issued by the *International Auditing and Assurance Standards Board* (IAASB) for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art.3 of the Decree and taking into account the adopted reporting standard;

2. analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree;

3. comparison between the financial data and information included in the NFS with those included in the consolidated financial statements of the TOD'S Group as of December 31, 2022;

4. understanding of the following matters:

- business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;

- policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;

- main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report;

5. understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

   In particular, we carried out interviews and discussions with the management of TOD'S S.p.A. and with the employees of TOD'S Japan KK., Roger Vivier Japan KK and the European companies of the Group and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

   In addition, for material information, taking into consideration the Group's activities and characteristics:

   - at the group level:

     a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
     b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.

   - for TOD'S S.p.A., TOD'S Japan KK, Roger Vivier Japan KK and the European companies of the Group, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visit and remote meeting, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the TOD'S Group as of December 31, 2022 is not prepared, in all material aspects, in accordance with article 3 and 4 of the Decree and the GRI Standards.

Our conclusion on the NFS does not extend to the information required by art. 8 of the European Regulation 2020/852 included in the paragraph “EU Taxonomy”.

DELOITTE & TOUCHE S.p.A.

Signed by
Jessica Lanari
Partner

Ancona, Italy
March 23,2023

This report has been translated into the English language solely for the convenience of international readers.

TOD'S Group

Consolidated financial statements at わろ5тдт Iгт↑ われわ

TOD'S Group

Consolidated Income Statement

euro 000's	Note	FY 22	FY 21
Revenue			
Sales revenue	7.1	1,006,979	883,807
Other income	7.1	20,086	16,554
Total revenue and income		**1,027,065**	**900,361**
Operating Costs			
Change in inventories of work in progress and finished goods		35,591	(52,271)
Cost of raw materials, supplies and materials for consumption		(242,267)	(180,523)
Costs for services	7.2	(280,326)	(216,769)
Costs of use of third party assets	7.3	(65,634)	(54,122)
Personnel costs	7.4	(234,055)	(211,536)
Other operating charges	7.5	(32,629)	(23,239)
Amortisation and depreciation	7.6	(147,794)	(133,000)
Write downs/Reversing of assets	11-16	(1,723)	(4,744)
Total operating costs		**(968,837)**	**(876,205)**
EBIT		**58,228**	**24,156**
Financial income and expenses			
Financial income	7.7	49,958	26,801
Financial expenses	7.7	(79,150)	(48,486)
Total financial income (expenses)		**(29,192)**	**(21,685)**
Income (losses) from equity investments			
Profit before taxes		**29,036**	**2,471**
Income taxes	7.9	(5,971)	(8,409)
Profit/(loss) for the period		**23,065**	**(5,938)**
Earnings/(loss) per share	26	0.70	(0.18)
Earnings/(loss) per share diluted	26	0.70	(0.18)

Note: the Consolidated Income Statement does not include the information required by CONSOB regulation no. 15519/2006 due to the fact that the amounts are not significant. Please see Note 27 of the explanatory Notes.

Consolidated Statement of Comprehensive Income

euro 000's	Note	Year 22	Year 21
Profit (loss) for the period (A)		**23,065**	**(5,938)**
Other comprehensive income that will be reclassified subsequently to profit and loss:			
Gains/(Losses) on derivative financial instruments (cash flow hedge)	17	14,115	(5,748)
Gains/(Losses) on currency translation of foreign subsidiaries	20	8,011	2,568
Gains/(Losses) on net investments in foreign operations	20	(3,265)	1,128
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)		**18,861**	**(2,053)**
Other comprehensive income that will not be reclassified subsequently to profit and loss:			
Cumulated actuarial gains/(losses) on defined benefit plans	22	964	(165)
Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)		**964**	**(165)**
Total Comprehensive Income (A) + (B) + (C)		**42,890**	**(8,156)**

Note: the figures shown above in the Consolidated Statement of Comprehensive Income are represented net of tax effect.

Consolidated Statement of Financial Position

euro 000's	Note	12.31.22	12.31.21
Non current assets			
Right of use assets			
Right of use assets	8	467,787	436,786
Total Right of use assets		**467,787**	**436,786**
Intangible fixed assets			
Assets with indefinite useful life	9	554,234	554,234
Other intangible assets	9	28,012	27,551
Total Intangible fixed assets		**582,245**	**581,785**
Tangible fixed assets			
Buildings and land	10	52,307	53,741
Plant and machinery	10	8,909	9,011
Equipment	10	11,345	11,298
Leasehold improvement	10	33,007	34,108
Others	10	36,016	32,352
Total Tangible fixed assets		**141,584**	**140,511**
Other assets			
Investment properties	12	5	8
Deferred tax assets	13	110,601	109,392
Others	14	22,902	22,287
Derivative financial instruments	17	6,472	
Total other assets		**139,979**	**131,687**
Total non current assets		**1,331,596**	**1,290,770**
Current assets			
Inventories	15	357,660	306,985
Trade receivables	16	96,432	87,564
Tax receivables	16	16,587	15,082
Derivative financial instruments	17	9,877	318
Others	16	81,707	70,248
Cash and cash equivalents	18	167,709	223,312
Total current assets		**729,971**	**703,508**
Total assets		**2,061,566**	**1,994,278**

to be continued

Note: the Consolidated Statement of Financial Position does not include the information required by CONSOB regulation no. 15519/2006 due to the fact that the amounts are not significant. Please see Note 27 of the explanatory Notes.

euro 000's (continuing)	Note	12.31.22	12.31.21
Equity			
Share capital	20	66,187	66,187
Capital reserves	20	416,588	416,588
Hedging and translation reserves	20	34,119	15,258
Other reserves	20	501,466	506,440
Profit/(loss) attributable to the Group	20	23,065	(5,938)
Total Equity		**1,041,425**	**998,535**
Non-current liabilities			
Provisions for risks	21	15,863	15,778
Deferred tax liabilities	13	16,218	10,745
Employee benefits	22	17,559	16,814
Derivative financial instruments	17		
Non-current borrowings	23	148,897	228,149
Non-current lease liabilities	8	387,133	353,975
Others	24	11,540	11,738
Total non-current liabilities		**597,210**	**637,198**
Current liabilities			
Trade payables	25	170,597	132,235
Tax payables	25	13,839	17,066
Derivative financial instruments	17	1,845	6,719
Others	25	51,533	56,322
Current borrowings	23	86,331	50,396
Current lease liabilities	8	96,783	94,640
Provisions for risks	21	2,003	1,167
Total current liabilities		**422,932**	**358,545**
Total Equity and liabilities		**2,061,566**	**1,994,278**

Note: the Consolidated Statement of Financial Position does not include the information required by CONSOB regulation no. 15519/2006 due to the fact that the amounts are not significant. Please see Note 27 of the explanatory Notes.

Consolidated Statement of Cash Flows

euro 000's	Note	12.31.22	12.31.21
Profit/(Loss) for the period		**23,065**	**(5,938)**
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:			
Amortizat., deprec., revaluat., and write-downs	8-9-10-11-12-16	140,403	140,114
Other non monetary expenses/(income)	17-20-21	13,769	13,424
Income taxes for the period	7.9	5,971	8,409
Changes in operating assets and liabilities:			
Trade receivables	16	(9,305)	(12,134)
Inventories	15	(41,691)	40,957
Tax receivables and tax payables	16-25	1,938	1,599
Trade payables	25	38,362	26,965
Other assets and liabilities	14-24-25	(18,047)	5,803
Change in reserve for employee	22	(619)	(758)
Cash flows from operating activities		**153,845**	**218,441**
Interests (paid)/collected		(5,630)	(6,659)
Interests (paid) on lease liabilities		(13,136)	(11,945)
Income taxes (paid)/refunded		(5,746)	(1,035)
Net cash flows from operating activities (A)		**129,333**	**198,801**
Acquisitions of intangible and tangible fixed assets	9-10	(45,845)	(44,933)
Transfers of intangible and tangible fixed assets	9-10	1,419	1,089
Other changes in fixed assets			
Cash flows generated (used) in investing activities (B)		**(44,426)**	**(43,845)**
Dividends paid			
Capital increase			
Other changes in Equity			
Repayments of lease liabilities	8	(100,367)	(94,608)
Repayments of financial liabilities	23	(43,351)	(417,292)
Proceeds from financial liabilities	23		250,000
Cash flows generated (used) in financing (C)		**(143,718)**	**(261,900)**
Translation differences (D)		3,751	6,477
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)		**(55,059)**	**(100,466)**
Cash flow from assets held for sale (F)			
Cash flows generated (used) (G)=(E)+(F)		**(55,059)**	**(100,466)**
Net cash and cash equivalents at the beginning of the period		215,706	316,172
Net cash and cash equivalents at the end of the period		160,647	215,706
Change in net cash and cash equivalents		**(55,059)**	**(100,466)**

Consolidated Statement of changes in equity

Year 22 euro 000's	Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Total
Balances as of 01.01.22	**66,187**	**416,588**	**15,258**	**500,503**	**998,535**
Profit & Loss account				23,065	23,065
Directly in equity			18,861	964	19,825
Total Comprehensive Income			**18,861**	**24,029**	**42,890**
Dividend paid					
Capital increase					
Share based payments					
Other					
Balances as of 12.31.22	**66,187**	**416,588**	**34,119**	**524,532**	**1,041,425**

Year 21 euro 000's	Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Total
Balances as of 01.01.21	**66,187**	**416,588**	**17,311**	**507,090**	**1,007,176**
Profit & Loss account				(5,938)	(5,938)
Directly in equity			(2,053)	(165)	(2,218)
Total Comprehensive Income			**(2,053)**	**(6,103)**	**(8,156)**
Dividend paid					
Capital increase					
Share based payments					
Other				(484)	(484)
Balances as of 12.31.21	**66,187**	**416,588**	**15,258**	**500,503**	**998,535**

TOD'S Group

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1 General notes

The TOD'S Group operates in the luxury sector under its proprietary brands (TOD'S, HOGAN, FAY and ROGER VIVIER). It actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The firm's mission is to offer global customers top-quality products that satisfy their functional requirements and aspirations.

The parent company TOD'S S.p.A., registered office in Sant'Elpidio a Mare (Fermo) at Via Filippo Della Valle 1, is listed on Mercato Telematico Azionario (MTA) of Borsa Italiana S.p.A.

At 31 December 2022, TOD'S S.p.A. share capital is owned (for 50.291%) by DI.VI. FINANZIARIA DI DIEGO DELLA VALLE & C. S.r.l.

The Consolidated Financial Statements at 31 December 2022 have been prepared by the Board of Directors of TOD'S S.p.A. and are subject to Deloitte & Touche S.p.A. audit. Please note that this version of the separate financial statements of TOD'S S.p.A. constitutes an additional non-official version and that it is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815 ("ESEF Regulation").

2 Basis of preparation

The Consolidated Financial Statements were prepared in accordance with IAS/IFRS (International Accounting Standards – IAS, and International Financial Reporting Standards – IFRS) issued by IASB, based on the text published on the Official Journal of the European Union (OJEU). IAS/IFRS refer also to all revised International Accounting Standards (IAS) and all interpretative documents issued by the IFRIC (International Financial Reporting Interpretations Committee), previously nominated Standing Interpretations Committee (SIC).

The related explanatory notes have been supplemented with the additional information required by CONSOB and the measures issued by it in implementation of Art. 9 of Legislative Decree no. 38/2005 (Resolutions 15519 and 15520 of 27 July 2006 and Communication DEM/6064293 of 28 July 2006, pursuant to Article 114, paragraph 5 of the Consolidated Law on Finance), Article 78 of the Issuers' Regulations, the EC document of November 2003 and, where applicable, the Italian Civil Code. Consistently with the financial statements for the previous year, certain information is provided in the Management Report on Operations.

The Consolidated Financial Statements have been prepared on the going concern basis, and include the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity of TOD'S S.p.A. and its

Italian and foreign subsidiaries, which are jointly referred to as the TOD'S Group. The Consolidated Financial Statements are drawn up in Euro and prepared on the basis of the draft financial statements at 31 December 2022 (1 January – 31 December) approved by the respective Boards of Directors or, if no collective body has been appointed, by the Sole Directors, of the legal entities included in the scope of consolidation.

Because the closing date of its financial year does not coincide with the reference date of the consolidated financial statements, Tod's Retail India Pte. Ltd was included on the basis of interim financial statements for twelve months, referring to the date of the Consolidated Financial Statements.

For presentation of its operating income, the Group adopted the presentation of the profit and loss by nature. Operating income, also known as EBIT (earnings before interest and taxes), is reported in the income statement as an interim result. This indicator, together with EBITDA, is considered representative of the Company's performance. EBITDA is in any case provided in the Management Report on Operations for a more complete understanding of economic performance.

In addition, the statement of comprehensive income has been prepared, which includes transactions that are outside the income statement but produce their effects directly to equity. Transactions represented in the statement of comprehensive income are net of tax effects, if applicable.

The statement of financial position shows current items, for which it is supposed that they will be realised or closed during the normal operating cycle, separately from non-current items (both assets and liabilities). The financial statements schemes, joined with both report on operations and supplementary notes, are considered to be the those that provide the best organised representation of the Group's financial position and income. In case, for the application of a new accounting standards, there is a change in the nature of the operations or re-examination of the financial statements and it is necessary or more appropriate to modify some figures to provide a clearer information to the stakeholders, the comparative figures will be reclassified in order to improve the comparability of the information between the years. In such a case, if significant, appropriate information in the notes to the separate financial statements will be provided.

3 Evaluation methods and accounting standards

The accounting standards and principles of consolidation applied to the preparation of these Consolidated Financial Statements are consistent with those applied to the preparation of the Consolidated Financial Statements at 31 December 2021, also taking into account the information reported below in relation to any amendments, interpretations and new accounting standards applicable from 1 January 2022.

Accounting standards, amendments and interpretations endorsed by the European Union, applicable from 1 January 2022, which were applied on first-time adoption in the TOD'S Group's consolidated financial statements at 31 December 2022

On 14 May 2020, the IASB published the following amendments entitled:
- Amendments to IFRS 3 Business Combinations: the purpose of these amendments is to update the reference to the Conceptual Framework in revised version of IFRS 3, without this entailing amendments to the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of these amendments is not to allow any deduction from the cost of tangible assets of the amount received from the sale of goods produced during the testing phase of the asset itself. Therefore, these revenues from sales and related costs shall be recognised in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that the assessment of whether a contract is onerous should include all costs that are directly attributable to the contract itself. Accordingly, the assessment of whether a contract is onerous includes incremental costs (such as, for example, the cost of direct material used in the work), as well as any costs that the entity cannot avoid because it has entered into the contract (such as, for example, depreciation of machinery used to perform the contract).
- Annual Improvements 2018-2020: the amendments were made to IFRS 1 - First-time Adoption of International Financial Reporting Standards, as well as to IFRS 9 - Financial Instruments, IAS 41 - Agriculture and to the Illustrative Examples of IFRS 16 - Leases.
The adoption of this amendment did not have any impact on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations endorsed by the European Union, applicable from 1 January 2023, and not early adopted by the Group

- On 12 February 2021, the IASB published two amendments entitled "Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates-Amendments to IAS 8". The changes are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements, and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will apply from 1 January 2023, with early adoption permitted. The Directors are currently evaluating the possible effects of the introduction of these amendments on the Group's consolidated financial statements.

- On 7 May 2021 the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, with early adoption permitted. The Directors are currently evaluating the possible effects of the introduction of this amendment on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union

- On 23 January 2020 the IASB published "Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the documents is to clarify how to classify payables and other liabilities among short- or long-term items. The amendments will become applicable from 1 January 2024, with early adoption permitted. The Directors are currently evaluating the possible effects of the introduction of this amendment on the Group's consolidated financial statements.

- On 22 September 2022 the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024, with early adoption permitted. The Directors do not expect a material effect on the Group's consolidated financial statements from the adoption of this amendment.

Use of estimates. Preparation of the financial statements and notes in conformity with IFRS requires that management make judgements, estimates and assumptions which impact on the values reported for assets and liabilities, as well as disclosures relating to contingent assets and liabilities at the balance sheet date and on the values of revenues and expenses reported on the current period. The estimates and assumptions used are based on elements known at the date of preparation of the financial statements, on historical experience and on other elements that may be considered relevant. Also in light of the current economic and financial context, characterised by a climate of uncertainty, the management has updated its estimates and assumptions, compared

to the financial statements as at 31 December 2021, mainly in relation to the assessment of the recoverable amount of goodwill and other assets with an indefinite useful life (proprietary brands), the bad debt provision, the inventory provision, the recoverability of prepaid taxes, right-of-use assets and related financial liabilities.

With particular regard to the risks arising from climate change, it should be noted that the Group conducts periodic assessments of the potential impacts these risks may have on the Group's development, performance and positioning.
The results of the assessment process carried out within the framework of the risk management system and the materiality analysis process conducted for the purpose of preparing the Consolidated Non-Financial Statement (to which reference should be made for further details) confirmed that, given the nature of the Group's business model and the evolution of the external context, in the absence of adequate controls climate change could have a non-negligible effect, affecting, for example, the operational continuity of logistics and production sites, the seasonality of collections, changes in customers' purchasing preferences, the availability of raw materials and the need to implement monitoring and control measures to meet the new requirements imposed by the regulator for the containment of greenhouse gases.
For this reason, TOD'S has undertaken initiatives and investments to reduce consumption and improve the energy efficiency of the Group's management and operating sites with effects on the reduction of related atmospheric emissions (please refer to the Consolidated Non-Financial Statement for a complete description) and will continue to proactively consider the adoption of innovative methodologies useful for the correct assessment of the financial impacts that the risks and opportunities arising from climate change may have in the short, medium and long term, as well as the development of strategies aimed at managing these impacts.
At present, there are no items with impacts on accounting items nor impairment triggers to be considered. In particular, the Group examined, without finding any critical issues, possible: *i)* impacts on the expected useful life of non-current assets and the estimated residual values in accordance with IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"; *ii)* impairment indicators, in accordance with IAS 36 "Impairment of Assets", due to climate risk or implementation measures resulting from the Group's sustainability plan commitments *iii)* impacts on the recoverability of inventories in relation to compliance with new policies or for non-compliance with regulations in force; *iv)* liabilities, consistent with the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", for potential litigation, environmental damage, additional taxes or penalties related to environmental requirements, contracts that may become onerous or restructuring to achieve climate-related objectives. The Group, given the continuous evolution and relevance of the topic, will continue to monitor these possible risks.

In relation to the Russia-Ukraine conflict, the direct impacts suffered during the year are not significant, since the Group is not present with direct shops in these countries and its presence through the indirect channel is also very limited. In particular, the Group's total exposure to these two countries, measured in 2021, before the outbreak of the conflict, was less than 1% of consolidated revenues. Again, the Group assessed the possible impacts of the consequences of the conflict, also taking into account indirect ones (increase in energy costs, inflation in the main international markets, increase in interest rates), without finding any critical issues, also with reference to the valuation of balance sheet items. In addition, it should be noted that the Group also took these indirect effects into account when performing the impairment test, to which Note 11 should be referred for details.

3.1 Consolidation principles. A subsidiary is an investee over which the TOD'S Group has *i)* power over the investee *ii)* exposure, or right, to variable returns from its involvement with the investee and *iii)* the ability to use its power over the investee to affect the amount of the investor' s returns, in accordance with IFRS 10 Consolidated Financial Statements.

The financial statements of subsidiaries are included in the consolidated financial statements as from the date on which assumes control until such control ceases to exist.

Acquisitions of subsidiaries are recognised according to the acquisition method. The considerations transferred in a business combination is represented by the aggregate sum, at the acquisition date, of the fair values of the acquired assets, the liabilities incurred or assumed, and the equity interest issued in exchange for control of the acquired entity.

The identifiable assets, liabilities, and potential liabilities of the acquired entity that satisfy the recognition criteria envisaged in IFRS 3 are recognised at their fair value on the acquisition date, with the exception of non-current assets (or groups available to sale) that are classified as held for sale in accordance with IFRS 5.

Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests over the net amounts of the identifiable assets acquired and liabilities assumed pursuant to the acquisition. Should the aforesaid difference be negative, the excess is immediately booked in the income statement.

Once control of an entity has been acquired, the transactions where the controlling entity acquires or transfers additional non-controlling interests without altering control over the subsidiary are transactions with shareholders and are thus recognised in equity.

Subsidiaries are consolidated according to the line-by-line method from the date on which control is transferred to the Group. They are deconsolidated starting on the date when such control ceases.

The scope of consolidation and the related changes respect to the previous year are represented in the Note 4.

Intercompany transactions and the profits and losses generated by transactions between consolidated enterprises are eliminated from both the balance sheet and the income statement. Unrealised losses arising from intercompany transactions are considered when the transaction entails an impairment in the value of the transferred asset.

When necessary, the balance sheets and income statements of the subsidiaries are adjusted in order to bring the applied accounting policies in line with those used by the Group.

3.2 Non-controlling interests.

Non-controlling interests are indicated under shareholders' equity as "Non-controlling interests". The non-controlling interests in the acquired business is initially determined in an amount equal to their share of the fair value of the assets, liabilities, and potential liabilities recorded on the date of the original acquisition date and subsequently adjusted according to the changes in shareholders' equity. Likewise, this account reflects the changes in non-controlling interests and any losses allocable to them.

3.3 Transactions in foreign currency.

i. Functional and reporting currency. All accounts recognised on the financial statements of the subsidiaries are measured by using the currency of the principal economic environment in which the entity operates (i.e. its functional currency). The Consolidated Financial Statements are stated in euro (rounded to the nearest thousand), since this is the currency in which most Group transactions are executed.

ii. Transactions in foreign currency. The financial statements of the individual Group entities are prepared in the functional currency of each individual company. When the individual financial statements are prepared, the foreign currency transactions of Group companies are translated into the functional currency (currency of the primary economic environment in which each entity operates) by applying the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the financial statements are translated by using the exchange rate in effect at the closing date. Non-monetary assets and liabilities are valued at their historic cost in foreign currency and translated by using the exchange rate in effect at the transaction date.

The foreign exchange differences arising upon settlement of these transactions or translation of cash assets and liabilities are recognised in the income statement.

iii. Net investment in foreign operation. A monetary item receivable from or payable to a foreign operation for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, a part of the net investment in that foreign operation. Such monetary items may include long-term receivables or loans. They do not include trade receivables or trade payables. In the consolidated financial statements that include the foreign operation, the exchange differences shall be recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

iv. Presentation of financial statements drafted in foreign currency. In order to present the financial statements of consolidated entities that are expressed in a functional currency different from the consolidation currency, the balance sheet items are translated using the exchange rates in effect at the end of the period, while items in the income statement are translated using the average exchange rate for the period. The difference between the result for the period resulting from translation at the average exchange rates and the result of translation at the end of period rates, on the one hand, and the impact on assets and liabilities of changes in the exchange rate relationships between the beginning and end of the period, on the other hand, are recognised under shareholders' equity in a special "Translation reserve" through the recognition in the other comprehensive income. The translation differences recognised under shareholders' equity are transferred to the income statement at the time of disposal or liquidation of the controlled entity. The rates applied to translation, compared with those used in the previous year, are indicated in the following table:

	Year 22		Year 21	
	Exch. rates as of year end	Average exch. rate	Exch. rates as of year end	Average exch. rate
U.S. dollar	1.067	1.053	1.133	1.183
British pound	0.887	0.853	0.840	0.860
Swiss franc	0.985	1.005	1.033	1.081
Hong Kong dollar	8.316	8.245	8.833	9.193
Japanese yen	140.660	138.027	130.380	129.877
Hungarian forint	400.870	391.286	369.190	358.516
Singapor dollar	1.430	1.451	1.528	1.589
Korean won	1,344.090	1,358.073	1,346.380	1,354.057
Macao pataca	8.566	8.493	9.098	9.469
Chinese renmimbi	7.358	7.079	7.195	7.628
Indian rupee	88.171	82.686	84.229	87.439
Albanian lek	114.460	118.933	120.710	122.437
Canadian dollar	1.444	1.369	1.439	1.483
Australian dollar	1.569	1.517	1.562	1.575
Dirham EAU	3.917	3.867	4.160	4.344

3.4 Derivative financial instruments. The fundamental characteristics of the derivative financial instruments are set out in the paragraph on Derivative financial instruments (Note 17). The TOD'S Group uses derivatives to hedge foreign currency risks arising from its operations and to hedge risks associated with changes in interest rates on loans, with no speculative or trading purposes consistently with the treasury management strategy policies recommended by the Board of Directors.

When derivative transactions refer to a risk connected with the variability of forecast transaction cash flow, they are recognised according to the rules for cash flow hedge until the transaction is recorded on the books.

Applying IFRS 9, derivatives financial instruments are accounted in accordance with the hedge accounting method which envisages posting derivatives in the balance sheet at their fair value. Posting of the changes in fair value varies according to the type of hedging at the valuation date:

- any changes in the fair value of derivatives that hedge forecast transactions (i.e. cash flow hedge) are recognised directly in other comprehensive income, except for the portion of the change related to the ineffective part of the hedge, which is recognised under financial income and charges in the income statement; the differences in fair value already directly recognised in other comprehensive income are fully recognised in the income statement, as an adjustment to operating margins, when the assets/liabilities relating to the hedged items are recognised. For hedging derivatives related to interest rate risks on loans, the change in fair value, already recognised in the cash flow hedge reserve, are booked in profit and loss, adjusting financial income/charges once hedged items (financial receivables/liabilities) have been already recognised;
- for derivatives that hedge receivables and payables recognised in the balance sheet (i.e. fair value hedge), the fair value differences are recognised entirely in the income statement, under financial income and expenses. Furthermore, the value of the hedged item (receivables/payables) is adjusted for the change in value attributable to the hedged risk, using the item financial income and expenses as a contra-entry.

The criteria established by IFRS 9 for a hedging relationship to qualify for hedge accounting are the following:

a) the hedging relationship consists solely of both hedging instruments and hedged items that comply with the provisions of IFRS 9;

b) at the beginning of the hedging relationship there is a formal designation and documentation of the same hedging relationship together with the objectives and risk management strategies underlying the hedge;

c) the hedging relationship complies with the provisions of IFRS 9 regarding the effectiveness of the hedge.

3.5 Right-of-use assets.

The asset for the right to use leased assets is initially measured at cost, and then depreciated over the term of the lease. The cost includes:

- the initial amount of the lease liabilities;
- the incentives received on the basis of the leasing contract;
- the initial direct costs incurred by the lessee, including any sums paid by the Group for obtaining the availability of the commercial spaces in which part of the network of directly managed points of sale operates;
- an estimate of the costs that will be incurred by the lessee for the restoration of the leased asset to the conditions existing prior to the lease, based on the forecasts of the lease contract.

Right-of-use assets are subjected to amortisation based on the provisions of IAS 16. Finally, right-of-use assets are subjected to an impairment test based on the provisions of IAS 36.

3.6 Intangible fixed assets.

i. Goodwill. All business combinations are recognised by applying the acquisition method. Goodwill is measured, at the acquisition date, as the excess of the assets and liabilities recognised and the fair value of consideration transferred including the amount of any non-controlling interests recognised. If the excess is negative, it is immediately recognised in the income statement.

For acquisitions prior to 1 January 2004, the date of transition to IAS/IFRS, goodwill retained the values recognised on the basis of the previous Italian GAAP, net of accumulated amortisation up to the transition date.

Goodwill is recognised in the financial statements at its cost adjusted for impairment losses. It is not subject to amortisation, but the adequacy of the values is annually subjected to the impairment test, in accordance with the rules set forth in the section Impairment losses.

ii. Trademarks. These are recognised according to the value of their cost and/or acquisition, net of accumulated amortisation at the date of transition to IAS/IFRS. TOD'S, HOGAN, FAY and ROGER VIVIER trademarks are classified as intangible fixed assets with an indefinite useful life and thus are not amortised, insofar as:

- they play a primary role in the Group's strategy and are an essential driver thereof;
- the corporate structure, construed as organised property, plant, and equipment, and organisation itself in a figurative sense, is closely correlated with and dependent on dissemination and development of the trademarks on the markets;

- the trademarks are proprietary, properly registered, and constantly protected pursuant to law, with options for renewal of legal protection, upon expiration of the registration periods, that are not burdensome, easily implemented, and without external impediments;
- the products sold by the Group with these trademarks are not subject to particular technological obsolescence, which is characteristic of the luxury market in which the Group operates; on the contrary, they are consistently perceived by the market as being innovative in the national and/or international context characteristic of each trademark;
- trademarks are distinguished by market positioning and notoriety that ensure their dominance of the respective market segments, being constantly associated and compared with benchmark brands;
- in the relative competitive context, it can be affirmed that the investments made for maintenance of the trademarks are proportionately modest with respect to the large forecast cash flows.

The adequacy of the values is annually subjected to the impairment test, in accordance with the rules set forth in the section Impairment losses.

iii. Research and development costs. The research costs for a project are charged fully to the income statement of the period in which they are incurred.

The development costs of an activity are instead capitalised if the technical and commercial feasibility of the relative activity and economic return on the investment are certain and definite, and the Group has the intention and resources necessary to complete the development.

The capitalised costs include the costs for materials, labour, and an adequate portion of indirect costs. They are recognised at cost, net of accumulated amortisation and depreciation (see below) and impairment losses.

iv. Other intangible fixed assets. These are identifiable non-monetary intangible assets under the control of the company and capable of causing the Group to realise future economic benefits. They are initially recognised at their purchase cost, including expenses that are directly attributable to them during preparation of the asset for its intended purpose or production, if the conditions for capitalisation of expenses incurred for internally generated expenses are satisfied.

The cost method is used for determining the value reported on subsequent statements, which entails posting the asset at its cost net of accumulated amortisation and write-downs for impairment losses.

v. Subsequent capitalisations. The costs incurred for these intangible fixed assets after purchase are capitalised only to the extent that they increase the future economic benefits of the specific asset they refer to. All the other costs are charged to the income statement in the fiscal year in which they are incurred.

vi. Amortisation. Intangible fixed assets (excluding those with an indefinite useful life) are amortised on a straight-line basis over the period of their estimated useful life, starting from the time the assets are available for use.

3.7 Tangible fixed assets and Investments properties.

i. Property, plant, and equipment owned by the company. They are first recognised at their purchase cost or at the cost recalculated at the date of transition to IFRS, including any directly attributable ancillary expenses.

Following first-time recognition, these assets are reported net of their accumulated depreciation and impairment losses (i.e. the Cost Model).

For those assets whose depreciation must be calculated using the component approach, the portions of cost allocable to the individual significant components characterised by a different useful life are determined. In this case, the value of land and buildings is kept separate, with only buildings being depreciated.

ii. Subsequent capitalisations. The costs incurred for property, plant, and equipment after purchase are capitalised only to the extent that they increase the future economic benefits of the asset. All the other costs are charged to the income statement in the fiscal year in which they are incurred.

iii. Investments properties. Real estate investments are originally recognised at cost, and then recognised at their cost as adjusted for accumulated depreciation and impairment losses.

Depreciation is calculated on a systematic, straight-line basis according to the estimated useful life of the buildings.

iv. Depreciation. Property, plant, and equipment were systematically depreciated at a steady rate according to the depreciation schedules defined on the basis of their estimated useful life. Land is not depreciated. The principal depreciation rates applied are as follows:

	% depreciation
Industrial buildings	2.5% - 3%
Machinery and plant	12.5%
Equipments	25%
Forms and punches, clichés, molds and stamp	25%
Furniture and furnishings	12%
Office machines	20%
Cars and transport vehicles	20% - 25%

The photovoltaic plant recognised by the parent company is depreciated over a period of twenty years.

The costs for leasehold improvements, which mainly include the costs incurred for set up and modernization of the DOS network and all the other real estate that is not owned but used by the Group (and thus instrumental to its activity) are depreciated according to the term of the lease agreement or the useful life of the asset, if this is shorter.

3.8 Impairment losses. In the presence of indicators, events, or changes in circumstances that presume the existence of impairment losses, IAS 36 envisages subjecting intangible fixed assets and property, plant and equipment to the impairment test in order to assure that assets with a value higher than the recoverable value are not recognised on the financial statements.

This test is performed at least once annually for non-current assets with an indefinite life in the same way as that used for non-current assets that have not yet been placed in service.

Confirmation of the recoverability of the values recognised in the balance sheet is obtained by comparing the book value at the reference date and the fair value less costs to sale (if available) or value in use. The value in use of a tangible or intangible fixed asset is determined according to the estimated future financial flows expected from the asset, as actualised through use of a discount rate net of taxes, which reflects the current market value of the current value of the cash and risks related to Group's activity.

If it is not possible to estimate an independent financial flow for an individual asset, the cash generating unit to which the asset belongs and with which it is possible to associate future cash flows that can be objectively determined and independent from those generated by other operating units is identified. Identification of the cash generating units was carried out consistently with the organisational and operating architecture of the Group.

If the impairment test reveals an impairment loss for an asset, its book value is reduced to the recoverable value by posting a charge in the income statement.

When the reasons for a write-down cease to exist, the book value of the asset (or the cash generating unit), with the exception of goodwill, is increased to the new value resulting from the estimate of its recoverable value, but not beyond the net book value that the asset would have had if the impairment loss had not been charged. The restored value is recognised immediately in the income statement.

Right-of-use assets are tested for impairment according to the provisions of IAS 36.

3.9 Financial assets.

Financial assets are recognised in the financial statements from the moment in which the Group acquires the legal right to realise the cash flows arising from these assets based on contractual provisions. Financial assets are eliminated from the assets of the balance sheet if and only if the

contractual right to obtain the cash flows from the same assets has expired or if these financial assets have been transferred and this transfer meets the requirements of IFRS 9 for elimination from the balance sheet. Financial assets are initially recognised at fair value, which generally correspond with the initial transaction price, net of transaction costs that are directly attributable to the acquisition or issue of the same financial asset.

Following the initial registration, financial assets are recognised according to one of the following methods:

a) amortised cost;

b) fair value with related changes booked to the other comprehensive income;

c) fair value with related changes recognised in the income statement.

In application of the provisions of IFRS 9 regarding the classification and therefore taking into account the Group's business model and the characteristics of the cash flows contractually provided, it should be noted that the Group does not hold financial assets as per points b) and c) of which above except for what has already been commented previously on derivative financial instruments.

The financial assets are subject to the impairment procedure envisaged by IFRS 9 in order to reflect the expected losses arising from the same financial assets.

3.10 Inventories. These are recognised at the lower of purchase cost and their estimated disposal value. The net disposal value represents the best estimate of the net sales price that can be realised through ordinary business processes, net of any production costs not yet incurred and direct sales costs.

The cost of inventories is based on the weighted average cost method. The production cost is determined by including all costs that are directly allocable to the products, regarding – for work in progress and/or semi-finished products – the specific stage of the process that has been reached. The values that are thus obtained do not differ appreciably from the current production costs referring to the same classes of assets.

A special depreciation reserve is set aside for the portion of inventories that are no longer considered economically usable, or with a presumed disposal value that is less than the cost recognised on the financial statements.

3.11 Trade receivables and other receivables. They are initially recognised at fair value, which generally coincides with the initial transaction price, net of transaction costs that are directly attributable to the acquisition or issue of the asset. Following the initial recognition, they are valued at amortised cost using the effective interest method. In application of IFRS 9, they are

subjected to the impairment procedure in order to reflect the expected losses arising from the same receivables by adjusting the entry value with a specific provision for bad debts thus determined:

- receivables under litigation, with certain and precise evidence documenting the impossibility of collecting them, have been analytically identified and then written down;
- for other bad debts, prudent allowances for write-downs have been set aside, estimated on the basis of information updated at the date of this document, also taking into account the expected losses over the life of the receivable.

3.12 Cash and cash equivalents. This includes cash on hand, bank demand deposits, and financial investments with a maturity of no more than three months. These assets are highly liquid, easily convertible into cash, and subject to a negligible risk of change in value.

3.13 Assets and liabilities held for sale. Non-current assets (or disposal groups) are classified as available for sale when their carrying amount is recovered through a sale transaction rather than through continuing use. They are not depreciated and are measured at the lower of carrying amount and fair value, less costs to sell. Assets available for sale and related liabilities are presented separately from other assets and liabilities in the statement of financial position. TOD'S Group has no assets and liabilities held for sale as at 31 December 2022.

3.14 Reserve for employee. Employee benefits include (i) short-term employee benefits such as wages, salaries and related social security contributions, accrued but not yet paid, paid annual leave and paid sick leave, etc.; (ii) post-employment benefits, such as pensions or retirement benefits; (iii) other long-term benefits; and (iv) termination benefits.

Short-term benefits are recognised periodically on an accruals basis and are made up of liabilities to employees that have not been settled by the reporting date.

Post-employment benefits are divided into two categories:

i. Defined contribution plans. The payments for eventual defined contribution plans are charged to the income statement in the period that they are owed.

ii. Defined benefit plans. The costs of defined benefit plans are calculated using the Projected Unit Credit Method, carrying out the actuarial measurements at the end of each financial year. Past service costs are recognised immediately to the extent that these benefits have already accrued; otherwise they are amortised on a straight-line basis within the average period within which the benefits are expected to accrue. The financial costs that have accrued on the basis of the annual discounting rate are recognised in the income statement immediately. Actuarial gains

and losses are recognised through other changes in comprehensive income under the specific equity item.

Liabilities for post-employment benefits recognised in the financial statements represent the present value of liabilities for defined benefit plans. On the other hand, there are no other long-term employee benefits or termination benefits in the financial statements.

iii. Share based payments. The payments based on shares are assessed at their fair value on the assignment date. This value is recognised in the income statement on a straight-line basis throughout the period of accrual of the rights. This allocation is made on the basis of a management estimate of the stock options that will actually accrue in favour of vested employees, considering the conditions for use thereof not based on their market value. The fair value is determined by using the binomial method. No share based payments result in the current consolidated financial statements.

3.15 Lease Liabilities.

These are measured at the present value of fixed lease payments not yet made as at the date of inception of the lease, as discounted using the lessee's incremental borrowing rate. Liabilities for leased assets are subsequently increased by the interest that accrues on these liabilities and decreased in correlation with the lease payments. Furthermore, lease liabilities may record an increase or decrease in value in order to reflect reassessments or lease modifications of future lease payments that are made after the initial date.

3.16 Financial liabilities.

Bank overdrafts and financing. Interest-bearing financing and bank overdrafts are initially recognised at fair value, net of transaction costs, and subsequently valued at amortised cost, using the effective interest method.

3.17 Payables.

Trade payables and other payables. These are measured at amortised cost which generally correspond to their nominal value.

3.18 Provisions for risks. These are certain or probable liabilities that have not been determined at the date they occurred and in the amount of the economic resources to be used for fulfilling the obligation, but which can nonetheless be reliably estimated. They are recognised in the balance sheet in the event of an existing obligation, legal or constructive, resulting from a past event, and it is likely that the Group will be asked to satisfy the obligation.

If the effect is significant, and the date of the presumed discharge of the obligation can be estimated with sufficient reliability, the provisions are recognised in the balance sheet discounting future cash flows.

The provisions that can be reasonably expected to be discharged twelve months after the reference date are classified in the financial statements under non-current liabilities. Instead, the provisions for which the use of resources capable of generating economic benefits is expected to take place in less than twelve months after the reference date are recognised as current liabilities.

Provisions for risks and charges include an estimate of the costs that the lessee will incur to restore the leased assets to the initial conditions existing at the time the lease agreement is entered into, according to the contract provisions laid down therein.

3.19 Share Capital.

i. **Share Capital.** The total value of shares issued by the parent company is recognised entirely under shareholders' equity, as they are the instruments representing its capital.

ii. **Treasury stock.** The consideration paid for buy-back of share capital (treasury stock), including the expenses directly related to the transaction, is subtracted from shareholders' equity.

3.20 Dividends. The allocation of dividends to persons possessing instruments representing share capital after the reference date of the financial statements is not recognised under financial liabilities on the same reference date.

3.21 Revenues recognition. Revenues are recognised in the income statement when the contractual obligation relating to the transfer of goods or services has been satisfied. An asset is considered transferred to the end customer when the latter obtains control over the asset itself. With reference to the main transactions realised by the Company, revenues are recognised on the basis of the following principles:

i. **Sales of goods – retail.** The Group operates in the retail channel through its DOS network. Revenues are recognised when the goods are delivered to customers. Sales are usually collected in the form of cash or through credit cards.

ii. **Sales of goods – wholesale.** The Group distributes products on the wholesale market. Following the analysis carried out for the purposes of the first application of the accounting standard IFRS 15 (1 January 2018), it was decided that, with regard to this type of transaction, there is a single performance obligation. Specifically, the related revenues are accounted for at the point in time when the customer obtains control of the goods shipped (at a point in time) and taking into account the estimated effects of year-end returns. The representation of the liability for returns to be

received in the consolidated statement of financial position envisages an express debt repayment of the returns (contract liability) and an asset, among the Inventories, expressing the right to recover the products for returns (contract assets).

iii. **Sales of goods – e-commerce.** The Group also distributes products directly via the e-commerce channel. The related revenues are accounted for when the customer obtains control of the goods shipped and taking into account the estimated effects of year-end returns, accounted for by separately recognising a liability, under Other liabilities, expressing the debt for the repayment of returns (contract liability) and an activity, among the Inventories, expressing the right to recover products for returns (contract assets).

iv. **Provision of services.** These revenues are accounted for in proportion to the stage of completion of the service rendered at the reference date and in accordance with contractual provisions.

v. **Royalties.** Royalties in connection with the licensing of the sale of products (sales-based royalties) or the use of certain assets (usage-based royalties) are recognised in the financial statements when the aforementioned sale or use has occurred or, if later, when the obligation to which the royalty refers has been satisfied.

3.22 Financial income and expenses. These include all financial items recognised in the income statement for the period, including interest expenses accrued on financial payables calculated by using the effective interest method (mainly current account overdrafts, medium-long term financing), foreign exchange gains and losses, gains and losses on derivative financial instruments (according to the previously defined accounting principles), received dividends, the portion of interest deriving from accounting treatment of leased assets (IFRS 16) and employee reserves (IAS 19).

Interest income and expenses are recognised in the income statement for the period in which they are realised/incurred, with the exception of capitalised expenses (IAS 23).

Dividend income contributes to the result for the period in which the Group accrues the right to receive the payment.

3.23 Income taxes. The income taxes for the period include determination both of current taxes and deferred taxes. They are recognised entirely in the income statement and included in the result for the period, unless they are generated by transactions recognised directly to shareholders' equity during the current or another period. In this case, the relative deferred tax liabilities are also recognised under shareholders' equity.

Current taxes on taxable income for the period represent the tax burden determined by using the tax rates in effect at the reference date, and any adjustments to the tax payables calculated during previous periods.

Deferred tax liabilities refer to the temporary differences between the book values of assets and liabilities in the balance sheets of consolidated companies and the associated values relevant for determination of taxable income. For all temporary taxable differences, the tax liability is recognised, with the exception of liabilities deriving from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not influence either the income (loss) reported in the financial statements or taxable income (tax loss).

Deferred tax assets and liabilities are compensated if and only if there is an executive right to compensate the related current taxes and if deferred tax assets and liabilities are related to income taxes applied by the same tax authority.

Deferred tax assets deriving from temporary deductible differences are recognised in the financial statements only to the extent that it is likely that taxable income will be realised for which the temporary deductible difference can be used. No recognition is posted in case the difference between the carrying amounts and the tax bases relate to goodwill arising from business combinations.

The tax benefits resulting from tax losses are recognised in the financial statements in the period when those benefits are accrued, if it is likely that the Group's entity which recognised the tax loss will have sufficient taxable income before the right to use that benefit expires. The taxes in question (deferred tax assets and liabilities) are determined on the basis of a forecast of the assumed percentage weight of the taxes on the income of the fiscal years in which the taxes will occur, taking into account the specific nature of taxability and deductibility. The effect of change in tax rates is recognised in the income statement of the fiscal year in which this change takes place.

Tax provisions that could be generated from transfers of non-distributable profits from subsidiaries are recognised only when there is a real intention to transfer such profits.

3.24 Statement of cash flows. The statement of cash flows is drafted using the "indirect" method. The net financial flows of operating activity are determined by adjusting the result for the period of the effects deriving from change to net operating working capital, non-monetary items, and all the other effects connected with investment and financing activities. Cash flows from investing and financing activities are represented net of exchange rate differences, which are represented in a separate line of the statement of cash flows. Net cash and cash equivalents are made up cash and cash equivalents net of bank overdrafts.

4 Scope of Consolidation

The scope of consolidation as at 31 December 2022 has not changed compared to 31 December 2021.

It should be noted that, on 6 May 2022, the Group acquired full control of TOD'S Retail India Private Ltd, previously held 51%, without any effect on the consolidated financial statements, since the company was already considered a wholly owned subsidiary pursuant to IFRS 10.

Lastly, it should be noted that, during the year, the liquidation process of the subsidiary Buena Ltd, not operational as of 1 July 2021, was completed.

The complete details of the consolidation scope are provided hereunder:

Parent Company

TOD'S S.p.A.
S.Elpidio a Mare - Italy
Share Capital (S.C.) - Euro 66,187,078

Direct Subsidiaries

TOD'S Deutsch. Gmbh
Munich - Germany
S.C. - Euro 153,387.56
% held: 100%

TOD'S France Sas
Paris - France
S.C. - Euro 780,000
% held: 100%

An.Del. USA Inc.
New York - U.S.A.
S.C. - USD 3,700,000
% held: 100%

TOD'S International BV
Amsterdam- Netherlands
S.C. - Euro 2,600,200
% held: 100%

Roger Vivier S.p.A.
S.Elpidio a Mare – Italy
S.C. – Euro 10,000,000
% held: 100%

TOD'S Austria Gmbh
Dublin – Ireland
S.C. – Euro 50,000
% held: 100%

TOD'S Australia PTY Ltd.
Vienna – Austria
S.C. – AUD 11,400,000
% held: 100%

TOD'S Oak Ltd.
Sydney – Australia
S.C. – Euro 1
% held: 100%

Re.Se.Del. S.r.l.
S.Elpidio a Mare- Italy
S.C. - Euro 25,000
% held: 100%

TRV Middle East Trad.
Dubai – UAE
S.C. – AED 150,000
held: 100%

Italiantouch Shanghai Tr
Shanghai – China
S.C. – Euro 2,900,000
held: 100%

Indirect subsidiaries

Cal.Del. USA Inc.
Beverly Hills, Ca - U.S.A.
S.C. - USD 10,000
% held: 100%

TOD'S Tex Del USA Inc.
Tallahassee, Fl - U.S.A.
S.C. - USD 10,000
% held: 100%

Deva Inc.
Dallas, Tx - U.S.A
S.C. - USD 500,000
% held: 100%

Flor.Del. USA Inc.
Wilmington, DE - U.S.A.
S.C. - USD 10,000
% held: 100%

Hono.Del. Inc.
Honolulu, Hi - U.S.A.
S.C. - USD 10,000
% held: 100%

Il.Del. USA Inc.
Springfield, Il - U.S.A.
S.C. - USD 10,000
% held: 100%

Neva.Del. Inc.
Carson City, Nv - U.S.A.
S.C. - USD 10,000
% held: 100%

Or.Del. USA Inc.
Sacramento, Ca – U.S.A.
S.C. - USD 10,000
% held: 100%

Gen.Del SA
Zurich - Switzerland
S.C. - CHF 200,000
% held: 100%

TOD'S Belgique S.p.r.l.
Brussels - Belgium
S.C. - Euro 1,300,000
% held: 100%

TOD'S Espana SL
Madrid - Spain
S.C. - Euro 500,000
% held: 100%

Tod's New Jersey Inc.
Princeton, NJ - USA
S.C. – USD 1,000
% held: 100%

Indirect subsidiaries

TOD'S Hong Kong Ltd
Hong Kong
S.C. - USD 16,550,000
% held: 100%

TOD'S Japan KK
Tokyo - Japan
S.C. - JPY 100,000,000
% held: 100%

Alban.Del Sh.p.k.
Tirana - Albania
S.C. - Euro 720,000
% held: 100%

TOD'S Retail India Pte
Mumbai - India
S.C. - INR 193,900,000
% held: 100%

TOD'S Singapore Pte Ltd
Singapore
S.C. - SGD 300,000
% held: 100%

Webcover Ltd
Tata - Hungary
S.C. - HUF 42,900,000
% held: 100%

Un.Del Kft
London - England
S.C. - GBP 350,000
% held: 100%

TOD'S UK Ltd
London - England
S.C. - GBP 2
% held: 100%

Roger Vivier Paris Sas
Paris - France
S.C. – Euro 6,700,000
% held: 100%

TOD'S Korea Inc.
Seoul - Korea
S.C. - Won 2,600,000,000
% held: 100%

TOD'S Macao ltd
Macao
S.C. - MOP 20,000,000
% held: 100%

TOD'S (Shanghai) Tr. Co
Shanghai - China
S.C. - USD 32,000,000
% held: 100%

Roger Vivier Japan KK
Tokyo - Japan
S.C. – JPY 10,000,000
% held: 100%

Italiantouch USA Inc.
New York - USA
S.C. – USD 1,000
% held: 100%

Roger Vivier Espana SL
Madrid - Spain
S.C. – Euro 10,000
% held: 100%

Roger Vivier Deutsch.
Munich - Germany
S.C. – Euro 25,000
% held: 100%

Roger Vivier Hong Kong
Hong Kong
S.C. – HKD 1,000,000
% held: 100%

Roger Vivier Sing. PTE Ltd
Singapore
S.C. – SGD 200,000
% held: 100%

Roger Vivier (Shan.) Tr.Co.
Shanghai – China
S.C. – Rmb 75,000,000
% held: 100%

Roger Vivier UK Ltd
London – England
S.C. – GBP 150,000
% held: 100%

TOD'S Georgia Inc.
Norcross, GA - USA
S.C. – USD 10,000
% held: 100%

Roger Vivier France SaS
Paris - France
S.C. – Euro 13,507,500
% held: 100%

Roger Vivier Korea Inc.
Seoul - Korea
S.C. – Won 1,200,000,000
% held: 100%

Roger Vivier Switzerland
Lugano - Switzerland
S.C. – CHF 2,000,000
% held: 100%

Roger Vivier Macau Lda
Macao
S.C. – MOP 500,000
% held: 100%

TOD'S Washington Inc.
Tumwater, Wa – U.S.A.
S.C. – USD 10,000
% held: 100%

Ala. Del. Inc.
Wilmington, De – U.S.A.
S.C. – USD 10,000
% held: 100%

Tod's Massachusetts Inc
Boston, Ma – U.S.A.
S.C. – USD 10,000
% held: 100%

Roger Vivier Australia
Sydney - Australia
S.C. – AUD 2,600,000
% held: 100%

Roger Vivier Canada Ltd.
Toronto - Canada
S.C. – CAD 350,000
% held: 100%

5 Segment reporting

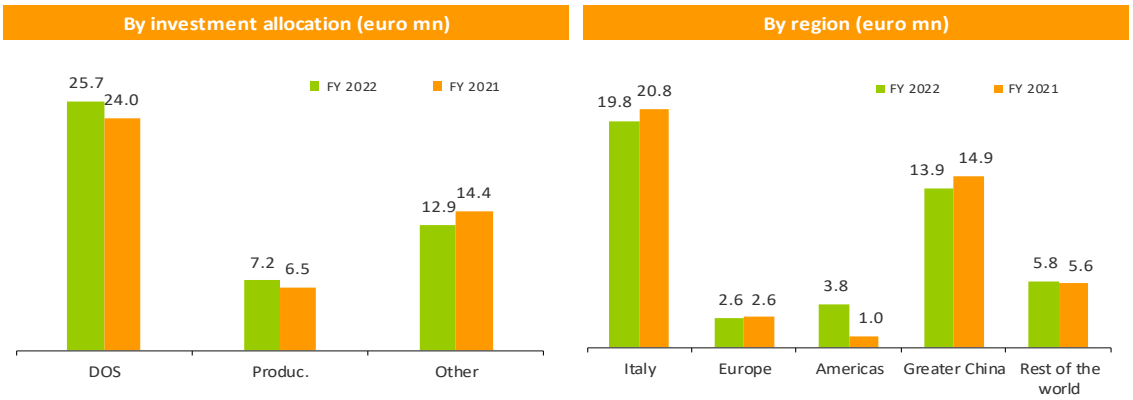
The search for higher levels of operating efficiency has identified, as key element for maximising profitability, the sharing of a significant portion of service activities (first and foremost production), both at the central and peripheral levels; on the contrary, segmentation of the business appears uneconomical, under current circumstances.

At the operating level, the Group's organisation is based on an articulated matrix structure according to the different functions/activities in the value chain, alternatively according to brand, product, channel and geographical area. The overall organisation envisages a unified strategic vision of the business.

This type of organisation is reflected in the ways in which management monitors and strategically focuses the Group's activities.

In order to have a more detailed examination, the Report of the Board of Directors, to which reference is made, includes operating information, including a breakdown of consolidated revenues by BRAND, CHANNEL, PRODUCT and REGION. Below are provided some further details for completion.

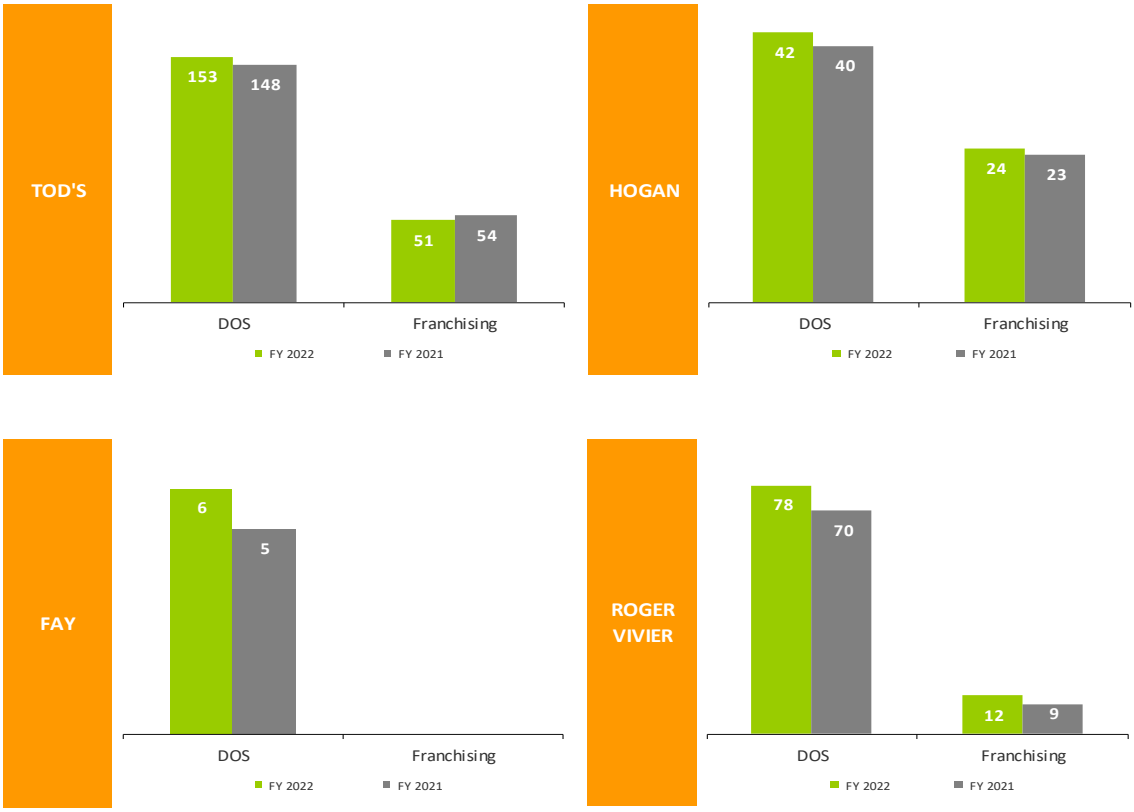
2022 *Capital expenditures*



Distribution network

TOD'S Group - Distribution channel		Year 22	Year 21
Italy	DOS	45	44
	FRANCHISED STORES	1	1
Europe	DOS	54	54
	FRANCHISED STORES	17	18
Americas	DOS	24	24
	FRANCHISED STORES	3	4
Greater China	DOS	117	106
	FRANCHISED STORES	38	35
RoW	DOS	93	90
	FRANCHISED STORES	30	30
Total DOS		**333**	**318**
Total FRANCHISED STORES		**89**	**88**

The table below, which shows the breakdown of the distribution network by brand, does not include the DOS which sell products of more than one brand of the Group.



6 Management of financial risks

The TOD'S Group has implemented a system for monitoring its financial risks in accordance with the guidelines set out in the Corporate Governance Code of Listed Companies. As part of this policy, the Group constantly monitors the financial risks connected with its operations, in order to assess their potential negative impact and undertake appropriate action to mitigate them.

The following is an analysis of the financial risks to which the TOD'S Group is exposed, highlighting the level of exposure, also in light of the uncertainty that characterises the current global economic and social context. With regard to market risks, a sensitivity analysis is performed in order to quantify the potential impact on the final results of hypothetical fluctuations in benchmarks.

i. Credit risk

Credit risk represents the exposure of the TOD'S Group to potential losses stemming from failure to discharge its obligations towards trading counterparties.

Sales revenues resulting from wholesale distribution channel are 26.2% of total sales. For sales to third party customers, the Group adopts a policy aimed at optimising credit management and reducing the associated risk, through credit insurance operations and the opening of letters of credit to protect collections. In particular, the Group's policy does not envisage granting credit to customers, with periodic analyses of the creditworthiness of all of them, both long-standing and potential ones, in order to monitor and prevent possible solvency crises. The following table illustrates the ageing of trade receivables outstanding at 31 December 2022 gross of allowance for doubtful accounts, compared with that relating to 31 December 2021:

In euro 000's		Overdue			
Year 22	Current	0 > 60	60 > 120	Over	Total
From third parties	76,193	15,093	5,565	3,817	100,667

In euro 000's		Overdue			
Year 21	Current	0 > 60	60 > 120	Over	Total
From third parties	70,747	14,042	2,789	3,784	91,362

As can be seen from the table above, in the current economic and financial environment characterised by significant uncertainty and, albeit with a lesser impact, by the continuation of the pandemic caused by the coronavirus, the Group has not seen any significant change in its exposure in terms of the riskiness of overdue receivables compared to 31 December 2021. This result is also the result of an early approach in the management of the most critical positions, which allows potentially negative effects on credit quality to be anticipated as far as possible. The allowance for doubtful accounts recorded in the financial statements at 31 December 2022, amounting to 4.2 million euros (3.8 million euros at 31 December 2021), fully and accurately reflects the risk estimated by the Group regarding credit exposure to third parties, also taking into account the current economic climate and uncertainties relating to the foreseeable future. The total amount of overdue receivables at 31 December 2022, equal to 24.5 million euros, is now equal to about 8.4 million euros.

ii. Liquidity risk

The liquidity risk represents the risk stemming from the unavailability of financial resources as necessary to meet the short-term commitments assumed by the Group and its own financial requirements.

The main factors that determine the Group's degree of liquidity are the resources generated or used by operating and investment activities and, on the other hand, the due dates or renewal dates of its payables or the liquidity of its financial investments and market conditions.

This risk is limited by taking actions aimed at ensuring a balanced structure of the Group's capital and by maintaining such a level of cash and cash equivalents as is required to meet its financial debt requirements at the relevant maturity dates in an adequate manner.

Particular attention is paid to the definition of the credit counterparty that is considered to be suitable for cash operations and that is identified according to increasingly selective liquidity, security and yield criteria and in line with the Management's instructions.

It should also be noted that the financial covenants relating to the pool loan in place (Note 23) have been fully satisfied.

The table below shows the credit lines already used and available at 31 December 2022 and 2021:

Credit lines euro 000's	Cash Credit lines	Self-liquidating Credit lines	Financial Credit lines	Total
12.31.22				
Credit lines	43,662	13,941	325,500	383,103
Utilizations	(7,062)			(7,062)
Credit lines available as of 12.31.22	**36,600**	**13,941**	**325,500**	**376,041**
12.31.21				
Credit lines	59,378	38,941	330,500	428,819
Utilizations	(7,602)			(7,602)
Credit lines available as of 12.31.21	**51,776**	**38,941**	**330,500**	**421,217**

Considering the uncertainty of the current economic-financial context, in order to better manage and mitigate liquidity risk, the Company also has a Revolving Credit Facility available in the amount of 250 million euros, undrawn as at 31 December 2022 and represented within the "Financial Facilities" in the table above. The maturity date of this revolving credit line is 31 December 2025.

The table below shows the maturity of the outstanding financial liabilities at 31 December 2022 and 2021:

euro 000's	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
12.31.22				
Non-current borrowings		148,897		148,897
Other non-current liabilities		8,338		8,338
Trade payables	170,597			170,597
Current borrowings	86,331			86,331
Derivative financial instruments	1,845			1,845
Other current liabilities	314			314
Total	**259,087**	**157,235**		**416,323**
12.31.21				
Non-current borrowings		228,149		228,149
Other non-current liabilities		8,502		8,502
Trade payables	132,235			132,235
Current borrowings	50,396			50,396
Derivative financial instruments	6,719			6,719
Other current liabilities	156			156
Total	**189,506**	**236,651**		**426,156**

The maturity analysis of lease liabilities (which include the interest accrued equal to 2,405 thousand euros) is reported below in the application of paragraph 39 and B11 of IFRS 7:

euro 000's	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
12.31.22				
Lease liabilities	96,783	245,062	142,070	483,916
Total	**96,783**	**245,062**	**142,070**	**483,916**

In view of the Group's historical and forecast capacity to generate liquidity, and its excellent ability to obtain suitable sources of funding, as described above, the liquidity risk is deemed not to be significant.

Finally, with reference to financial assets, the Group's policy is to keep all available liquidity invested in bank deposits at sight, or with short-term liquidity, without resorting to the use of financial instruments, including the money market, by splitting the deposits on an adequate number of banking counterparties, carefully selected taking into account the remuneration of deposits, as well as on the basis of their reliability.

iii. Market risk

IFRS 7 includes in this category all risks that are directly or indirectly connected with the fluctuation in prices on physical and financial markets to which the company is exposed:

- exchange rate risk;
- interest rate risk;

- commodity risk, associated with the volatility of the prices of raw materials used within the scope of the production process.

The TOD'S Group is exposed to exchange rate and interest rate risk, since there is no physical market subject to actual fluctuations in the purchase prices for raw materials used in the production process. The inflationary pressure, which in the financial year just ended also affected the Group's purchases, mainly in relation to energy and transport, represents a possible element of risk that, however, the Group has the ability to neutralise also through the sales price policy of its products, especially in the geographical areas with higher margins.

The following paragraphs analyse the individual risks, using sensitivity analysis as necessary to highlight the potential risk on final results stemming from hypothetical fluctuations in benchmark parameters. As envisaged by IFRS 7, these analyses are based on simplified scenarios applied to the final results for the periods referred to. By their very nature, they cannot be considered indicators of the actual effects of future changes in benchmark parameters of a different asset and liability structure and financial position different market conditions, nor can they reflect the interrelations and complexity of the reference markets.

Exchange rate risk. Due to its commercial operations, the Group is exposed to fluctuations in the exchange rates for currencies in which some of its commercial transactions are denominated (particularly USD, GBP, CHF and Far East countries), against a cost structure that is concentrated principally in the eurozone. The TOD'S Group realises greater revenues than costs in all these currencies; therefore, changes in the exchange rate between the euro and the aforementioned currencies can impact the Group's results.

Moreover, due to the geographical composition of the Group structure, which is formed by subsidiaries with different currencies, the Group is exposed to exchange rate risk related to intercompany financial flows (mainly dividends, loans, transactions on share capital).

Finally, the Group is exposed to "translation risk". This risk stems from the fact that the assets and liabilities of consolidated companies whose functional currency is different from the euro can have different countervalues in euros according to changes in foreign exchange rates. The measured amount of this risk is recognised in the "translation reserve" in equity. The Group monitors the changes in the exposure. No hedges of this risk existed at the reporting date. Governance of individual foreign currency operations by the Group's subsidiaries is highly simplified by the fact that they are wholly owned by the parent company.

The general objective of the risk management policy adopted by the Group involves minimising the economic and transaction exchange risk realised through the conversion into euro of sales receipts in foreign currency, made during each season, net of reference costs, based on an average exchange rate, in line with the relative exchange rate changes, together with the timely conversion into euro

of present and future foreign currency cash flows (e.g.: bank loans, intercompany loans, etc.) based on interest rates market change. The Group pursues these aims by entering into forward contracts for each individual currency to hedge a specific percentage of the expected revenue (and cost) volumes in the individual currencies other than the functional currency. These positions are not hedged for speculative or trading purposes, consistently with the strategic policies adopted for prudent management of cash flows.

The Group defines commercial hedging activities for single season based on the progress of the sales budgeting process and costs in currencies other than the euro. The process of hedging exchange rate risk inside the Group is broken down into a series of activities that can be grouped into the following distinct phases:

- definition of operating limits;
- identification and quantification of exposure;
- definition of hedging transactions and relative executions in the markets;
- monitoring of positions and alert procedures.

In connection with the exchange rate risk on financial intercompany transactions, the Group monitors the risk underlying outstanding liabilities (loans) and forecast liabilities (dividends and capital increases), in view of guaranteeing that no material operating and financial impact for the entities involved results from these transactions in relation to fluctuations in exchange rates. These goals are pursued by the Group through monitoring the foreign exchange rate trends related to outstanding or expected capital transactions and entering into forward contracts if they will have material contingent effects. These forward contracts are made to hedge the individual transactions, and not for speculation or trading. This is consistent with the strategic policies focused on prudent management of cash flows.

The breakdown of forward currency contracts (for sale and purchase) made by the Group is illustrated in Note 17.

The assets and liabilities that are denominated in foreign currency are identified as part of the sensitivity analysis of exchange rates. In order to determine the potential impact on final results, the potential effects of fluctuations in the exchange rate for the euro against the principal currencies to which the Group is exposed were analysed.

The following table illustrates the sensitivity to reasonably likely changes in exchange rates on pre-tax profit (due to changes in the value of current assets and liabilities denominated in foreign currency for expected transactions) and Group equity (due to changes in the fair value of foreign exchange risk hedge instruments on forecast transactions):

Euro		Impact on pre-tax profit 5% writedown of the foreign currency		Impact on pre-tax profit 5% revaluation of the foreign currency	
Currency	Country	FY 2022	FY 2021	FY 2022	FY 2021
CAD	Canada	(11,067.6)	(2,521.4)	12,232.6	2,786.8
CHF	Switzerland	(1,118.2)	(9,299.5)	1,235.9	10,278.4
GBP	UK	50,507.4	8,158.5	(55,824.0)	(9,017.3)
HKD	Hong Kong	(7,051.5)	(736,122.3)	7,793.8	813,608.9
JPY	Japan	(132,896.8)	(23,898.7)	146,886.0	26,414.4
KRW	South Korea	(419.1)	(27,869.0)	463.2	30,802.6
RMB	China	(373,722.4)	(801,649.5)	413,061.6	886,033.7
SGD	Singapore	(83,484.9)	(93,423.1)	92,272.8	103,257.1
USD	USA	117,695.1	(231,869.3)	(130,084.0)	256,276.6
Other	n.a.	324,986.8	(350,980.0)	(359,195.9)	387,925.0
Total		**(116,571.3)**	**(2,269,474.3)**	**128,841.9**	**2,508,366.1**

euro 000's	Revaluation / Writedown foreign currency	Impact on pre-tax profit	Impact on Shareholders' equity
FY 2022	5%	128.8	(4,064.5)
	-5%	(116.6)	4,492.4

The impact on equity showed in the previous table is mainly related to the cash flow hedge reserve gross of tax effects.

The analysis did not include assets, liabilities and future commercial flows that were hedged, since fluctuations in exchange rates impact income in an amount equal to what is recognised in the fair value of adopted hedge instruments.

Interest rate risk. The TOD'S Group is exposed to interest rate fluctuations, limited to its variable-rate debt instruments. Interest rate risk is managed in conformity to long-established practice with the aim of cutting down the risk of interest rate volatility, at the same time pursuing the goal of reducing the financial costs involved to a minimum.

The Group has a single adjustable rate loan, which was disbursed to the benefit of the parent company TOD'S S.p.A. for 250 million euros (part of the term loan), and is repayable in six-monthly instalments, maturing in December 2025 which variable rate interest accrues, equal to 6M EURIBOR + 250 basis points. The applicable spread is subject to changes based on trends in the financial and sustainability indicators provided for in the contract and, in 2022, came to 243 basis points (Note 23).

In order to hedge the risk deriving from possible fluctuations of interest rates on this syndicated loan, six derivative contracts (interest rate swaps - IRS) are in place, each in relation to the participating banks' share of the syndicate, for a notional value equal to the amount of the Term Loan. These derivatives protect the Group from the risk of a generalised rise in interest rates,

swapping the variable rate on the loan for a contractually fixed rate (-0.205% + spread, equal to a final rate of 2.225%), subject to variation on the basis of the contractual ESG indicators.

The above hedging transaction is accounted for according to the cash flow hedge method, as provided for by IFRS 9 and, as at 31 December 2022, the fair value is positive for 13,069 thousand euros. The corresponding derivative asset was recognised, at 31 December 2022, in the non-current section of the balance sheet in the amount of 6,472 thousand euros and 6,597 thousand euros in the current section.

It should be remembered that the sensitivity analysis carried out on interest rates has shown in addition that a hypothetically unfavourable change of 10% in interest rates applicable to the adjustable rate financial liabilities outstanding at 31 December 2022 would have a higher net pre-tax impact of about 7 thousand euros on an annual basis.

6.1 Categories of measurement at fair value

In accordance with IFRS 13, the financial instruments carried at fair value have been classified according to a hierarchy of levels that reflects the materiality of the inputs used to estimate their fair value. The following levels have been defined:

Level 1 – quoted prices obtained on an active market for the measured assets or liabilities;

Level 2 – inputs other than the quoted prices indicated herein above, which are observable either directly (prices) or indirectly (derived from prices) on the market;

Level 3 – inputs that are not based on observable market data.

The tables below show the breakdown of financial assets and liabilities between each financial category, classified in accordance with IFRS 9, and the fair value hierarchy level at 31 December 2022 and 2021:

2022 euro 000's	Assets								
	Loans and receivables at amortized cost	Financial assets at FVOCI	Financial assets at FVPL	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Other non-current assets	21,411				21,411				
Derivative financial instruments				6,472	6,472		6,472		6,472
Total other non-current assets	**21,411**			**6,472**	**27,883**		**6,472**		**6,472**
Trade receivables	96,432				96,432				
Derivative financial instruments				9,877	9,877		9,877		9,877
Cash and cash equivalent	167,709				167,709				
Total other current assets	**264,141**			**9,877**	**274,017**		**9,877**		**9,877**

2022 euro 000's	Liabilities Financial liabilities at amortized cost	Financial liabilities at fair value	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Non-current borrowings	148,897			148,897				
Other non-current liabilities	8,338			8,338				
Derivative financial instruments								
Total other non-current liabilities	**157,235**			**157,235**				
Trade payables	170,597			170,597				
Current borrowings	86,331			86,331				
Derivative financial instruments			1,845	1,845		1,845		1,845
Other current liabilities	314			314				
Total other current liabilities	**257,242**		**1,845**	**259,087**		**1,845**		**1,845**

2021 euro 000's	Assets Loans and receivables at amortized	Financial assets at FVOCI	Financial assets at FVPL	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Other non-current assets	19,741			126	19,867		126		126
Total other non-current assets	**19,741**			**126**	**19,867**		**126**		**126**
Trade receivables	87,564				87,564				
Derivative financial instruments				318	318		318		318
Cash and cash equivalent	223,312				223,312				
Total other current assets	**310,876**			**318**	**311,194**		**318**		**318**

2021 euro 000's	Liabilities Financial liabilities at amortized cost	Financial liabilities at fair value	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Non-current borrowings	228,149			228,149				
Other non-current liabilities	8,502			8,502				
Derivative financial instruments								
Total other non-current liabilities	**236,651**			**236,651**				
Trade payables	132,235			132,235				
Current borrowings	50,396			50,396				
Derivative financial instruments			6,719	6,719		6,719		6,719
Other current liabilities	156			156				
Total other current liabilities	**182,787**		**6,719**	**189,506**		**6,719**		**6,719**

Note that during the year there have not been any transfers between fair value levels indicated by the IFRS 13.

In connection with the fair value of financial assets and liabilities measured at amortised cost, given their nature, does not differ significantly from their carrying amounts.

7 Comments on the main income statement figures

7.1 Revenues from sales and Other revenues and income

The Group's revenues from sales amounted to 1,007 million euros in FY 2022 (883.8 million euros in 2021), up by 13.9% compared to the previous year.

For further details related to consolidated revenues see the comments provided in the Report on Operations.

Other revenues amounted to 20.1 million euros (16.6 million euros at 31 December 2021), and mainly include royalties income, insurance refunds, sundry refunds and other non-taxed revenues.

7.2 Costs for services

Service expenses increased from 216.8 million euros at 31 December 2021 to 280.3 million euros at 31 December 2022. The increase registered in service costs is a direct and physiological consequence of the resumption of normal business dynamics, which, in the previous year, had still been characterised by activities of containment and savings in operating costs, in order to mitigate the impacts of the pandemic. The ratio of costs for services to revenue increased from 24.5% in FY 2021 to 27.8% in FY 2022.

Although some streamlining activities continued in the financial year just ended, in order to preserve margins in the complex and uncertain reference context, the increase in communication expenses and those related to production, which returned to full capacity in the financial year, is of particular note.

7.3 Costs of use of third party assets

At 31 December 2022, lease and rental costs amounted to 65.6 million euros, while at 31 December 2021 they were 54.1 million euros. The increase, compared to the previous year, is mainly due to leases with variable consideration based on sales. There was also a lesser benefit from the reduction in concessions, following the renegotiation of rents linked to the closure periods to which directly managed sales outlets were subjected, as a result of the continuation of the Covid-19 pandemic in certain geographical areas; these concessions decreased from 5.4 million euros as at 31 December 2021 to 2.7 million euros as at 31 December 2022 (Note 8).

7.4 Personnel costs

The personnel costs incurred by the Group in 2022 as compared with those for 2021 are broken down as follows:

euro 000's				% on sales	
	Year 2022	Year 2021	Change	2022	2021
Wages and salaries	184,026	167,999	16,027	18.3	19.0
Social security contributions	42,496	36,558	5,938	4.2	4.1
Employee sev. Indem. (service cost)	7,533	6,978	555	0.7	0.8
Total	**234,055**	**211,536**	**22,519**	**23.2**	**23.9**

The increase is mainly attributable to the sales-related variable component and the strengthening of the Group's workforce, both in corporate functions and with reference to the expansion of the retail channel. Despite this trend, the incidence on sales decreased from 23.9% in 2021 to 23.2% in 2022, benefiting from the positive dynamics of revenues.

The table below provides the breakdown of Group's employees by category:

	12.31.22	12.31.21	Average 22	Average 21
Executives	65	60	63	58
White-collar Employees	3,575	3,491	3,560	3,299
Blue-collar Employees	1,285	1,195	1,231	1,243
Total	**4,925**	**4,746**	**4,854**	**4,601**

7.5 Other operating charges

As at 31 December 2022, Other operating charges amounted to 32.6 million euros, whereas they amounted to 23.2 million euros in the previous year; the increase is mainly attributable to higher variable costs related to business performance.

7.6 Depreciation and amortisation

Amortisation and depreciation are summarised below:

euro 000's	12.31.22	12.31.21	Change
Amortisation of intangible assets	8,669	8,144	525
Amortisation of tangible assets	34,445	31,295	3,150
Amortisation of right of use	104,680	93,561	11,119
Total	**147,794**	**133,000**	**14,793**

7.7 Financial income and expenses

The breakdown of financial income and expenses in 2022 is as follows:

euro 000's	Year 22	Year 21	Change
Income			
Interest income on current account	299	257	42
Foreign exchange gains	49,149	26,408	22,742
Other	510	136	373
Total income	**49,958**	**26,801**	**23,157**
Expenses			
Interest on medium-long term financing	(5,610)	(5,806)	196
Interest on short term borrowings	(93)	(200)	106
Interest expenses on leases	(14,145)	(11,516)	(2,629)
Foreign exchange losses	(54,968)	(28,107)	(26,861)
Other	(4,333)	(2,857)	(1,476)
Total expenses	**(79,150)**	**(48,486)**	**(30,664)**
Total net income and expenses	**(29,192)**	**(21,685)**	**(7,507)**

Financial costs for leases include interest expense relating to discounting of liabilities for leased assets in the application of IFRS 16.

7.8 Income (losses) from equity investments

In FY 2022 no income or losses from equity investments were recognised by the Group.

7.9 Income taxes

Income taxes accrued in the year posted a negative 5,971 thousand euros, including the effects of deferred taxation. Below is the breakdown of current and deferred taxes:

euro 000's	Year 22	Year 21
Current taxes	(4,950)	(1,007)
Deferred taxes	(1,021)	(7,402)
Total	**(5,971)**	**(8,409)**
Tax rate	20.6%	n.s.

The Parent Company's theoretical tax rate for 2022 was 24%. The table below reconciles theoretical taxes, calculated by using the theoretical tax rate of the Parent Company, and the taxes actually charged to the accounts:

euro 000's	Taxes	Rate %
Theoretical income taxes at the rate of parent company	**6,969**	**24.0**
Previous year taxes	(582)	(2.0)
Permanent differences / Effects related to different rates of the foreign subsidiaries	4,349	15.0
Other	1,823	6.3
IRES impact of "Patent box"	(6,588)	(22.7)
Effective income taxes	**5,971**	**20.6**

The Tax Effect of the Patent Box relates to the agreement that the parent company TOD'S S.p.A. signed on 30 December 2022 with the competent Tax Authorities, whereby the methods and criteria to be used to calculate the amount of taxable income that can be jointly attributed to the Group's designs, models and know-how, for the five-year period 2017 - 2021, were defined. The effects, totalling 7.8 million euros of lower taxes (IRES and IRAP), are recognised in these financial statements.

This new agreement took into account the amount of income attributed to the TOD'S, HOGAN and FAY brands, facilitated over the five-year period 2015 - 2019, following the previous agreement signed on 23 December 2016.

8 IFRS 16

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases (contracts that give the right to use third-party assets) and requires lessees to account for all lease agreements in accordance with the methodology envisaged for financial leases by the old accounting standard IAS 17, effectively eliminating the previous dichotomy between operating and financial leases.

The application of IFRS 16 has a significant impact on the consolidated financial statements of the TOD'S Group as a consequence of the operational activity linked to the retail distribution network which represents the main part of the business. The leases of sales outlets represent the main category, accounting for more than 90% of total lease liabilities.

Below are the breakdown and changes in right-of-use assets as at 31 December 2022:

euro 000's	12.31.22	12.31.21
Leased buildings	466,361	435,279
Leased machineries	336	417
Leased office machines	71	235
Leased cars	1,020	854
Total	**467,787**	**436,786**

euro 000's	12.31.22	12.31.21
Opening balance	**436,786**	**382,521**
Increases	130,988	141,661
Decreases	(7)	(991)
Impairment losses	(1,146)	(3,665)
Amortization for the period	(104,680)	(93,561)
Translation differences	5,846	10,008
Other changes		812
Closing balance	**467,787**	**436,786**

The table below summarises the changes in the nominal value of the lease liability, which does not include accrued interest:

euro 000's	12.31.22	12.31.21
Opening balance	**447,021**	**394,658**
Increases	129,650	139,006
Payments	(100,367)	(94,608)
Translation differences	5,205	13,882
Other changes		(5,917)
Closing balance	**481,511**	**447,021**

Accrued interest amounted to 2,405 thousand euros at 31 December 2022 (1,594 thousand euros at 31 December 2021).

Lease financial charges were equal to 14.1 million euros at 31 December 2022, compared to 11.5 million euros at 31 December 2021.

In addition to the information provided above it is noted that:

- lease payments included in the definition of short-term leases envisaged by IFRS 16 amounted to 6.8 million euros at 31 December 2022 (5.6 million euros at 31 December 2021);
- lease payments relating to those assets included in the definition of low-value assets envisaged by IFRS 16 amounted to 1.0 million euros at 31 December 2022 (0.9 million euros at 31 December 2021);
- following the outcome of the impairment test (Note 11), the income statement includes a write-down of 1.1 million euros relating to rights of use attached to some DOS;
- lease payments relating to those contracts which provide for a variable fee and which therefore were not included in the valuation of the lease liability amounted to 50.7 million euros at 31 December 2022 (45.7 million euros at 31 December 2021).

Finally, it should be noted that some renegotiation activities continued during the period with the relevant landlords, in order to revise the contractual rents in light of the continuation of the COVID-19 pandemic. The reductions achieved, recognised in the income statement for the year, amounted to 2.7 million euros (they were 5.4 million euros as at 31 December 2021).

9 Intangible fixed assets

9.1 Assets with indefinite useful life. Assets with indefinite useful life amount to 554,234 thousand euros, and are constituted as follows:

euro 000's	12.31.22	12.31.21
Trademarks	541,949	541,949
Goodwill	12,285	12,285
Total	**554,234**	**554,234**

Trademarks. This item includes the values of the Group four own brands (TOD'S, HOGAN, FAY and ROGER VIVIER).

euro 000's	12.31.22	12.31.21
TOD'S	3,741	3,741
HOGAN	80,309	80,309
FAY	41,485	41,485
ROGER VIVIER	416,414	416,414
Total	**541,949**	**541,949**

The brands were subjected to impairment tests. The test conducted did not reveal any impairments to be made to the carrying amount of trademarks recorded at 31 December 2022 (Note 11).

Goodwill. Goodwill is related to acquisitions of controlled companies and has been determined in accordance with the acquisition method (IFRS 3). Goodwill was subjected to an impairment test, from which no write-downs emerged to be made to the carrying amount recorded at 31 December 2022 (Note 11).

9.2 Other intangible assets with definite useful life. The following table details the movements of these assets in the current and previous fiscal year.

euro 000's		Other intangible assets				
	Key money	Other trademarks	Software	Other assets	Customer contracts	Total
Balances as of 01.01.21		**2,855**	**15,501**	**6,325**	**946**	**25,628**
Translation differences			74	31		105
Increases		703	7,739	1,017	543	10,003
Decreases			4	(45)		(41)
Impairment losses (Note 11)						
Other changes						
Amortization for the period		(757)	(5,956)	(943)	(489)	(8,144)
Balances as of 12.31.21		**2,801**	**17,363**	**6,386**	**1,001**	**27,551**
Translation differences			(19)	23		4
Increases		949	7,733	645	167	9,494
Decreases			32	(401)		(369)
Impairment losses (Note 11)						
Other changes						
Amortization for the period		(720)	(6,520)	(961)	(467)	(8,669)
Balances as of 12.31.22		**3,030**	**18,589**	**5,692**	**701**	**28,012**

The increase of Other trademarks relates to long-term charges with a defined useful life incurred to protect the brands owned by the Group which are classified as assets with an indefinite useful life.

The increase in the Software item mainly refers to the resources allocated by the Parent Company to the development of corporate management systems, including those dedicated to the digital channel and its integration with the physical channel of direct stores (omnichannel).

The increase recorded in Contract customers is mainly due to long-term investments made for the network of corners and franchising stores. The item "Other assets" includes 3,073 thousand euros for the value of the intangible asset recognised in relation to the agreement made with the Ministry of Cultural Affairs ("Ministero per i Beni e le Attività Culturali") and the Special Archaeological Service of Rome ("Soprintendenza speciale per i beni archeologici di Roma"), with which the Parent Company has undertaken to finance the entire cost of restoration work on the Coliseum.

10 Tangible fixed assets

At 31 December 2022 the net residual value of Group's tangible fixed assets was a 141.6 million euros (FY 2021: 140.5 million euros).

euro 000's	Land and buildings	Plant and machin.	Equip.	Leasehold improv.	Others	Total
Balances as of 01.01.21	**53,706**	**9,563**	**10,700**	**31,507**	**30,652**	**136,127**
Translation differences	(1)	6	109	765	1,139	2,019
Increases	2,024	2,011	5,785	12,791	12,320	34,931
Decreases		(39)	48	(192)	(865)	(1,048)
Impairment losses (Note 11)						
Other changes		(50)	(5)	(157)	(14)	(226)
Amortization for the period	(1,988)	(2,479)	(5,340)	(10,606)	(10,879)	(31,292)
Balances as of 12.31.21	**53,741**	**9,011**	**11,298**	**34,108**	**32,352**	**140,511**
Translation differences	(7)	7	53	122	40	215
Increases	568	2,443	5,429	12,395	15,515	36,349
Decreases		(19)	(25)	(501)	(693)	(1,239)
Impairment losses (Note 11)						
Other changes				(166)	354	188
Amortization for the period	(1,996)	(2,533)	(5,410)	(12,950)	(11,554)	(34,441)
Balances as of 12.31.22	**52,307**	**8,909**	**11,345**	**33,007**	**36,016**	**141,584**

Land and Buildings mainly include the real estate assets consisting of the Parent Company's operating headquarters.

The increase in Equipment is due to the investments, made mainly by the parent company, in the framework of the normal processes of modernisation of industrial facilities and equipment (mainly lasts and moulds).

The increase in Leasehold Improvements and Others mainly consist of the costs incurred for fitting out DOS, among which note, for strategic relevance, the setting-up of the new DOSs opened in South Korea, Japan and mainland China, aimed at strengthening of the direct distribution network and the renovation activities of the existing stores.

11 Impairment losses

The losses in value of assets are governed by IAS 36 (Impairment of Assets); the provisions of the standard are the primary regulatory reference for the Impairment Test process. In accordance with the joint CONSOB, Bank of Italy and ISVAP (Italian Insurance Supervisory Authority) document no. 4 of 3 March 2010, the Group adopted an Impairment Procedure, which was approved by the Board of Directors of the parent company TOD'S S.p.A. on 6 March 2023, for the purposes of the financial statements at 31 December 2022. For the purposes of this procedure, the following points of attention were taken into account, which had been reported:

- by ESMA, in ESMA's Public Statement of 28 October 2022, "European common enforcement priorities for 2022 annual financial reports";
- by ESMA, in ESMA's Public Statement of 13 May 2022 entitled "Implications of Russia's

Invasion of Ukraine on half-yearly financial reports";

- by Consob, in Warning Notice no. 3/22 of 19 May 2022, on "Conflict in Ukraine - Attention Alert for Supervised Issuers on Financial Reporting and Compliance with EU Restrictive Measures on Russia";
- by CONSOB, in Warning Notice no. 1/21 of 16 February 2021 – "COVID 19 - Measures to support the economy – Warning notice on the information to be provided by supervised issuers (...) in relation to the 2020 financial statements prepared in accordance with international accounting standards (...)";
- by ESMA, in ESMA's Public Statement of 28 October 2020, "European common enforcement priorities for 2020 annual financial reports".

In carrying out the tests, due consideration was also given to the following documents: *i)* The OIV Discussion Paper no. 1/2022, entitled: "Impairment Test of Non-Financial Assets (IAS 36) following the war in Ukraine" of 29 June 2022; *ii)* Discussion Paper (Exposure Draft) by OIV entitled: "Guidelines for impairment testing after pandemic effects from Covid 19" dated 10 July 2020.

According to the Impairment Procedure and IAS 36, an impairment test must be carried out at least annually in order to check for any possible loss in value of intangible assets with an indefinite useful life (including goodwill) or intangible assets not yet available for use, regardless of whether there is any evidence of impairment.

The recoverability of the value of Intangible Assets with an indefinite useful life was therefore assessed in order to ensure that no assets with a carrying amount higher than the recoverable value had been recorded in the financial statements and that, therefore, no impairment losses had occurred. If the impairment test shows a loss in value, the excess of the book value compared to the recoverable value contributes to forming an impairment loss in the income statement.

First of all, the development of an impairment test proceeds with the identification of the Cash Generating Unit (CGU) or of the group of CGUs to which the Group's goodwill is to be allocated. Taking account of the organisational structure and the type of business, a single group of CGUs was identified, coinciding with the overall perimeter of the Group, to which goodwill was allocated, totalling 12.3 million euros, in relation to some business combinations that took place in past years (mainly relating to 1996) which, given the nature of the functions incorporated, generated financial benefits across the Group since their inception.

This approach is based on the nature of the goodwill in question, as well as on a unitary vision of the business (see also Note 5, Segment reporting), which is organised according to a matrix structure that is alternatively broken down into various levels by brand, product, channel and geographical area, in relation to the various functions and activities of the value chain; in this context, the cross-sector development of a significant part of the service activities (first of all the

Supply chain, Sales&Distribution, Finance&Administration, Legal, Human resources, Information Technology), both centralised and decentralised, ensures the maximisation of profitability levels.

The recoverable value of the group of CGUs identified is defined as the higher of fair value, net of selling costs, and its value in use. In particular, although it suffices that one of the two values is higher than the book value, the Group primarily used the value in use, and then also adopted the fair value as a control method in carrying out the impairment test at 31 December 2022.

It should also be noted that, taking into account the uncertainty of the reference context, the estimate of the value in use and the fair value was entrusted to an independent third-party expert. The recoverability of the values recorded in the financial statements was therefore primarily verified by comparing the net book value of the invested capital of the Group's overall perimeter, which also includes right-of-use assets stated in the application of IFRS 16, with the value in use, consisting of the present value of the future cash flows that are estimated to be generated in the foreseeable future and the Terminal Value.

In determining the value in use, according to the Impairment Procedure, which sets out the methods and assumptions used in preparing the model, account was taken of:

i. cash flows deriving from the 2023 budget, approved by the Board of Directors of Tod's S.p.A. on 25 January 2023, and from the 2024-2027 economic and financial forecasts (the so-called base version) formulated by management, starting from the 2023 budget, on the basis of the Guidelines, containing the basic assumptions, which were approved by the Board of Directors of Tod's S.p.A., again at the meeting held on 25 January 2023. Cash flows represent management 's best estimate of expected average results and, compared to forecasts prepared in the prior year, represent updated estimates that take into account both the results achieved in FY 2022 and changes in the market context. Consistent with ESMA's warnings that the uncertainty generated by the current macro-economic environment (both related to the effects of the pandemic and those arising from the Russian-Ukrainian conflict) should be reflected in alternative scenarios, management also prepared a "worst case" of the 2023-2027 economic and financial forecast;

ii. the discount rate based on a fundamental criterion (CAPM), determined as 9.20% (a WACC of 7.75% used at 31 December 2021), impacted, compared with the value adopted the previous year, by the current financial market context, slightly above the range of rates used by equity analysts;

iii. growth rate "g" of the results beyond the explicit forecast period, as determined on the basis of external source forecasts concerning the growth of GDP in the countries in which the Group operates, equal to 2.42% (2.59% is the g rate used at 31 December 2021).

With reference to fair value measurement, used as a control method, it should be noted that the estimate was carried out through the multiples method, using, in particular, multiples of

comparable listed companies (co.co), as properly adjusted in relation to fundamental (independent) variables, according to the Impairment Procedure.

The analyses conducted showed that the present value of expected cash flows (value in use) is greater than the carrying amount of the Group's invested capital, as also confirmed by the fair value method.

It should also be noted that, given that this is a second-level test, the carrying amount of the invested capital subject to the test is stated net of impairment losses and DOS, as described below.

The Group also carried out usual sensitivity analyses, required by IAS 36, in order to highlight the effects produced by a reasonable change in basic assumptions on the value in use. In particular, an initial sensitivity analysis was conducted using the "worst" forecasts, in place of the "base" version, in accordance with other parameters, in order to verify results in a stressed scenario. In this case too, it was seen that the present value of expected cash flows (value in use) is greater than the carrying amount of the Group's invested capital.

In addition, further sensitivity analyses were conducted taking into account the possible change in the following parameters, considered individually and in conjunction with other parameters: *i)* reduction in forecast revenues 2023-2027 by 20% (with no permanent effects in the terminal value), *ii)* increase in WACC +1.5% in 50 bps intervals, *iii)* reduction in the growth rate "g" used in the terminal value by 0.75%, in 25 bps intervals. In none of these sensitivity scenarios would the value in use be lower than the book value.

In order to make the value in use equal to the value of Invested Capital (break-even case), a 12.8% permanent reduction (and therefore also with effect on the terminal value) in forecast revenues or one of the following changes, as considered alternatively - an increase in the WACC up to 13.38%, or a negative growth rate "g" equal to -7.75% - would be required.

In accordance with IAS 36, an estimate was also carried out for the recoverable value of each of the owned brands, which are intangible assets with an indefinite useful life. The Impairment Test Procedure for these brands is based on the consideration that trademarks constitute a Hard-to-Value-Asset and, therefore, entails the advisability of making use of more than one method that apply inputs that are unrelated (or as little related as possible) for the purposes of estimating the recoverable value. In line with this consideration, and according to the Procedure, the impairment test of each of the owned brands was therefore carried out, with reference to the fair value as recoverable amount, according to the following basic assumptions:

a) using four different criteria for estimating the fair value of each brand:
   i. Relief from royalty method, according to which the value of the brand is measured on the basis of the present value of the royalties that the company saves with respect to a scenario in which it should license it from a third party,

ii. Multiples (brand/sales) relating to comparable brands estimated by independent third parties,

iii. Hirose criterion, which determines the value of the brand according to the perpetual capitalisation of a normalised, risk-adjusted economic measure of the result pertaining to the brand,

iv. Profit Split Method, according to which the value of the brand is measured according to the present value of the results pertaining to the brand equal to a fraction of residual income after considering the remuneration of the remaining tangible and intangible assets;

b) using, for the four criteria, external and internal evidence, including, where applicable, the results expected from the 2023-2027 forecasts for each brand;

c) using a discount rate calculated on the basis of the expected rate of return on invested capital (WACC) of 9.2%, slightly higher than the range of rates used by equity analysts;

d) including the estimated TAB (Tax Amortisation Benefit) in measuring the value of the brand;

It should also be noted that the estimated fair value of the owned brands was entrusted to an independent third-party expert.

On the basis of the analyses carried out using the four methods described, and the related simulation analyses, in relation to the possible scenarios considered, no write-downs to be made emerged.

Sensitivity analyses make it possible to report the effects produced by a reasonable change in the basic parameters used to measure fair value on the value in use. In particular, it was deemed appropriate to apply these analyses to the main valuation parameters (mainly cash flow scenario, WACC, growth rate "g"), while also taking account of the guidelines provided by ESMA, regarding multi-scenario analyses, in order to construct the distribution of the possible values of each brand on the basis of the various valuation methods. The comparison between these values and the carrying amount of each brand made it possible to provide a measure of the frequency in which, in the simulated scenarios, the recoverable value is higher than the carrying amount. In particular, the analyses carried out show that, for all the Group's brands, the number of scenarios in which the recoverable value is higher than the book value is always greater than 51% of the simulated scenarios. In order to make the respective recoverable values equal to the book values (break-even assumption), the following changes in the input parameters, considered individually, would be required:

	TOD'S	ROGER VIVIER	HOGAN	FAY
WACC increase	>20%	1.75%	9.18%	3.20%
Decrease of growth rate "g"	-9.86%	-2.55%	-9.93%	-2.99%

In addition, further sensitivity was conducted using "worst" forecasts instead of "base" forecasts, consistent with other parameters. Even using these forecasts, the average value of the brands, determined with the four methods considered, is higher than the book value.

With reference to the first-level test, the Group carried out an analysis, according to the Impairment Procedure, which was aimed at assessing the recoverability of right-of-use assets and intangible and tangible assets attributable to each of the directly-operated stores (DOS) that showed indicators of impairment.

According to the Procedure, the test was conducted in accordance with the following main basic assumptions:

a) using the aforesaid economic and financial forecasts, as relevant for the period from 2023 to 2027, relating to each directly-operated store tested for impairment;
b) same discount rate (WACC), equal to 9.75%, increased by an additional risk premium over that used for the second level test;
c) using a reference period of cash flows consistent with the duration considered in estimating the rights of use attached to the store subject to the test (the projection of cash flows beyond 2027 was carried out prudently at a growth rate equal to the GDP of the country in which the store operates).

This analysis showed that impairment indicators were seen for some DOS, in relation to which the respective assets were written down for a total amount of 1.1 million euros, relating to the rights of use (IFRS 16), as the related recovery through prospective cash flows cannot be reasonably foreseen at present.

Lastly, it should be noted that the value of stock market capitalisation of TOD'S S.p.A. at 31 December 2022, totalling approximately 1,005 million euros, is slightly lower than the value of consolidated shareholders' equity at the same date, totalling 1,041 million euros, but this difference has been reabsorbed since January this year (the average list price since the start of the year is above 1,100 million). These indicators also confirm the substantial absence of exogenous signs of impairment, although a volatile stock price environment persists.

12 Investment property

This account refers to a property owned by the Group as a real estate investment and leased to third parties.

euro 000's	
Historic cost	115
Accumulated depreciation	(107)
Balance as of 12.31.21	**8**
Increases	
Decreases	
Depreciation for the period	(3)
Balance as of 12.31.22	**5**

No changes in the fair value of this investment, at least 250 thousand euros, have been recognised since this previous financial year. This estimate is based on the market prices for similar properties in terms of location and condition.

13 Deferred taxes

At 31 December 2022, recognition of the effects of deferred tax assets, determined on the basis of temporary differences between the carrying amount of assets/liabilities and its tax base, lead to the following tax assets and liabilities:

euro 000's	12.31.22	12.31.21	Change
Deferred tax assets	110,601	109,392	1,209
Deferred tax liabilities	(16,218)	(10,745)	(5,473)
Net Balance	**94,383**	**98,647**	**(4,263)**

When determining future tax impact, reference was made to the presumed percentage weight of the taxes that will be imposed on income in the years when those taxes will be charged, according to current tax laws in the various countries involved and any changes in tax rates following currently known tax reforms, and that will be applicable starting next year. Below is reported the composition of the amount of deferred tax assets and liabilities at year end, offset if applicable, highlighting items that mainly contributed to its determination:

euro 000's	12.31.22		12.31.21	
	Assets	Liabilities	Assets	Liabilities
Property plant and Equipment	3,660	(257)	2,760	(246)
Intangible fixed assets	100	20,002	944	13,052
Inventory	59,360	1,310	57,520	1,427
Derivative financial instruments	(3,346)	20	888	(79)
Cost deductible over several years	1,980		1,196	
Reserve for employees	2,310	(12)	1,517	(4)
Provision for risks	1,001		903	
Other	6,271	(4,845)	5,647	(3,405)
Fiscal losses to carry forward	39,265		38,016	
Total	**110,601**	**16,218**	**109,392**	**10,745**

Deferred tax assets, recognised on fiscal losses that can be carried forward pursuant to local tax laws, and not yet used by the Group at 31 December 2022, totalled 39.3 million euros (FY 2021: 38 million euros). On the basis of the income forecast for the period from 2023 to 2027, the Directors prepared an analysis aimed at establishing whether deferred tax assets could be recovered. Consequently, new deferred tax assets were recognised in the 2022 financial statements, with reference to losses that may be carried forward during the year, for 5 million euros, mainly referring to some subsidiaries in the Greater China area, whose results were impacted by the discussed worsening of the pandemic, which were regarded as recoverable over the time horizon mentioned above. In FY 2022, deferred tax assets were used on losses recorded previously, for 3.3 million euros, while deferred tax assets on losses allocated in previous years were prudently written down by 0.4 million euros, for which the realisation of sufficient taxable income is no longer considered probable, within the expiry period of the right use by the Group company that recorded this loss. Deferred assets on prudently unrecognised carry-forward losses, as there is no reasonable certainty of recovery through future taxable income, amount to a total of 39.9 million euros.

14 Other non-current assets

Other non-current assets mainly relate to security deposits paid to third parties by Group subsidiaries in connection with operating leases.

15 Inventories

They totalled 357,660 thousand euros at 31 December 2022, and include:

euro 000's	12.31.22	12.31.21	Change
Raw materials	78,778	62,535	16,243
Semi-finished products	9,369	11,111	(1,742)
Finished products	366,917	339,728	27,190
Write-down	(97,406)	(106,389)	8,983
Total	**357,660**	**306,985**	**50,675**

Finished products include, for 2,400 thousand euros, the amount related to the right to recover of the products for returns to be received (contract assets).

The increase in finished products, recognised during the year, is mainly related to finished products from the following (compared to the year-end) sales season, the production of which has returned to full capacity, after the appropriate precautions taken as a consequence of the continuing pandemic. The allowance for doubtful accounts at the end of the period reasonably reflects technical and stylistic obsolescence identified in the Group's inventories. Movements during the year are shown below, with comparisons against those of the previous year:

euro 000's	12.31.22	12.31.21
Opening balance	**106,389**	**100,349**
Increase	12,897	19,864
Utilization	(21,916)	(14,394)
Reversal		
Translation effects	36	570
Closing balance	**97,406**	**106,389**

16 Trade receivables and other current assets

16.1 Trade receivables: They represent Group's exposure in consequence of its wholesale distribution activity.

euro 000's	12.31.22	12.31.21	Change
Trade receivables	100,667	91,362	9,305
Allowances for doubtful accounts	(4,235)	(3,799)	(437)
Net trade receivables	**96,432**	**87,564**	**8,868**

The allowances for doubtful accounts recognised in the financial statements represent the reasonable estimate of the expected loss in value identified for the risk of bad debt identified in the receivables recorded in the financial statements and also take into account possible losses on receivables as a result of the reference economic context. The provision for 2022 amounted to 576

thousand euros. The table below shows movements in the allowance for doubtful accounts during the year:

euro 000's	12.31.22	12.31.21
Opening balance	**3,799**	**5,576**
Increase	576	1,079
Utilization	(135)	(2,753)
Translation effects	(5)	(103)
Other movements		
Closing balance	**4,235**	**3,799**

The amount of the allowance for doubtful accounts as at 31 December 2022 was determined by adopting an Expected credit loss logic (as required by the relevant IFRS 9), both by taking into consideration past due receivables, whose write-down is determined on the basis of a specific analysis of the items that are difficult to recover and taking into consideration receivables not yet due at the date of the financial statements, and therefore determining a generic write-down estimated on the basis of the data and historical experience of the credit losses recorded by the Group, adjusted to take account of specific forecast factors relating to debtors and the macroeconomic environment.

16.2 Tax receivables: Tax receivables total 16,587 thousand euros (FY 2021: 15,082 thousand euros) and are mainly comprised of receivables for income taxes claimed by the Group from the tax authorities of the countries where it operates.

16.3 Other current assets

	12.31.22	12.31.21	Change
Deferred costs	8,153	5,727	2,426
Others	73,555	64,521	9,034
Total other current assets	**81,707**	**70,248**	**11,459**

The item "Others" mainly relates to receivables owed to manufacturers for the raw materials sold in connection with manufacturing activities, receivables for credit cards, receivables for value added taxes and other receivables to be collected next year.

17 Derivative financial instruments

The TOD'S Group, characterised by its major presence on international markets, is exposed to both exchange rate risk, mainly for revenues denominated in currencies other than the euro (see Note 6), and interest rate risk limited to its variable-rate debt instruments.

At the closing date of the financial statements, the notional amount of the currency forward agreements (sale and purchase) entered into by the Group to hedge the exchange rate risk, are summarised as follows:

Currency 000's	Sales		Purchases	
	Notional in currency	Notional in euro	Notional in currency	Notional in euro
US dollar	47,600	44,628		
HK dollar	381,000	45,814		
Japanese yen	2,648,000	18,826	1,000,000	7,109
British pound	20,100	22,662		
Swiss franc	6,050	6,144		
Chinese renmimbi	1,069,390	145,333		
Singapore dollar	4,350	3,042		
Euro			26,900	26,900
Canadian dollar	8,000	5,540		
United Arab Emirates dirham	9,680	2,471		
Australian dollar	7,890	5,028		
Total		**299,488**		**34,009**

All derivative contracts will expire during the year 2023.

Below is summarised the composition of the outstanding derivatives at 31 December 2022 and 31 December 2021, with information related to carrying amounts, current and non-current, in connection with fair value and cash flow hedge reserve, the latter presented net of its related tax effects.

euro 000's	12.31.22			12.31.21		
	Assets	Liabilities	Hedging Reserve	Assets	Liabilities	Hedging Reserve
Non-current						
Interest rate swaps - cash flow hedges	6,472		4,919	126		96
Forward foreign exchange contracts - cash flow hedges						
Forward foreign exchange contracts - fair value hedges						
Total non-current	**6,472**		**4,919**	**126**		**96**
Current						
Interest rate swaps - cash flow hedges	6,597		5,014			
Forward foreign exchange contracts - cash flow hedges	907	566	1,412	180	2,928	(2,867)
Forward foreign exchange contracts - fair value hedges	2,373	1,280		138	3,791	
Total current	**9,877**	**1,845**	**6,426**	**318**	**6,719**	**(2,867)**
Total	**16,349**	**1,845**	**11,344**	**444**	**6,719**	**(2,771)**

Cash flow hedge reserve related to forward derivatives for the hedging of currency exchange rate risks includes even some intercompany transactions, positive for 125 thousand euros (negative for 1,152 thousand euros at 31 December 2021), net of tax effects, accrued on intercompany transactions for which derivatives have expired at 31 December 2022, that will be transferred to the income statement when sales to third customers or the forecast transaction will be realised.
Moreover, the transfer of the effect of the hedging transactions to the 2022 income statement was equal to 8,352 thousand euros, of which 8,565 thousand euros were represented as a decrease of revenues, 213 thousand euros as a decrease of costs for raw materials and consumptions.
The overall effect on the income statement of interest rate hedging transactions amounted to 77 thousand euros, fully accounted for in the reduction of financial expense.

18 Cash and cash equivalents

Cash and cash equivalents are related to cash and bank deposits for 167,709 thousand euros (223,312 thousand euros at 31 December 2021). For further information see the statement of cash flow.

19 Assets held for sale

The Group did not have any held for sale assets at 31 December 2022.

20 Shareholders' equity

20.1 Share Capital. At 31 December 2022, the share capital of the Parent Company amounted to 66,187,078 euros, unchanged compared to the previous year, divided into 33,093,539 ordinary shares, all of which are of no par value, and fully subscribed and paid up; all shares have equal rights in terms of profit sharing. There are no categories of shares other than ordinary shares. Article 7 of the Articles of Association provides for increased voting in compliance with the provisions of Article 127-quinquies of the Consolidated Law on Finance (TUF, Testo Unico della Finanza). For further information, please refer to the Regulations for Increased Voting available in the "Corporate Governance/Rated Voting" section of the Company's website www.todsgroup.com. The total amount of voting rights is regularly published by the Company in the terms set out in art. 85-bis of Consob Regulation no. 11971/99.

At 31 December 2022 Mr. Diego Della Valle, Chairman of the Board of Directors, hold, directly and indirectly, 63.641% of TOD'S S.p.A. share capital. At 31 December 2022 the Group did not own treasury shares in the parent TOD'S S.p.A., and it did not execute any transactions on those shares during the year.

20.2 Capital reserves. Capital reserves are exclusively related to share premium reserve, amounting to 416,588 thousand euros at 31 December 2022 unchanged in respect to 31 December 2022.

20.3 Hedging and translation reserves. The following schedule illustrates the changes occurred in 2022 for the Group:

euro 000's	Translation Reserve	Hedging Reserve	Total
Balances as of 01.01.21	**14,333**	**2,978**	**17,311**
Increase in fair value of hedging derivatives		(5,587)	(5,587)
Exchange differences	1,843	(4)	1,839
Transfer to P&L Account of hedging derivatives		1,695	1,695
Others	1,852	(1,852)	
Balances as of 12.31.21	**18,028**	**(2,770)**	**15,258**
Increase in fair value of hedging derivatives		7,986	7,986
Exchange differences	4,747	22	4,768
Transfer to P&L Account of hedging derivatives		6,107	6,107
Others			
Balances as of 12.31.22	**22,775**	**11,344**	**34,119**

For comments related to the changes of hedging reserve please see Note 17.

20.4 Other reserves and profit for the period. These reserves include the equity reserves of the parent company TOD'S S.p.A., the difference between the shareholders' equity of the subsidiaries, and the carrying values of the equity investments, as well as the effects of consolidation adjustments on Group equity.

euro 000's	Other reserves	Profit (loss) of the period	Total
Balances as of 01.01.21	**580,280**	**(73,190)**	**507,090**
Allocation of 2020 result	(73,190)	73,190	
Dividends			
Profit for the period		(5,938)	(5,938)
Other changes	(650)		(650)
Balances as of 12.31.21	**506,440**	**(5,938)**	**500,503**
Allocation of 2021 result	(5,938)	5,938	
Dividends			
Profit for the period		23,065	23,065
Other changes	964		964
Balances as of 12.31.22	**501,466**	**23,065**	**524,531**

Other movements for FY 2022 include the effects on the actuarial gains and losses reserve.

21 Provisions and contingent liabilities and assets

21.1 Provisions for risks. They include the estimate of liabilities, with uncertain maturity date or amount, on which the Group might incur in case of a legal or constructive obligation in connection with a past event. The figure mainly includes provisions related to both lawsuits, risks and costs for employees and reinstatement costs. The following schedule illustrates the changes occurred:

euro 000's	12.31.22	12.31.21
Provisions for risks - non current		
Opening balance	**15,778**	**12,692**
Increase	1,595	4,779
Utilization	(915)	(732)
Reversal		(1,213)
Translation effects	(39)	751
Other	(556)	(500)
Closing balance	**15,863**	**15,778**
Provisions for risks - current		
Opening balance	**1,167**	**2,213**
Increase	548	374
Utilization	(148)	(130)
Reversal		
Translation effects	(18)	62
Other	455	(1,352)
Closing balance	**2,003**	**1,167**

The non-current portion of provisions for risks and charges includes 13.2 million euros for the estimated cost of restoring leased assets.

Other movements refer mainly to the reclassification, to current provisions, of positions represented as non-current in the previous year.

Finally, provisions for risks do not include risks related to litigation, the unfavourable outcome of which is considered possible but not probable, totalling 0.5 million euros.

21.2 Contingent liabilities and other commitments.

i. Guarantees granted to third parties. At 31 December 2022 the Group had provided guarantees amounting to 2,125 thousand euros (2,125 thousand euros in 2021) against the contract commitments undertaken by some Group companies.

ii. Guarantees received from third parties. At 31 December 2022, they amounted to 21,891 thousand euros (2021: 23,385 thousand euros) guarantees received by the TOD'S Group from banks as security for contractual commitments.

iii. Mortgages. Group real estate has not been encumbered by mortgages.

22 Employee benefits

22.1 Defined contribution plans. The Group has a defined contribution retirement plan (employee severance indemnities – TFR) in favour of employees at Group's Italian companies with more than 50 employees (see the following section in this regard) and the Japanese and Korean subsidiaries. At 31 December 2022, the liability accrued vis-à-vis employees was 6,421 thousand euros (31 December 2021: 6,407 thousand euros), and relating only to the four Asian companies, since the amounts accrued in favour of Italian employees have all been transferred to funds outside the Group. The amount charged to profit and loss for the period totals 1,832 thousand euros.

22.2 Defined benefit plans. Employee severance indemnities, a deferred payment scheme for all the employees of the Group's Italian companies, are classified as a defined-benefit plan (IAS 19) limited to Italian companies with fewer than 50 employees, for which the Group's obligation does not include the payment of contributions accrued on the remuneration paid, but continues until the end of the employment relationship or, for the other companies (including the Parent Company), for the portion accrued before 2007 [32]. For these types of plans, the principle requires that the accrued amount be projected into the future in order to determine the amount to be paid upon termination of the employment relationship, with an actuarial assessment that accounts for the rate of rotation of employees, expected evolution of compensation, and other factors.

The main actuarial assumptions used for the valuation are summarised below:

- Discounting rate: 3.63%

  It is related to the average yield curve from IBOXX Eurozone Corporates AA of December 2022.
- Inflation rate: 2.30%;
- TFR incremental rate: 3.225%.

The table below shows the variation of the total liability due towards Group employees on the workforce at 31 December 2022:

[32] The statutory amendment envisaged that for firms with more than 50 employees, the employee severance indemnities accrued from 1 January 2007 had to be allocated to supplemental retirement plans (pension funds) or, alternatively, to a Treasury Fund set up at the INPS (Italian National Social Security Institute). Since all obligations of firms towards their employees ceased starting on 1 January 2007, all accrued employee severance indemnities are covered by the rules governing defined contribution plans for the liability accrued from such date.

euro 000's	12.31.22	12.31.21
Opening balance	**8,234**	**8,676**
Service costs	26	99
Interest costs	85	27
Benefits paid	(494)	(736)
Actuarial (gains)/losses	(964)	165
Other	(5)	3
Closing balance	**6,882**	**8,234**

Employee benefits also include other long term employee benefits.

23 Net financial indebtedness

As at 31 December 2022, net debt amounted to 555,020 thousand euros (519,068 thousand euros at 31 December 2021). Cash and cash equivalents (cash on hand and bank deposits) amount to 167,709 thousand euros, whilst liabilities amount to 728,714 thousand euros, including 544,368 thousand euros for medium/long-term exposure. Net debt includes current and non-current lease liabilities totalling 483,916 thousand euros (see Note 8).

The net financial indebtedness, as defined by the ESMA guidelines on disclosure requirements under the Prospectus Regulation of 4 March 2021 (Consob warning notice no. 5/21), is shown below:

euro 000's Net financial indebtedness	12.31.22	12.31.21	Change
Cash (A)	167,709	223,312	(55,603)
Cash equivalents (B)			
Other current financial assets (C)	6,597		6,597
Liquidity (D) = (A) + (B) + (C)	**174,306**	**223,312**	**(49,006)**
Current financial debts (E)	8,907	16,626	(7,719)
Current portion of non-current financial debts (F)	176,051	135,128	40,923
Current financial indebtedness (G) = (E) + (F)	**184,958**	**151,755**	**33,204**
Net Current financial indebtedness/(surplus) (H) = (G) - (D)	**10,652**	**(71,558)**	**82,210**
Non-current financial debts (I)	536,030	582,123	(46,094)
Debt instrument (J)			
Non-current trade and other payables (K)	8,338	8,502	(164)
Non-current financial indebtedness (L) = (I) + (J) + (K)	**544,368**	**590,626**	**(46,258)**
Total financial indebtedness/(surplus) (H) + (L)	**555,020**	**519,068**	**35,952**

The composition of the financial debt is summarised below:

euro 000's Financial indebtedness composition	12.31.22	12.31.21	Change
Bank overdraft (A)	7,062	7,606	(544)
Short Term loan (B)		2,301	(2,301)
current financial debts (C) = (A) + (B)	**7,062**	**9,907**	**(2,845)**
Current portion of m/l loans (D)	79,252	39,167	40,084
Other current financial liabilities (E)	17	1,321	(1,304)
Current financial liabilities (F) = (C) + (D) + (E)	**86,330**	**50,396**	**35,935**
Current lease liabilities (G)	96,783	94,640	2,143
Derivative financial instruments (H)	1,845	6,719	(4,874)
Current financial indebtedness (F) + (G) + (H)	**184,958**	**151,755**	**33,204**
Bank borrowings	148,897	228,149	(79,252)
Non-current lease liabilities	387,133	353,975	33,158
Other non-current liabilities	8,338	8,502	(164)
Non-current financial indebtedness	**544,368**	**590,626**	**(46,258)**

Medium- and long-term loans, totalling 148,897 thousand euros at 31 December 2022, comprise the following positions:

- syndicated loan, signed on 22 January 2021, coordinated by Intesa Sanpaolo S.p.A., through the IMI Corporate and Investment Banking Division, consisting of a Term Loan portion, disbursed for 250 million euros, and a Revolving Credit Facility portion, for a total of 250 million euros, entirely unused at 31 December 2022. The loan is due to mature on 31 December 2025 and the repayment of the Term Loan portion will take place in increasing six-monthly instalments starting from 30 June 2022. This loan accrues interest at a floating rate equal to 6-month EURIBOR + 250 basis points. The applicable spread is subject to changes on the basis of trends in the financial and sustainability indicators provided for in the contract and, in 2022, came to 243 basis points following the achievement of the objectives provided for in the contract.

In order to hedge the risk deriving from possible fluctuations of interest rates on this syndicated loan, there are derivative contracts (interest rate swaps - IRS) with a notional value equal to the amount of the Term Loan (Note 17). It should also be noted that the financial covenants envisaged for this syndicated loan have been met as at 31 December 2022.

In addition to the syndicated loan, the following loan is outstanding at 31 December 2022:

- a loan taken out with Cassa di Risparmio di Fermo S.p.A. on 15 November 2021, for an amount equal to 20 million euros, maturing on 15 May 2023. The agreed upon quarterly interest rate is 0.65%.

Other non-current liabilities refer to the non-current portion of the liability recorded in relation to the agreement made for financing of restoration work on the Coliseum.

The contractual repayment schedule for all medium- and long-term loans is shown below:

euro 000's	Medium and long term pool loan IntesaSanPaolo - Crédit Agricole - BPM - BNL - Unicredit	Cassa di Risparmio di Fermo	Total
2023	60,000	20,000	80,000
2024	70,000		70,000
2025	80,000		80,000
2026			-
Over 5 years			-
Total	**210,000**	**20,000**	**230,000**
Accruals and amortized cost			-
Total	**210,000**	**20,000**	**230,000**

For interest rate sensitivity analysis (IFRS 7), and the disclosure for the further credit facilities and financing agreements available for the Group but not used yet at 31 December 2022 see Note 6.

23.1 Consolidated Statement of Cash Flows

Net cash and cash equivalents at 31 December 2022, shown in the Consolidated Statement of Cash Flows, consist of cash and cash equivalents of 167.7 million euros at 31 December 2022 (223.3 million euros at 31 December 2021), net of bank overdrafts of 7.1 million euros at 31 December 2022 (7.6 million euros at 31 December 2021).

Operations during the period generated cash of 153.8 million euros, compared with 218.4 million euros in the previous year. Compared to the previous year, there was a greater absorption of cash at the level of operating working capital, mainly related to the finished products of the next (compared to the end of the financial year) sales season, the production of which has returned to full capacity, after the appropriate precautions taken as a consequence of the continuation of the pandemic; these inventories will produce their positive effects on liquidity in the following financial year.

Cash flow from financing activities in 2022 mainly includes the payment of the nominal value of the leasing liabilities, amounting to 100.4 million euros, and the repayments of the outstanding pool loan (Note 8).

24 Other non-current liabilities

The balance for this item, 11,540 thousand euros, refers mainly to the liability recognised in relation to the agreement made for financing of restoration work on the Coliseum (Note 9) for 8,338 thousand euros (8,502 thousand euros at 31 December 2021). This liability was recognised at the discounted value of the financial outlays that are reasonably foreseeable on the basis of the multi-year plan for restoration work.

25 Trade payables and other current liabilities

euro 000's	12.31.22	12.31.21	Change
Trade payables	170,597	132,235	38,362
Tax payables	13,839	17,066	(3,226)
Other liabilities			
Payables due to employees	16,644	17,207	(563)
Social security institutions	7,399	7,786	(387)
Other	27,491	31,329	(3,838)
Total other liabilities	**51,533**	**56,322**	**(4,789)**

In application of IFRIC 23, tax payables also include the estimate of tax-related risks.

Payables to employees reflected amounts accrued in their favour (including unused holiday leave) that had not yet been paid at the reporting date.

The item Other mainly includes advance payments from customers, the current portion of estimated year-end returns, revenues accruing in the following year, and other current liabilities.

26 Base earnings per share

The calculation of base and diluted earnings/(loss) per share is based on the following:

i. Reference profit/(loss)

euro 000's For continuing and discontinued operations	Year 22	Year 21
Profit/(Loss) used to determine basic earning per share	23,065	(5,938)
Dilution effects		
Profit/(Loss) used to determine diluted earning per share	**23,065**	**(5,938)**

euro 000's For continuing operations	Year 22	Year 21
Profit/(Loss) for the year	23,065	(5,938)
Income (Loss) from discontinued operations		
Profit/(Loss) used to determine basic earning per share	**23,065**	**(5,938)**
Dilution effects		
Profit/(Loss) used to determine diluted earning per share	**23,065**	**(5,938)**

In both FY 2022 and 2021, there were no dilutions of net consolidated earnings, partly as a result of activities that were discontinued during the periods in question.

ii. Reference number of shares

	Year 22	Year 21
Weighted average number of shares to determine basic earning per share	33,093,539	33,093,539
Share Options		
Weighted average number of shares to determine diluted earning per share	33,093,539	33,093,539

iii. **Base earnings/(loss) per share.** Calculation of the base earning per share for January-December 2022 is based on the net result attributable to holders of ordinary shares of the parent company TOD'S S.p.A., which is positive for 23,065 thousand euros (negative for 5,938 thousand euros in 2021), and on the average number of ordinary shares outstanding during the same period, totalling 33,093,539 unchanged in respect to the previous year.

iv. **Diluted earnings/(loss) per share.** Calculation of the diluted earnings/(loss) per share for the period January-December 2022 is the same as the base earnings/(loss) per share, due to the fact that there are no items which produce dilution effects.

27 Transactions with related parties

The Group's related parties transactions were executed in compliance with the procedural sequence and implementing procedures set out in the Related Parties Transactions Procedure approved by the TOD'S S.p.A. Board of Directors in implementation of the Related Parties Regulation adopted by CONSOB with Resolution no. 17221 of 12 March 2010, as subsequently amended.

In accordance with market best practices, significant related party transactions are subject to an in-depth review involving, *inter alia*:

i) complete and timely transmission of relevant information to the competent Control and Risk Committee, comprised exclusively of non-executive and independent Directors to which, with Board resolution of 21 April 2021, the tasks envisaged by current regulations on related party transactions and the RPT Procedure adopted by TOD'S S.p.A. have been assigned with regard to both less material transactions and more material transactions with related parties, with the sole exclusion of non-exempt related party transactions regarding the remuneration of Directors and other executives with strategic responsibilities, which are the responsibility of the Appointments and Remuneration Committee (also comprised exclusively of non-executive and independent Directors); in exercising its functions regarding related party transactions, each Committee may also rely on the assistance of appropriate independent experts;

ii) the issuance of an opinion (either binding or non-binding, as applicable) before approval of the transaction by the Board of Directors (or, if appropriate, by the body delegated to approve the transaction).

All transactions – which are connected with the normal operations of TOD'S Group companies – were executed solely on behalf of the TOD'S Group by applying contractual conditions consistent with those that can theoretically be obtained on an arm's length basis.

Most significant transactions concluded during the period

During the 2022 financial year, the Group did not enter into any related-party transaction which was of greater significance or which had a significant impact on the Group's financial position or result for the year, nor were there any changes or developments in the transactions described in the 2021 Annual Report which had the same effects.

With regard to new transactions of lesser importance, the following transactions should be noted:

- the renewal by the Group of four existing real estate lease agreements with the related company Immobiliare De.IM. S.r.l., which owns the premises in question, all located in Milan. In greater detail, the properties consist of: i) two showrooms (respectively dedicated to the Hogan and Fay brands), located at 56 Via Savona, ii) a portion of real estate used as offices, located at 1 Via Serbelloni, on the third floor, iii) the real estate complex, located at 17 Via Sant'Andrea, which houses the Milan flagship store of the ROGER VIVIER brand. The transactions qualify as transactions between related parties, as Immobiliare De.IM. S.r.l. is a company headed by the Chairman, Diego Della Valle, and the Vice Chairman, Andrea Della Valle, and controlled by the former;
- the signing of a sponsorship agreement with the companies TBS CREW S.r.l. and VIEFFE S.r.l. for the performance, in exchange for consideration, of services by certain well-known influencers, including Chiara Ferragni, for the TOD'S brand communication campaign for the Spring-Summer 2022 season; the transaction qualifies as a transaction between related parties, since TBS CREW S.r.l. is a company indirectly controlled by Chiara Ferragni, a member of the Board of Directors of TOD'S S.p.A. and, as such, a related party of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Parties Transaction Procedure;
- the renewal of the consulting agreement in place between the parent company and the director, co-opted by board resolution of 7 June 2021, Michele Scannavini, concerning the provision of certain general consulting services to be provided, in support of the Chairman of the Board of Directors and the Group's top management; the renewal takes effect as of 14 June 2022, for a duration of one year, under the same economic conditions as the contract that has now expired. The transaction qualifies as a transaction between related parties, as Mr. Michele Scannavini is

a member of the Board of Directors of TOD'S S.p.A. and, as such, a related party of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Party Transaction Procedure;

- the two-year renewal of the existing supply agreement between the parent company and the related company Elsa Schiaparelli s.a.s., entered into in May 2020 and expiring on 31 May 2022, concerning the development by TOD'S S.p.A., in favour of the related company, of prototypes of leather goods (handbags, belts and small leather goods) and the subsequent mass production of the articles made on the basis of the prototypes. The renewal, in particular, was signed between the parties for a further period of two years, thus expiring on 31 May 2024, under the same contractual conditions as the previous agreement. The transaction takes the form of a "related-party transaction" since Elsa Schiaparelli s.a.s. is a subsidiary controlled indirectly by Diego Della Valle & C S.r.l., a company headed by the Chairman, Diego Della Valle, and by the Vice Chairman, Andrea Della Valle, and is controlled by the former.

Related party transactions pending at 31 December 2022

In FY 2022, the TOD'S Group continued to maintain a series of contractual relationships with related parties (directors/controlling or significant shareholders), already existing in the previous year. Period transactions mainly involve the sale of products, the leasing of premises to be used as shops, showrooms and offices and the provision of advertising services.

i. Commercial transactions with related parties – Revenues

euro 000's	Sales of products	Rendering of services	Royalties	Operating lease	Other operations
Year 2022					
Parent Company (*)	962	12		5	2
Directors					
Exec. with strat. respons.					
Total	**962**	**12**	**-**	**5**	**2**
Year 2021					
Parent Company (*)	524	13		5	
Directors					
Exec. with strat. respons.					
Total	**524**	**13**	**-**	**5**	**-**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle

ii. Commercial transactions with related parties – Costs

euro 000's	Purchases of products	Rendering of services	Royalties	Operating lease	Other operations
Year 2022					
Parent Company (*)	6	816		5,834	10
Directors					
Exec. with strat. respons.					
Total	**6**	**816**	**-**	**5,834**	**10**
Year 2021					
Parent Company (*)	3	458		6,099	24
Directors					
Exec. with strat. respons.					
Total	**3**	**458**	**-**	**6,099**	**24**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle

iii. Commercial transactions with related parties – Receivables and payables

euro 000's	12.31.22				12.31.21			
	Asset		Liabilities		Asset		Liabilities	
	Right of use	Trade Receivables	Leasing liability	Trade Payables	Right of use	Trade Receivables	Leasing liability	Trade Payables
Parent Company (*)	46,116	392	46,580	295	17,324	219	18,575	265
Total	**46,116**	**392**	**46,580**	**295**	**17,324**	**219**	**18,575**	**265**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle

Rights of use and lease liabilities, shown in the table above, refer to certain lease agreements in place with the related company Immobiliare De.Im. S.r.l., a company wholly owned, through Diego Della Valle & C. S.r.l., to the Chairman, Diego Della Valle, and to the Vice Chairman, Andrea Della Valle, and controlled by the former, referring to a direct store, offices and showrooms of the Group in Milan.

Due to the fact that the above mentioned amounts are not significant, the disclosure hasn't been provided separately in the face of the financial statements in accordance with CONSOB resolution no. 15519 of 27 July 2006.

The figure Intangible assets with indefinite useful life, for 415 million euros, include the amount of ROGER VIVIER brand acquired on January 2016 through a related party transaction with Gousson Consultadoria e Marketing S.r.l., a company owned by the Chairman of the Board of Directors Mr. Diego Della Valle.

Transactions between Group companies included in the scope of consolidation have been eliminated from the consolidated financial statements. Consequently, they have not been highlighted in these notes.

Fee due to Directors, Statutory Auditors, and General Managers

The following table illustrates the compensation accrued in the year 2022 by each of the Directors, Statutory Auditors, Executives with Strategic Responsibilities of TOD'S S.p.A. (including for the activities that they performed at subsidiaries) for any reason and in any form.

euro 000's	Compensation for office	Compensat. for part. in Commit.	Non cash benefits	Bonus and other incentives	Compens. as employ.	Other compens.
Directors						
Diego Della Valle [1]	1,839.5	10.1				
Andrea Della Valle [2]	1,239.2	10.1				
Luigi Abete	39.9	9.7				
Marilù Capparelli	39.9					
Luca Cordero di Montezemolo	39.2					
Sveva Dalmasso	39.9	10.1				
Chiara Ferragni	36.7					
Romina Guglielmetti [3]	39.9	11.1				11.1
Emilio Macellari [4]	254.9	10.1		175.0		480.0
Vincenzo Manes	39.2	20.8				
Cinzia Oglio	39.9		2.1	48.6	162.0	
Emanuela Prandelli	39.9	11.1				
Pierfrancesco Saviotti	39.9					
Michele Scannavini [5]	39.5					200.0
Total	**3,767.0**	**92.9**	**2.1**	**223.6**	**162.0**	**691.1**
General Manager						
Simona Cattaneo [6]			4.5		767.6	
Statutory Auditors						
Pierluigi Pace [7]	76.7					
Piera Tula [8]	51.2					
Fabrizio Redaelli [9]	60.0					
Giulia Pusterla [10]	13.4					
Enrico Colombo [11]	31.4					11.1
Total	**232.7**					**11.1**
Executives with strategic responsibilities						
Executives with strategic responsibilities [12]			7.1	116.6	1,145.0	

Legend

(1) *Chairman of the Board of Directors and Chief Executive Officer*

(2) *Vice-Chairman of the Board of Directors and CEO*

(3) *Member of the Supervisory Board*

(4) *Director with powers and consultant of TOD'S S.p.A.*

(5) *Director and consultant of TOD'S S.p.A. Co-opted on 7 June 2021.*

(6) *General Manager*

(7) *Chairman of the Board of Statutory Auditors newly appointed by the Shareholders' Meeting of 21 April 2022*

(8) *Acting Auditor newly appointed by the Shareholders' Meeting of 21 April 2022*

(9) *Acting Auditor with appointment renewed by the Shareholders' Meeting of 21 April 2022*

(10) *Chairman of the Board of Statutory Auditors in office until the Shareholders' Meeting of 21 April 2022*

(11) *Acting Auditor in office until the Shareholders' Meeting of 21 April 2022 and member of the Supervisory Board*

(12) *Includes General Managers limited to remuneration for employment relationships*

No severance indemnity is provided for Directors and Key Managers.

28 Events and significant non-recurring transactions

Pursuant to Consob Communication no. DEM/6064293 of 28 July 2006, it is highlight that the Group did not carry out any significant non-recurring transactions during the year.

29 Items or transactions resulting from unusual and/or exceptional transactions

There were no items or transactions resulting from unusual and/or exceptional transactions during the year.

30 Information in accordance with the Law no. 124/2017

During the year the Group received subsidies, grants, and, anyway, economic advantages in accordance with the Law 124/2017 art. 1, subsection 125, according to the following table:

euro Beneficiary company	Lender	Allowance received	Reason
TOD'S S.p.A.	Regione Marche	54,064	Allowances to companies for recruiting and training of employees
Total		**54,064**	

The grants mentioned above can also be found in the specific national Register that is available for public consultation. In FY 2022, moreover, the Group's Italian companies benefited from the tax credit on rents in the amount of about 113 thousand euros, the tax credit on capital goods in the amount of about 152 thousand euros, the tax credit on advertising investments in the amount of 180 thousand euros, the Gas tax credit (D.L. no. 50 of 17/07/2022) in the amount of 14 thousand euros, the tax credit for the electricity bonus for non energy-intensive companies Law Decree no. 21 of 21/03/2022 (converted into Law no. 51 of 20/05/2022) in the amount of 167 thousand euros, the contribution for the development of electricity from renewable sources (GSE contribution) in the amount of 284 thousand euros. In addition, the Group benefited from the so-called Super Ace (Art. 16, paragraphs 2 to 7 Law no. 106 of 23/07/2016) for approximately 180 thousand euros. Finally, again during the year, the Parent Company obtained tax benefits relating to Law no. 178 of 30/12/2020 (subsidies for the South and exemption for the under 36s) totalling 200 thousand euros.

It is highlighted that the benefits have been summarised in accordance with the cash principle and, as a consequence, the table above shows subsidies, contributions, remunerated engagements and, anyway, economic advantages which have been collected during the year 2022, without taking into consideration the accrual basis.

31 Significant events occurring after the end of the financial year

No significant events affecting the Group's operations have occurred since the close of FY 2022.

TOD'S Group

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
TOD'S S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of TOD'S S.p.A. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 TOD'S S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Recoverability of assets with an indefinite useful life – Trademarks and Goodwill	
Description of the key audit matter	The consolidated financial statements at 31 December 2022 include "assets with an indefinite useful life" of € 554.2 million, of which € 12.3 million related to goodwill and € 541.9 million related to trademarks (Roger Vivier: € 416.4 million, Hogan: € 80.3 million, Fay: € 41.5 million and TOD'S: € 3.7 million) recognised at cost and not amortised given their indefinite useful life. The Directors check the recoverability of these intangible assets at least annually, in accordance with IAS 36 – "Impairment of Assets". To this end, they compare the assets' carrying amount with their estimated recoverable amount, determined as the higher of the asset's fair value less costs of disposal and its value in use (impairment test). In accordance with the applicable reporting standards and the impairment test procedure approved by the Board of Directors on 6 March 2023, the Directors compared the carrying amount of the above assets with an indefinite useful life at 31 December 2022 with their recoverable amount which the Directors calculated with the support of an independent expert. The impairment test is extremely complex and entails the use of estimates, which are, by their very nature, uncertain and subjective, with respect to the assumptions underlying the four different criteria used to estimate the fair value of each trademark and the estimated cash flows, and the other key variables of the model used to assess the recoverability of the only set of cash-generating units (CGUs) identified by the Directors, which coincides with the overall scope of the Group, to which goodwill was allocated. Future cash flows were estimated based on 2023 budget figures and the 2024-2027 financial forecasts, determined according to the guidelines approved by the Board of Directors on 25 January 2023. Given the significance of the carrying amount of trademarks and goodwill, the subjectivity and uncertainty inherent in the estimates of expected cash flows and key variables of the impairment model, we considered the recoverability of the assets with an indefinite useful life a key audit matter. In the notes to the consolidated financial statements, the directors describe the measurement process and note 11 "Impairment losses" sets out the significant assumptions and disclosures about the captions which were tested for impairment, including a sensitivity analysis which shows the effects of changes in the key variables used for impairment testing purposes.
Audit procedures performed	Our audit procedures, which we carried out also with the support of the specialists from the Deloitte network, included, inter alia:

- understanding the process adopted to assess the recoverability of trademarks and goodwill, analysing the methods and assumptions used for impairment testing purposes;
- identifying and understanding the Group's relevant controls on this process;
- analysing the report prepared by the appointed expert, assessing, inter alia, the competence, ability and objectivity;
- analysing the reasonableness of the main assumptions underlying the four different criteria used to estimate the fair value of each trademark and the basis of the goodwill impairment test (expected cash flows, WACC discount rate and g-rate growth rates), also by comparing them with macroeconomic and sector data and obtaining information from Management and the expert;
- analysing actual data against the original plans in order to assess the nature of the deviations and the reliability of the plan preparation process;
- checking the mathematical accuracy of the models used to determine the value in use of the CGU and the fair value of trademarks;
- checking the correct calculation of the carrying amount of the CGU;
- examining the sensitivity analysis prepared by Management;
- checking the adequacy of financial statements disclosures and their compliance with IAS 36.

Recoverability of deferred tax assets

Description of the key audit matter	The consolidated financial statements at 31 December 2022 include net deferred tax assets of € 110.6 million, relating to temporary differences between the carrying amounts of the recognised assets and liabilities and their corresponding tax bases for € 71.3 million and to tax losses for € 39.3 million. The Directors have assessed the recoverability of these assets based on the taxable income expected for the period 2023-2027. Given the significant balance and the subjectivity and uncertainty inherent in estimates of future income, we considered the recoverability of the Group's deferred tax assets a key audit matter. Note 13 "Deferred taxes" provides information on deferred tax assets.
Audit procedures performed	Our audit procedures included, inter alia: • understanding the relevant processes and controls implemented by the Group to check the recoverability of deferred tax assets; • examining the deductible temporary differences and the tax losses that resulted in the recognition of deferred tax assets; • analysing the correctness of the tax rates applied and the arithmetic calculation of deferred tax assets;

- analysing the reasonableness of the main assumptions adopted when forecasting the Group's future taxable income for the period 2023-2027, which, in turn, are based on the forecast economic flows;
- checking financial statements disclosures and their compliance with IAS 12.

Estimate of the allowance for inventory write-down	
Description of the key audit matter	The consolidated financial statements at 31 December 2022 include closing inventories of raw materials, semi-finished products and finished goods of approximately € 357.7 million, shown net of an allowance for inventory write-down of approximately € 97.4 million. Management estimated the allowance for inventory write-down considering raw materials based on their use in the production process and, with respect to finished goods, on the basis of the ageing of the collections in stock and their foreseeable absorption through the Group's distribution channels. Given the significant balance of recognised inventories and the importance of the discretionary feature inherent in the estimate of the allowance for inventory write-down, we considered the adequacy of the Group's allowance for inventory write-down a key audit matter. Note 15 “Inventories” provides information about the allowance for inventory write-down.
Audit procedures performed	Our audit procedures included, inter alia: • understanding the relevant procedures and controls implemented by the Group to calculate the allowance for inventory write-down; • checking the completeness and accuracy of the data used by Management to calculate the allowance for inventory write-down and its mathematical accuracy; • analysing, through documentary checks and discussion with the corporate functions involved, the methods and reasonableness of the assumptions used by Management to calculate the allowance for inventory write-down; • checking the adequacy of the disclosures provided in the notes to the consolidated financial statements with respect to the provisions of the applicable reporting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, 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 the 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's 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 consolidated financial statements or, if such disclosures are inadequate, to modify 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.

- Evaluate 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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 communicate 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of TOD'S S.p.A. has appointed us on 3 June 2020 as auditors of the Company for the years from 31 December 2021 to 31 December 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of TOD'S S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on

the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements as at 31 December 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements as at 31 December 2022 have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

Due to certain technical limitations, some information contained in the explanatory notes to the consolidated financial statements, when extracted from XHTML format in an XBRL instance, may not be reproduced in the same way as the corresponding information displayed in the consolidated financial statements in XHTML format.

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of TOD'S S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of TOD'S Group as at 31 December 2022, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of TOD'S Group as at 31 December 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of TOD'S Group as at 31 December 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of TOD'S S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Jessica Lanari
Partner

Ancona, Italy
March 23, 2023

As disclosed by the Directors in the paragraph "General Notes", the accompanying consolidated financial statements of TOD'S S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

TOD'S s.p.a.

TOD'S s.p.a.

TOD'S s.p.a.

TOD'S s.p.a.

Income statement

euro 000's	Notes	Year 22	Year 21
Revenues			
Sales revenues (1)	5.1	651,170	528,150
Other income	5.1	17,541	13,622
Total revenues and income		**668,711**	**541,773**
Operating costs			
Change in inventories of work in progress and finished goods		18,030	(42,717)
Cost of raw materials, supplies and material for consumption		(207,124)	(151,273)
Costs for services	5.2	(212,438)	(163,452)
Costs of use of third party assets	5.3	(27,248)	(19,285)
Personnel costs	5.4	(113,818)	(107,024)
Other operating charges	5.5	(16,695)	(12,184)
Amortisation and depreciation	6-7-8	(44,934)	(44,969)
Write downs/Reversing of assets	9-15	(693)	(590)
Total operating costs		**(604,920)**	**(541,495)**
EBIT		**63,791**	**278**
Financial income and expenses			
Financial income	5.6	40,799	23,009
Financial expenses	5.6	(60,543)	(35,942)
Total financial income (expenses)		**(19,744)**	**(12,932)**
Income (losses) from equity investments	5.7	18,515	(5,973)
Profit before taxes		**62,562**	**(18,627)**
Income taxes	5.8	(4,072)	5,589
Profit for the period		**58,491**	**(13,038)**
Earnings/(loss) per share	24	1.77	(0.39)
Earnings/(loss) per share diluted	24	1.77	(0.39)

Note:

(1) Sales revenues include transactions with Group's entities for 278.8 and 214.5 million euros, respectively, in the FY 2022 and 2021.

Statement of Comprehensive Income

euro 000's	Notes	Year 22	Year 21
Profit/(loss) for the period (A)		**58,491**	**(13,038)**
Other Comprehensive Income(losses) that will be reclassified subsequently to profit and loss:			
Gain/(losses) on derivative financial instruments (cash flow hedge)	16	13,656	(2,368)
Total other Comprehensive/(losses) Income that will be reclassified subsequently to profit and loss (B)		**13,656**	**(2,368)**
Other Comprehensive Income(losses) that will not be reclassified subsequently to profit and loss:			
Cumulated actuarial gains/(losses) on defined benefit plans	20	925	(132)
Total other Comprehensive Income/(losses) that will not be reclassified subsequently to profit and loss (C)		**925**	**(132)**
Total Comprehensive Income/(losses) (A)+(B)+(C)		**73,072**	**(15,539)**

Statement of Financial Position

euro 000's	Notes	12.31.22	12.31.21
Non current assets			
Right of use assets			
Right of use assets	6	177,255	131,612
Total right of use assets		**177,255**	**131,612**
Intangible fixed assets			
Assets with indefinite useful life	7	139,219	139,219
Others	7	26,072	25,324
Total intangible fixed assets		**165,291**	**164,543**
Tangible fixed assets			
Buildings and land	8	52,230	53,656
Plant and machinery	8	8,558	8,567
Equipment	8	8,354	8,283
Leasehold improvement	8	5,558	7,945
Others	8	7,624	6,786
Total property, plant and equipment		**82,324**	**85,236**
Other assets			
Investments properties	10	5	8
Investments in subsidiaries	11	510,361	509,238
Deferred tax assets	12	62,412	69,756
Others	13	17,168	7,236
Derivative financial instruments	16	6,472	
Total other assets		**596,417**	**586,238**
Total non-current assets		**1,021,288**	**967,630**
Current assets			
Inventories	14	226,514	193,450
Trade receivables (1)	15	203,225	159,633
Tax receivables	15	9,671	9,056
Derivative financial instruments	16	9,563	52
Others	15	62,004	61,347
Cash and cash equivalents	17	71,440	112,259
Total current assets		**582,418**	**535,797**
Total assets		**1,603,706**	**1,503,426**

Note:

(1) Trade receivables include receivables from Group's entities for 143.0 and 106.3 million euros, respectively, at 31 December 2022 and 31 December 2021.

euro 000's	Notes	12.31.22	12.31.21
Shareholders' equity			
Share capital	18	66,187	66,187
Capital reserves	18	416,507	416,507
Hedging reserve	18	11,948	(1,709)
Other reserves	18	346,378	358,490
Profit/(Loss) for the period	18	58,491	(13,038)
Shareholders' equity		**899,510**	**826,438**
Non-current liabilities			
Provisions for risks	19	7,496	3,429
Employee benefits	20	9,788	9,495
Non-current borrowings	21	148,897	228,149
Non-current lease liabilities	6	159,731	116,995
Others	22	24,568	19,984
Total non-current liabilities		**350,480**	**378,051**
Current liabilities			
Trade payables (2)	23	167,494	143,181
Tax payables	23	8,689	12,660
Derivative financial instruments	16	836	6,386
Others	23	71,062	71,334
Current borrowings	21	79,268	39,434
Current lease liabilities	6	25,767	23,658
Provisions for risks	19	600	2,284
Total current liabilities		**353,716**	**298,938**
Total Shareholders' equity and liabilities		**1,603,706**	**1,503,426**

Note:

(2) Trade payables include payables to Group's entities for 31.8 and 38.9 million euros, respectively, at 31 December 2022 and 31 December 2021.

Statement of Cash Flows

euro 000's	Notes	12.31.22	12.31.21
Profit/(Loss) for the period		**58,491**	**(13,038)**
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:			
Amortizat., deprec., revaluat., and write-downs	6-7-8-9-14-15	40,220	55,570
Other non monetary expenses/(income)	16-18-19	3,323	17,476
Income taxes for the period	5.8	4,072	(5,589)
Changes in operating assets and liabilities:			
Trade receivables	15	(43,876)	8,213
Inventories	14	(23,577)	39,213
Tax receivables and tax payables	15-23	2,537	2,968
Trade payables	23	24,312	34,142
Other assets and liabilities	15-23	1,455	(1,001)
Change in reserve for employee	20	(660)	(704)
Cash flows from operating activities		**66,296**	**137,249**
Interests (paid)/collected		(5,307)	(6,301)
Interests (paid) on lease liabilities		(4,952)	(4,914)
Income taxes (paid)/refunded		(1,251)	(1,251)
Net cash flows from operating activities (A)		**54,786**	**124,783**
Acquisitions of intangible and tangible fixed assets	7-8	(19,424)	(20,622)
Transfers of intangible and tangible fixed assets	7-8	412	963
(Increase) decrease from mergers			1,951
(Increase) decrease of equity investments	11	(2,359)	(65,329)
Reduction (increase) of other non-current assets	13	58	1,032
Cash flows generated (used) in investing activities (B)		**(21,312)**	**(82,005)**
Loans to subsidiaries	13-15	(9,044)	5,741
Repayments of lease liabilities	6	(25,249)	(21,457)
Repayments of financial liabilities	21	(40,000)	(417,292)
Proceeds from financial liabilities	21		250,000
Cash flows generated (used) in financing (C)		**(74,292)**	**(183,008)**
Translation differences (D)			
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)		**(40,819)**	**(140,230)**
Cash flow from assets held for sale (F)			
Cash flows generated (used) (G)=(E)+(F)		**(40,819)**	**(140,230)**
Net cash and cash equivalents at the beginning of the period		112,259	252,488
Net cash and cash equivalents at the end of the period		71,440	112,259
Change in net cash and cash equivalents		**(40,819)**	**(140,230)**

Statement of Changes in Equity

Year 2022 euro 000's	Share capital	Capital reserves	Hedging reserve	Retained earnings	Total
Balances as of 01.01.22	**66,187**	**416,507**	**(1,709)**	**345,452**	**826,438**
Profit & Loss account				58,491	58,491
Directly in equity			13,656	925	14,582
Total Comprehensive Income			**13,656**	**59,416**	**73,072**
Dividends					
Capital increase					
Share based payments					
Other (1)					
Balances as of 12.31.22	**66,187**	**416,507**	**11,948**	**404,868**	**899,510**

Year 2021 euro 000's	Share capital	Capital reserves	Hedging reserve	Retained earnings	Total
Balances as of 01.01.21	**66,187**	**416,507**	**660**	**359,055**	**842,409**
Profit & Loss account				(13,038)	(13,038)
Directly in equity			(2,368)	(132)	(2,500)
Total Comprehensive Income			**(2,368)**	**(13,170)**	**(15,539)**
Dividends					
Capital increase					
Share based payments					
Other				(433)	(433)
Balances as of 12.31.21	**66,187**	**416,507**	**(1,709)**	**345,452**	**826,438**

TOD'S s.p.a.

TOD'S s.p.a.

1. General notes

The parent company TOD'S S.p.A., registered office in Sant'Elpidio a Mare (Fermo) at Via Filippo Della Valle 1, is listed on Mercato Telematico Azionario (MTA) of Borsa Italiana S.p.A..

At 31 December 2022, TOD'S S.p.A. share capital is owned (for 50.291%) by DI.VI. FINANZIARIA DI DIEGO DELLA VALLE & C. S.r.l..

The Separate financial statements at 31 December 2022 have been prepared by the Board of Directors of TOD'S S.p.A. on 13 March 2023 for the approval of the shareholders meeting on 19 April 2023 and are subject to Deloitte & Touche S.p.A. audit. Please note that this version of the separate financial statements of TOD'S S.p.A. constitutes an additional non-official version and that it is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815 ("ESEF Regulation").

2. Basis of preparation

The Separate Financial Statements were prepared in accordance with IAS/IFRS (International Accounting Standards – IAS, and International Financial Reporting Standards – IFRS) issued by IASB, based on the text published on the Official Journal of the European Union (OJEU) IAS/IFRS refer also to all revised International Accounting Standards (IAS) and all interpretative documents issued by the IFRIC (International Financial Reporting Interpretations Committee), previously nominated Standing Interpretations Committee (SIC).

The related explanatory notes have been supplemented with the additional information required by CONSOB and the measures issued by it in implementation of Art. 9 of Legislative Decree no. 38/2005 (Resolutions 15519 and 15520 of 27 July 2006 and Communication DEM/6064293 of 28 July 2006, pursuant to Article 114, paragraph 5 of the Consolidated Law on Finance), Article 78 of the Issuers' Regulations, the EC document of November 2003 and, where applicable, the Italian Civil Code. Consistently with the financial statements for the previous year, certain information is provided in the Management Report on Operations.

The Separate Financial Statements has been prepared on the going concern basis, and include the statement of financial position, the income statement, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and related explanatory notes.

The Separate Financial Statements is prepared in euro currency.

For presentation of its operating income, the Company adopted the presentation of the profit and loss by nature. Operating income, also known as EBIT (earnings before interest and taxes), is reported in the income statement as an interim result and, together with EBITDA, is deemed to be a representative indicator of the Company's performance. EBITDA is in any case provided in the Management Report on Operations for a more complete understanding of economic performance.

In addition, the statement of comprehensive income has been prepared, which includes transactions that are outside the income statement but produce their effects directly to equity. Transactions represented in the statement of comprehensive income are net of tax effects.
The statement of financial position shows current items, for which it is supposed that they will be realised or closed during the normal operating cycle, separately from non-current items (both assets and liabilities). The financial statements schemes, joined with both report on operations and supplementary notes, are considered to be those that provide the best organised representation of the Company's financial position and income. In case, for the application of a new accounting standards, there is a change in the nature of the operations or re-examination of the financial statements and it is necessary or more appropriate to modify some figures to provide a clearer information to the stakeholders, the comparative figures will be reclassified in order to improve the comparability of the information between the years. In such a case, if significant, appropriate information in the notes to the separate financial statements will be provided.
Pursuant to art. 3 of Consob Resolution no. 18079 of 20 January 2012, notice is hereby given that the Company avails itself of the waiver provided for in articles 70, paragraph 8, and 71, paragraph 1-bis, of Consob Reg. no. 11971/99 (and subsequent amendments and additions) with reference to making available to the public at the registered office the documentation relating to mergers, spin-offs, capital increases, acquisitions and disposals.

3. Evaluation methods and accounting standards

The accounting standards applied to the preparation of the Separate Financial Statements are consistent with those applied to the preparation of the Separate Financial Statements at 31 December 2021, except for the information reported below in relation to any amendments, interpretations and new accounting standards applicable from 1 January 2022.

Accounting standards, amendments and interpretations endorsed by the European Union, applicable from 1 January, 2022, which were applied on first-time adoption in the TOD'S S.p.A. financial statements at 31 December 2022

On 14 May 2020, the IASB published the following amendments entitled:
- Amendments to IFRS 3 Business Combinations: the purpose of these amendments is to update the reference to the Conceptual Framework in revised version of IFRS 3, without this entailing amendments to the standard.
- Amendments to IAS 16 Property, Plant and Equipment: the purpose of these amendments is not to allow any deduction of the amount received from the sale of goods produced during the testing

phase of the asset itself from the cost of tangible assets. Therefore, these revenues from sales and related costs shall be recognised in the income statement.
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets: the amendment clarifies that the assessment of whether a contract is onerous should include all costs that are directly attributable to the contract itself. Accordingly, the assessment of whether a contract is onerous includes incremental costs (such as, for example, the cost of direct material used in the work), as well as any costs that the entity cannot avoid because it has entered into the contract (such as, for example, depreciation of machinery used to perform the contract).
- Annual Improvements 2018-2020: the amendments were made to IFRS 1 - First-time Adoption of International Financial Reporting Standards, as well as to IFRS 9 - Financial Instruments, IAS 41 - Agriculture and to the Illustrative Examples of IFRS 16 - Leases.
The adoption of these amendments did not have any impact on the Company's financial statements.

Accounting standards, amendments and interpretations endorsed by the European Union, applicable from 1 January 2023, and not early adopted by the Company

- On 12 February 2021, the IASB published two amendments entitled "Disclosure of Accounting Policies-Amendments to IAS 1 and IFRS Practice Statement 2" and "Definition of Accounting Estimates-Amendments to IAS 8". The changes are intended to improve disclosure on accounting policies to provide more useful information to investors and other primary users of financial statements, and to help companies distinguish between changes in accounting estimates and changes in accounting policies. The amendments will apply from 1 January 2023, with early adoption permitted. The Directors are currently evaluating the possible effects of the introduction of these amendments on the Company's financial statements.

- On 7 May 2021 the IASB published an amendment called "Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction". The document clarifies how deferred taxes should be accounted for on certain transactions that can generate assets and liabilities of equal amounts, such as leases and decommissioning obligations. The amendments will apply from 1 January 2023, with early adoption permitted. The Directors are currently evaluating the possible effects of the introduction of this amendment on the Company's financial statements.

Accounting standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union

- On 23 January 2020 the IASB published "Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" and on 31 October 2022 published an amendment entitled "Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants". The purpose of the documents is to clarify how to classify payables and other liabilities among short- or long-term items. The amendments will become applicable from 1 January 2024, with early adoption permitted. The Directors are currently evaluating the possible effects of the introduction of this amendment on the Company's financial statements.

- On 22 September 2022 the IASB published an amendment called "Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback". The document requires the seller-lessee to measure the lease liability arising from a sale and leaseback transaction so as not to recognise an income or loss that relates to the retained right of use. The amendments will apply from 1 January 2024, with early adoption permitted. The Directors do not expect a material effect on the Company's financial statements from the adoption of this amendment.

The principles listed in this paragraph are not applicable because they have not been endorsed by the European Union, which, during the endorsement process, may or may not partially endorse these standards.

3.1 Use of estimates. Preparation of the financial statements and notes in conformity with IFRS requires that management make judgements, estimates and assumptions which impact on the values reported for assets and liabilities, as well as disclosures relating to contingent assets and liabilities at the balance sheet date and on the values of revenues and expenses reported on the current period.

The estimates and assumptions used are based on elements known at the date of preparation of the financial statements, on historical experience and on other elements that may be considered relevant. Also in light of the current economic and financial context, characterised by a climate of uncertainty, the management has updated its estimates and assumptions, compared to the financial statements as at 31 December 2021, mainly in relation to the assessment of the recoverable amount of goodwill and other assets with an indefinite useful life (proprietary brands), the bad debt provision, the inventory provision, the recoverability of prepaid taxes, right-of-use assets and related financial liabilities.

With particular regard to the risks arising from climate change, it should be noted that the Company conducts periodic assessments of the potential impacts these risks may have on the Company's development, performance and positioning.

The results of the assessment process carried out within the framework of the risk management system and the materiality analysis process conducted for the purpose of preparing the consolidated non-financial statement (to which reference should be made for further details) confirmed that, given the nature of the Company's business model and the evolution of the external context, in the absence of adequate controls climate change could have a non-negligible effect, affecting, for example, the operational continuity of logistics and production sites, the seasonality of collections, changes in customers' purchasing preferences, the availability of raw materials and the need to implement monitoring and control measures to meet the new requirements imposed by the regulator for the containment of greenhouse gases.

For this reason, the Company has undertaken initiatives and investments to reduce consumption and improve the energy efficiency of the Company's management and operating sites with effects on the reduction of related atmospheric emissions (please refer to the Consolidated Non-Financial Statement for a complete description) and will continue to proactively consider the adoption of innovative methodologies useful for the correct assessment of the financial impacts that the risks and opportunities arising from climate change may have in the short, medium and long term, as well as the development of strategies aimed at managing these impacts.

At present, there are no items with impacts on accounting items nor impairment triggers to be considered. In particular, the Company examined, without finding any critical issues, possible: *i)* impacts on the expected useful life of non-current assets and the estimated residual values in accordance with IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"; *ii)* impairment indicators, in accordance with IAS 36 "Impairment of Assets", due to climate risk or implementation measures resulting from the Company's sustainability plan commitments *iii)* impacts on the recoverability of inventories in relation to compliance with new policies or for non-compliance with regulations in force; *iv)* liabilities, consistent with the requirements of IAS 37 "Provisions, Contingent Liabilities and Contingent Assets", for potential litigation, environmental damage, additional taxes or penalties related to environmental requirements, contracts that may become onerous or restructuring to achieve climate-related objectives. The Company, given the continuous evolution and relevance of the topic, will continue to monitor these possible risks.

In relation to the Russia-Ukraine conflict, the direct impacts suffered during the year are not significant, since the Group is not present with direct shops in these countries and its presence through the indirect channel is also very limited. In particular, the Group's total exposure to these

two countries, measured in 2021, before the outbreak of the conflict, was less than 1% of consolidated revenues. Again, the Company assessed the possible impacts of the consequences of the conflict, also taking into account indirect ones (increase in energy costs, inflation in the main international markets, increase in interest rates), without finding any critical issues, also with reference to the valuation of balance sheet items. In addition, it should be noted that the Company also took these indirect effects into account when performing the impairment test, to which Note 9 should be referred for details.

3.2 Transactions in foreign currency. The functional currency (the currency of the principal economic area where the company operates) used to present the financial statements is the euro. Foreign currency transactions are translated into the functional currency by applying the exchange rate in effect at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the date of the financial statements are translated by using the exchange rate in effect at the closing date. Non-monetary assets and liabilities are valued at their historical cost in foreign currency and translated by using the exchange rate in effect at the transaction date.
The foreign exchange differences arising upon settlement of these transactions or translation of cash assets and liabilities are recognised in the income statement.

3.3 Derivative financial instruments. The fundamental characteristics of the derivative financial instruments are set out in the paragraph on Financial Assets and in the paragraph on Loans. The Company uses derivative financial instruments (mainly currency forward contracts) to hedge the risks stemming from foreign exchange exposure deriving from its operating activity and to hedge interest rate risks on loans, without any speculative or trading purposes, and consistently with the strategic policies of cash management dictated by the Board of Directors.
When derivative transactions refer to a risk connected with the variability of forecast transaction cash flow, they are recognised according to the rules for cash flow hedge until the transaction is recorded on the books.
Applying IFRS 9, derivatives financial instruments are accounted in accordance with the hedge accounting method which envisages posting derivatives in the balance sheet at their fair value. Posting of the changes in fair value varies according to the type of hedging at the valuation date:

- for derivatives that hedge forecast transactions (i.e. cash flow hedge), the changes are recognised in the other comprehensive income, while the portion for the ineffective amount is recognised in the income statement, under financial income and expenses; differences in fair value already recognised on specific reserves are booked in profit and loss, adjusting operating margins, once hedged items (trade receivables/payables) have been already recognised. For

hedging derivatives related to interest rate risks on loans, the change in fair value, already recognised in the cash flow hedge reserve, are booked in profit and loss, adjusting financial income/charges once hedged items (financial receivables/liabilities) have been already recognised;

- for derivatives that hedge receivables and payables recognised in the balance sheet (i.e. fair value hedge), the fair value differences are recognised entirely in the income statement, under financial income and expenses. Furthermore, the value of the hedged item (receivables/payables) is adjusted for the change in value attributable to the hedged risk, using the item financial income and expenses as a contra-entry.

The criteria established by IFRS 9 for a hedging relationship to qualify for hedge accounting are the following:

d) the hedging relationship consists solely of both hedging instruments and hedged items that comply with the provisions of IFRS 9;

e) at the beginning of the hedging relationship there is a formal designation and documentation of the same hedging relationship together with the objectives and risk management strategies underlying the hedge;

f) the hedging relationship complies with the provisions of IFRS 9 regarding the effectiveness of the hedge.

3.4 Right-of-use assets.

The asset for the right to use leased assets is initially measured at cost, and then depreciated over the term of the lease. The cost includes:

- the initial amount of the lease liabilities;
- the incentives received on the basis of the leasing contract;
- the initial direct costs incurred by the lessee, including any sums paid for obtaining the availability of the commercial spaces in which part of the network of directly managed points of sale operates;
- an estimate of the costs that will be incurred by the lessee for the restoration of the leased asset to the conditions existing prior to the lease, based on the forecasts of the lease contract.

The amortisation of right-of-use assets is applied on the basis of the provisions of IAS16.

3.5 Intangible fixed assets.

i. Goodwill. All business combinations are recognised by applying the acquisition method. Goodwill is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interests over the net amounts of the identifiable assets acquired and

liabilities assumed pursuant to the acquisition. If the excess is negative, it is immediately recognised in the income statement.

For acquisitions prior to 1 January 2005, the date of transition to IAS/IFRS, goodwill retained the values recognised on the basis of the previous Italian GAAP, net of accumulated amortisation up to the transition date.

Goodwill is recognised in the financial statements at its cost adjusted for impairment losses. It is not subject to amortisation, but the adequacy of the values is annually subjected to the impairment test, in accordance with the rules set forth in the section Impairment losses.

ii. **Trademarks.** These are recognised according to the value of their cost and/or acquisition, net of accumulated amortisation at the date of transition to IAS/IFRS. Trademarks TOD'S, HOGAN and FAY are classified as intangible fixed assets with an indefinite useful life and thus are not amortised, insofar as:

- they play a primary role in company strategy and are an essential driver thereof;
- the corporate structure, construed as organised property, plant, and equipment, and organisation itself in a figurative sense, is closely correlated with and dependent on dissemination and development of the trademarks on the markets;
- the Brands are owned and properly registered and constantly protected from a legislative point of view, with options for the renewal of the legal protection on expiry of the registration period which are not onerous, easy to implement and have no external impediments;
- the products sold by the company with these trademarks are not subject to particular technological obsolescence, which is characteristic of the luxury market in which the company operates; on the contrary, they are consistently perceived by the market as being innovative and trendy, to the point of being models for imitation or inspiration;
- in the national and/or international context characteristic of each trademark, they are distinguished by market positioning and notoriety that ensures their dominance of the respective market segments, being constantly associated and compared with benchmark brands;
- in the relative competitive context, it can be affirmed that the investments made for maintenance of the trademarks are proportionately modest with respect to the large forecast cash flows.

The adequacy of the values is annually subjected to the impairment test, in accordance with the rules set forth in the section Impairment losses.

iii. **Research and development costs.** The research costs for a project are charged fully to the income statement of the period in which they are incurred.

The development costs of an asset are instead capitalised if the technical and commercial

feasibility of the relative asset and economic return on the investment are certain and definite, and the company has the intention and resources necessary to complete the development.
The capitalised costs include the costs for materials, labour, and an adequate portion of indirect costs. They are recognised at cost, net of accumulated amortisation and depreciation (see below) and impairment losses.

iv. **Other intangible fixed assets.** These are identifiable non-monetary intangible assets under the control of the company and capable of causing the company to realise future economic benefits.
They are initially recognised at their purchase cost, including expenses that are directly attributable to them during preparation of the asset for its intended purpose or production, if the conditions for capitalisation of expenses incurred for internally generated expenses are satisfied.
The cost method is used for determining the value reported on subsequent statements, which entails posting the asset at its cost net of accumulated amortisation and write-downs for impairment losses.

v. **Subsequent capitalisations.** The costs incurred for these intangible fixed assets after purchase are capitalised only to the extent that they increase the future economic benefits of the specific asset they refer to. All the other costs are charged to the income statement in the fiscal year in which they are incurred.

vi. **Amortisation.** Intangible fixed assets (excluding those with an indefinite useful life) are amortised on a straight-line basis over the period of their estimated useful life, starting from the time the assets are available for use.

3.6 Tangible fixed assets and Investments properties.

i. **Property, plant, and equipment owned by the company.** They are first recognised at their purchase cost or at the cost recalculated at the date of transition to IFRS, including any directly attributable ancillary expenses.
Following first-time recognition, these assets are reported net of their accumulated depreciation and impairment losses (i.e. in accordance with the Cost Model).
For those assets whose depreciation must be calculated using the component approach, the portions of cost allocable to the individual significant components characterised by a different useful life are determined. In this case, the value of land and buildings is kept separate, with only buildings being depreciated.

ii. **Subsequent capitalisations.** The costs incurred for property, plant, and equipment after purchase are capitalised only to the extent that they increase the future economic benefits of the asset. All the other costs are charged to the income statement in the fiscal year in which they are incurred.

iii. Investments properties. Real estate investments are originally recognised at cost, and then recognised at their cost as adjusted for accumulated depreciation and impairment losses.
Depreciation is calculated on a systematic, straight-line basis according to the estimated useful life of the buildings.
iv. Depreciation. Property, plant, and equipment were systematically depreciated at a steady rate according to the depreciation schedules defined on the basis of their estimated useful life. Land is not depreciated. The principal depreciation rates applied are as follows:

	% depreciation
Industrial buildings	3%
Machinery and plant	12.5%
Equipments	25.0%
Forms and punches, clichés, molds and stamp	25.0%
Furniture and furnishings	12.0%
Office machines	20.0%
Car and transport vehicles	20%-25%

The photovoltaic system is depreciated over a period of twenty years.
The costs for leasehold improvements, which mainly include the costs incurred for set up and modernization of the DOS network and all the other real estate that is not owned but used by the company (and thus instrumental to its activity) are depreciated according to the term of the lease agreement or the useful life of the asset, if this is shorter.

3.7 Impairment losses. In the presence of indicators, events, or changes in circumstances that presume the existence of impairment losses, IAS 36 envisages subjecting intangible fixed assets and property, plant and equipment to the impairment test in order to assure that assets with a value higher than the recoverable value are not recognised on the financial statements.
This test is performed at least once annually for non-current assets with an indefinite life in the same way as that used for non-current assets that have not yet been placed in service.
Confirmation of the recoverability of the values recognised in the balance sheet is obtained by comparing the book value at the reference date and the fair value less costs to sale (if available) or value in use. The value in use of a tangible or intangible fixed asset is determined according to the estimated future financial flows expected from the asset, as discounted through use of a rate net of taxes, which reflects the current market value of the present value of the cash and risks related to Group's activity.
If it is not possible to estimate an independent financial flow for an individual asset, the cash generating unit to which the asset belongs and with which it is possible to associate future cash

flows that can be objectively determined and independent from those generated by other operating units is identified. Identification of the cash generating units was carried out consistently with the organisational and operating architecture of the Group.

If the impairment test reveals an impairment loss for an asset, its book value is reduced to the recoverable value by posting a charge in the income statement.

When the reasons for a write-down cease to exist, the book value of the asset (or the cash generating unit), with the exception of goodwill, is increased to the new value resulting from the estimate of its recoverable value, but not beyond the net book value that the asset would have had if the impairment loss had not been charged. The restored value is recognised immediately in the income statement.

Right-of-use assets are tested for impairment according to the provisions of IAS 36.

3.8 Investments in subsidiaries and associated companies. The investments in subsidiaries, joint ventures, and associated companies that are not classified as held for sale in compliance with IFRS 5 are recognised at their historic cost. The value recognised on the financial statements is subjected to the impairment test, in case of trigger events, as envisaged by IAS 36, and adjusted for any impairment losses; the write-off are reversed in case the conditions determining the adjustment no longer exists or has decreased.

3.9 Financial assets. Financial assets are recognised in the financial statements from the moment in which the Company acquires the legal right to realise the cash flows arising from these assets based on contractual provisions. Financial assets are eliminated from the assets of the balance sheet if and only if the contractual right to obtain the cash flows from the same assets has expired or if these financial assets have been transferred and this transfer meets the requirements of IFRS 9 for elimination from the balance sheet. Financial assets are initially recognised at fair value, which generally correspond with the initial transaction price, net of transaction costs that are directly attributable to the acquisition or issue of the same financial asset.

Following the initial registration, financial assets are recognised according to one of the following methods:

a) amortised cost;

b) fair value with related changes booked to the other comprehensive income;

c) fair value with related changes recognised in the income statement.

In application of the provisions of IFRS 9 regarding the classification and therefore taking into account the Group's business model and the characteristics of the cash flows contractually provided, it should be noted that the Company does not hold financial assets as per points b) and

c) of which above except for what has already been commented previously on derivative financial instruments.

The financial assets are subject to the impairment procedure envisaged by IFRS 9 in order to reflect the expected losses arising from the same financial assets.

3.10 Inventories. These are recognised at the lower of purchase cost and their estimated disposal value. The net disposal value represents the best estimate of the net sales price that can be realised through ordinary business processes, net of any production costs not yet incurred and direct sales costs.

The cost of inventories is based on the weighted average cost method. The production cost is determined by including all costs that are directly allocable to the products, regarding – for work in progress and/or semi-finished products – the specific stage of the process that has been reached. The values that are thus obtained do not differ appreciably from the current production costs referring to the same classes of assets. A special depreciation reserve is set aside for the portion of inventories that are no longer considered economically usable, or with a presumed disposal value that is less than the cost recognised on the financial statements.

3.11 Trade receivables and other receivables. They are initially recognised at fair value, which generally coincides with the initial transaction price, net of transaction costs that are directly attributable to the acquisition or issue of the asset.

Following the initial recognition, they are valued at amortised cost using the effective interest method. In application of IFRS 9, they are subjected to the impairment procedure in order to reflect the expected losses arising from the same receivables by adjusting the entry value with a specific provision for bad debts thus determined:

- receivables under litigation, with certain and precise evidence documenting the impossibility of collecting them, have been analytically identified and then written-down;
- for other bad debts, prudent allowances for write-downs have been set aside, estimated on the basis of information updated at the date of this document, also taking into account the expected losses over the life of the receivable.

3.12 Cash and cash equivalents. This includes cash on hand, bank demand deposits, and financial investments with a maturity of no more than three months. These assets are highly liquid, easily convertible into cash, and subject to a negligible risk of change in value.

3.13 Assets and liabilities held for sale. Non-current assets (or disposal groups) are classified as available for sale when their carrying amount is recovered through a sale transaction rather than

through continuing use. They are not depreciated and are measured at the lower of carrying amount and fair value, less costs to sell. Assets available for sale and related liabilities are presented separately from other assets and liabilities in the statement of financial position.

3.14 Reserve for employee. Employee benefits include (i) short-term employee benefits such as wages, salaries and related social security contributions, accrued but not yet paid, paid annual leave and paid sick leave, etc.; (ii) post-employment benefits, such as pensions or retirement benefits; (iii) other long-term benefits; and (iv) termination benefits.

Short-term benefits are recognised periodically on an accruals basis and are made up of liabilities to employees that have not been settled by the reporting date.

Post-employment benefits are divided into 2 categories:

iv. Defined contribution plans. The payments for eventual defined contribution plans are charged to the income statement in the period that they are owed.

v. Defined benefit plans. The costs of defined benefit plans are calculated using the Projected Unit Credit Method, carrying out the actuarial measurements at the end of each financial year. Past service costs are recognised immediately to the extent that these benefits have already accrued; otherwise they are amortised on a straight-line basis within the average period within which the benefits are expected to accrue. The financial costs that have accrued on the basis of the annual discounting rate are recognised in the income statement immediately. Actuarial gains and losses are recognised through other changes in comprehensive income under the specific equity item.

Liabilities for post-employment benefits recognised in the financial statements represent the present value of liabilities for defined benefit plans. On the other hand, there are no other long-term employee benefits or termination benefits in the financial statements.

vi. Share based payments. The payments based on shares are assessed at their fair value on the assignment date. This value is recognised in the income statement on a straight-line basis throughout the period of accrual of the rights. This allocation is made on the basis of a management estimate of the stock options that will actually accrue in favour of vested employees, considering the conditions for use thereof. The fair value is determined by using the binomial method. No share based payments result in the current consolidated financial statements.

3.15 Lease Liabilities.

These are measured at the present value of fixed lease payments not yet made as at the date of inception of the lease, as discounted using the lessee's incremental borrowing rate. Liabilities for leased assets are subsequently increased by the interest that accrues on these liabilities and

decreased in correlation with the lease payments. Furthermore, lease liabilities may record an increase or decrease in value in order to reflect reassessments or lease modifications of future lease payments that are made after the initial date.

3.16 Financial liabilities.

Bank overdrafts and financing. Interest-bearing financing and bank overdrafts are initially recognised at fair value, net of transaction costs, and subsequently valued at amortised cost, using the effective interest method.

3.17 Payables.

Trade payables and other payables. These are measured at amortised cost which generally correspond to their nominal value.

3.18 Provisions for risks. These are certain or probable liabilities that have not been determined at the date they occurred and in the amount of the economic resources to be used for fulfilling the obligation, but which can nonetheless be reliably estimated. They are recognised in the balance sheet in the event of an existing obligation, legal or constructive, resulting from a past event, and it is likely that the company will be asked to satisfy the obligation.

If the effect is significant, and the date of the presumed discharge of the obligation can be estimated with sufficient reliability, the provisions are recognised in the balance sheet discounting future cash flows.

The provisions that can be reasonably expected to be discharged twelve months after the reference date are classified in the financial statements under non-current liabilities. Instead, the provisions for which the use of resources capable of generating economic benefits is expected to take place in less than twelve months after the reference date are recognised as current liabilities.

Provisions for risks and charges include an estimate of the costs that the lessee will incur to restore the leased assets to the initial conditions existing at the time the lease agreement is entered into, according to the contract provisions laid down therein.

3.19 Share Capital.

i. **Share Capital.** The total value of shares issued by the company is recognised entirely under shareholders' equity, as they are the instruments representing its capital.

ii. **Treasury stock.** The consideration paid for buy-back of share capital (treasury stock), including the expenses directly related to the transaction, is subtracted from shareholders' equity.

3.20 Dividends. The allocation of dividends to persons possessing instruments representing share capital after the reference date of the financial statements is not recognised under financial liabilities on the same reference date.

3.21 Revenues recognition.

Revenues are recognised in the income statement when the contractual obligation relating to the transfer of goods or services has been satisfied. An asset is considered transferred to the end customer when the latter obtains control over the asset itself. With reference to the main transactions realised by the Company, revenues are recognised on the basis of the following principles:

i. **Sales of goods – retail.** The Company operates in the retail channel through its DOS network. Revenues are recognised when the goods are delivered to customers. Sales are usually collected in the form of cash or through credit cards.

ii. **Sales of goods – wholesale.** The Company distributes products on the wholesale market. With regard to this type of transaction, there is a single performance obligation. Specifically, the related revenues are accounted for at the point in time when the customer obtains control of the goods shipped (at a point in time) and taking into account the estimated effects of year-end returns. The representation of the liability for returns to be received in the consolidated statement of financial position envisages an express debt repayment of the returns (contract liability) and an asset, among the Inventories, expressing the right to recover the products for returns (contract assets).

iii. **Provision of services.** These revenues are accounted for in proportion to the stage of completion of the service rendered at the reference date and in accordance with contractual provisions.

iv. **Royalties.** Royalties in connection with the licensing of the sale of products (sales-based royalties) or the use of certain assets (usage-based royalties) are recognised in the financial statements when the aforementioned sale or use has occurred or, if later, when the obligation to which the royalty refers has been satisfied.

3.22 Financial income and expenses. These include all financial items recognised in the income statement for the period, including interest expenses accrued on financial payables calculated by using the effective interest method (mainly current account overdrafts, medium-long term financing), foreign exchange gains and losses, gains and losses on derivative financial instruments (according to the previously defined accounting principles), received dividends, the portion of interest expenses deriving from accounting treatment of assets held under finance leasing (IFRS

16) and employee reserves (IAS 19).
Interest income and expenses are recognised in the income statement for the period in which they are realised/incurred, with the exception of capitalised expenses (IAS 23).
Dividend income contributes to the result for the period in which the company accrues the right to receive the payment.

3.23 Income taxes. The income taxes for the period include determination both of current taxes and deferred taxes. They are recognised entirely in the income statement and included in the result for the period, unless they are generated by transactions recognised directly to shareholders' equity during the current or another period. In this case, the relative deferred tax liabilities are also recognised under shareholders' equity.
Current taxes on taxable income for the period represent the tax burden determined by using the tax rates in effect at the reference date, and any adjustments to the tax payables calculated during previous periods.
Deferred tax liabilities refer to the temporary differences between the book values of assets and liabilities and the associated values relevant for determination of taxable income. For all temporary taxable differences, the tax liability is recognised, with the exception of liabilities deriving from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, does not influence either the income (loss) reported in the financial statements or taxable income (tax loss). Deferred tax assets and liabilities are compensated if and only if there is an executive right to compensate the related current taxes and if deferred tax assets and liabilities are related to income taxes applied by the same tax authority.
Deferred tax assets deriving from temporary deductible differences are recognised in the financial statements only to the extent that it is likely that taxable income will be realised for which the temporary deductible difference can be used. No recognition is posted in case the difference between the carrying amounts and the tax bases relate to goodwill arising from business combinations.
The taxes in question (deferred tax assets and liabilities) are determined on the basis of a forecast of the assumed percentage weight of the taxes on the income of the fiscal years in which the taxes will occur, taking into account the specific nature of taxability and deductibility. The effect of change in tax rates is recognised in the income statement of the fiscal year in which this change takes place.
Tax provisions that could be generated from transfers of non-distributable profits from subsidiaries are recognised only when there is a real intention to transfer such profits.

3.24 Statement of cash flows. The statement of cash flows is drafted using the "indirect" method. The net financial flows of operating activity are determined by adjusting the result for the period of the effects deriving from change to net operating working capital, non-monetary items, and all the other effects connected with investment and financing activities. Net cash and cash equivalents are made up cash and cash equivalents net of bank overdrafts.

4. Management of financial risks

The company has implemented a system for monitoring its financial risks in accordance with the guidelines set out in the Corporate Governance Code of Listed Companies. As part of this policy, the financial risks connected with its operations are constantly monitored in order to assess their potential negative impact and undertake appropriate action to mitigate them. The following is an analysis of the risks in question, highlighting the level of exposure, also in light of the uncertainty that characterises the current global economic and social context. With regard to market risks, a sensitivity analysis is performed in order to quantify the potential impact on the final results of hypothetical fluctuations in benchmarks.

i. Credit risk

Credit risk represents the exposure to potential losses stemming from failure to discharge obligations towards trading counterparties.

The Company generates its revenues through three main channels: Group Companies (directly operated store network and on line), franchisees and customers (multi-brand). There is practically no credit risk on receivables from the Group, since all the entities belonging to the TOD'S Group are wholly owned by the Group.

As regards receivables from independent customers (franchisees and wholesale), the Company adopts a hedging policy designed to streamline credit management and reduce the associated risk. According to the company practice, in granting credit to customers the creditworthiness of all customers, both long-standing and potential ones, is periodically analysed in order to monitor and prevent possible solvency crises. The table below shows the ageing of trade receivables from third parties (thus excluding intercompany positions) outstanding at 31 December 2022, including the related provision for bad debts.

euro 000's		Overdue			
Year 2022	Current	0>60	60>120	Over	Total
Third Parties	50,022	8,369	2,828	2,041	63,259

euro 000's		Overdue			
Year 2021	Current	0>60	60>120	Over	Total
Third Parties	44,435	4,819	1,937	2,466	53,657

As can be seen from the table above, in the current economic and financial environment characterised by significant uncertainty and, albeit with a lesser impact, by the continuation of the pandemic caused by the coronavirus, the Company has not seen any significant change in its exposure in terms of the riskiness of overdue receivables compared to 31 December 2021. This was achieved by adopting a timely approach to the management of the most critical positions, thus anticipating potentially negative effects on credit quality.

The prudent estimate of losses on the entire credit mass existing at 31 December 2022 was 3.0 million euros, which also takes account of any possible credit loss as a result of the current economic context and uncertainties linked to the foreseeable outlook. The total amount of overdue receivables at 31 December 2022, equal to 13.2 million euros, is now equal to about 4.5 million euros.

ii. Liquidity risk

The liquidity risk represents the risk stemming from the unavailability of financial resources as necessary to meet the short-term commitments assumed by the Company and its own financial requirements. The main factors that determine the degree of liquidity are the resources generated or used by operating and investment activities and, on the other hand, the due dates or renewal dates of its payables or the liquidity of its financial investments and market conditions.

This risk is limited by taking actions aimed at ensuring a balanced structure of the Group's capital and by maintaining such a level of cash and cash equivalents as is required to meet its financial debt requirements at the relevant maturity dates in an adequate manner.

Particular attention is paid to the definition of the credit counterparty that is considered to be suitable for cash operations and that is identified according to increasingly selective liquidity, security and yield criteria and in line with the Management's instructions.

It should also be noted that the financial covenants relating to the pool loan in place (Note 21) have been fully satisfied.

The table below shows the credit lines already used and available at 31 December 2022 and 2021:

Credit lines euro 000's	Cash Credit lines	Self-liquidating Credit lines	Financial Credit lines	Total
12.31.22				
Credit lines	23,000	13,941	325,500	362,441
Utilizations				
Credit lines available as of 12.31.22	**23,000**	**13,941**	**325,500**	**362,441**
12.31.21				
Credit lines	34,800	38,941	330,500	404,241
Utilizations				
Credit lines available as of 12.31.21	**34,800**	**38,941**	**330,500**	**404,241**

Considering the uncertainty of the current economic context, in order to better manage and mitigate liquidity risk the Company also has a Revolving Credit Facility available in the amount of 250 million euros, undrawn as at 31 December 2022 and represented within the "Financial Facilities" in the table above. The maturity date of this revolving credit line is 31 December 2025.

The table below shows the maturity of the outstanding financial liabilities at 31 December 2022 and 2021:

euro 000's	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
12.31.22				
Non-current borrowings		148,897		148,897
Other non-current liabilities		8,338		8,338
Trade payables	167,494			167,494
Current borrowings	79,268			79,268
Derivative financial instruments	836			836
Other current liabilities	314			314
Total	**247,912**	**157,235**		**405,147**
12.31.21				
Non-current borrowings		228,149		228,149
Other non-current liabilities		8,502		8,502
Trade payables	143,181			143,181
Current borrowings	39,434			39,434
Derivative financial instruments	6,386			6,386
Other current liabilities	156			156
Total	**189,158**	**236,651**		**425,808**

The maturity analysis of lease liabilities (which include the interest accrued equal to 1,186 thousand euros) is reported below in the application of paragraph 39 and B11 of IFRS 7:

euro 000's	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
12.31.22				
Lease liabilities	25,767	90,804	68,927	185,498
Total	**25,767**	**90,804**	**68,927**	**185,498**

In view of the Company's historical and forecast capacity to generate liquidity, and its excellent ability to obtain suitable sources of funding, as described above, the liquidity risk is deemed not to be significant.

Finally, with reference to financial assets, the Company's policy is to keep all available liquidity invested in bank deposits at sight, or with short-term liquidity, without resorting to the use of financial instruments, including the money market, by splitting the deposits on an adequate number of banking counterparties, carefully selected taking into account the remuneration of deposits, as well as on the basis of their reliability.

iii. Market risk

IFRS 7 includes in this category all risks that are directly or indirectly connected with the fluctuation in prices on physical and financial markets to which the company is exposed:

- exchange rate risk;
- interest rate risk;
- commodity risk, associated with the volatility of the prices of raw materials used within the scope of the production process.

The Company is exposed to exchange rate and interest rate risk, since there is no physical market subject to actual fluctuations in the purchase prices for raw materials used in the production process. The inflationary pressure, which in the financial year just ended also affected the Company's purchases, mainly in relation to energy and transport, represents a possible element of risk that, however, the Company has the ability to neutralise, also through the sales price policy of its products, especially in the geographical areas with higher margins.

The following paragraphs analyse the individual risks, using sensitivity analysis as necessary to highlight the potential risk on final results stemming from hypothetical fluctuations in benchmark parameters. As envisaged by IFRS 7, these analyses are based on simplified scenarios applied to the final results for the periods referred to. By their very nature, they cannot be considered indicators of the actual effects of future changes in benchmark parameters of a different asset and liability structure and financial position different market conditions, nor can they reflect the interrelations and complexity of the reference markets.

Exchange rate risk. Due to its commercial operations, the Company is exposed to fluctuations in the exchange rates for currencies in which some of its commercial transactions are denominated (particularly USD, GBP, CHF and those of certain countries in the Far East), against a cost structure that is concentrated principally in the Eurozone. The Company realises greater revenues than costs in all these currencies; therefore, changes in the exchange rate between the euro and the aforementioned currencies can impact the company's results.

Moreover, due to the geographical composition of the Company's subsidiaries, the Company is exposed to exchange rate risk related to intercompany financial flows (mainly dividends, loans, transactions on share capital).

The general objective of the risk management policy adopted by the Company involves minimising the economic and transaction exchange risk realised through the conversion into euro of sales receipts in foreign currency, made during each season, net of reference costs, based on an average exchange rate, in line with the relative exchange rate changes, together with the timely conversion into euro of present and future foreign currency cash flows (e.g.: bank loans, intercompany loans, etc.) based on interest rates market change. The Company pursues these aims by entering into forward contracts for each individual currency to hedge a specific percentage of the expected revenue (and cost) volumes in the individual currencies other than the functional currency. These positions are not hedged for speculative or trading purposes, consistently with the strategic policies adopted for prudent management of cash flows.

The Company defines its exchange risk a priori according to the reference period budget and then gradually hedges this risk upon acquisition of orders, in the amount according to which they correspond to budget forecasts. The process of hedging exchange rate risk is broken down into a series of activities that can be grouped into the following distinct phases:

- definition of operating limits;
- identification and quantification of exposure;
- implementation of hedges;
- monitoring of positions and alert procedures.

The Company controls foreign exchange risk in intercompany financial transactions by monitoring the risk underlying outstanding liabilities (loans) and forecast liabilities (dividends and capital increases), in view of guaranteeing that no material operating and financial impact for the entities involved results from these transactions in relation to fluctuations in exchange rates. These goals are pursued by the Company through monitoring the foreign exchange rate trends related to outstanding or expected capital transactions and entering into forward contracts if they will have material contingent effects. These forward contracts are made to hedge the individual transactions, and not for speculation or trading. This is consistent with the strategic policies

focused on prudent management of cash flows. The breakdown of forward currency contracts (for sale and purchase) outstanding at 31 December 2022 is illustrated in Note 16.

The assets and liabilities that are denominated in foreign currency are identified as part of the sensitivity analysis of exchange rates. In order to determine the potential impact on final results, the potential effects of fluctuations in the cross rates for the euro and major non-EU currencies have been analysed.

The following table illustrates the sensitivity to reasonably likely changes in exchange rates on both pre-tax profit (due to changes in the value of current assets and liabilities denominated in foreign currency) and shareholder's equity (due to changes in fair value of financial instruments for the hedging of the exchange risk) while holding all other variables constant:

Euro		Impact on pre-tax profit 5% devaluation of the foreign currency		Impact on pre-tax profit 5% revaluation of the foreign currency	
Currency	Country	FY 2022	FY 2021	FY 2022	FY 2021
CAD	Canada	(11,067.6)	(2,493.5)	12,232.6	2,756.0
CHF	Switzerland	(1,118.2)	(9,299.5)	1,235.9	10,278.4
GBP	UK	51,072.9	8,158.5	(56,449.0)	(9,017.3)
HKD	Hong Kong	(12,036.7)	(361,788.4)	13,303.7	399,871.4
JPY	Japan	(51,052.7)	(7,862.8)	56,426.6	8,690.4
KRW	Korea	(18.0)	(19.7)	19.9	21.8
RMB	China	70,362.8	(347,774.8)	(77,769.4)	384,382.6
SGD	Singapore	(4,887.5)	(1,030.1)	5,402.0	1,138.5
USD	USA	135,047.7	(146,881.1)	(149,263.2)	162,342.2
Other	n.a.	(312,459.4)	(221,576.0)	345,349.9	244,900.0
Total		**(136,156.8)**	**(1,090,567.2)**	**150,489.0**	**1,205,364.0**

euro 000's	Revaluation/Devaluation foreign currency	Impact on pre-tax profit	Impact on Shareholders' equity
FY 2022	5%	150.5	(3,234.6)
	-5%	(136.2)	3,575.1

The impact on equity shown above relates to the effects on hedging reserve gross of tax effects.

The analysis did not include assets, liabilities and future commercial flows that were hedged, since fluctuations in exchange rates impact income in an amount equal to what is recognised in the fair value of adopted hedge instruments.

Interest rate risk. The Company is exposed to interest rate fluctuations, limited to its variable-rate debt instruments. Interest rate risk is managed in conformity to long-established practice with the aim of cutting down the risk of interest rate volatility, at the same time pursuing the goal of reducing the financial costs involved to a minimum. As at 31 December 2022, TOD'S S.p.A. has one

single adjustable rate loan outstanding, disbursed initially for 250 million euros (Term Loan portion), and repayable in semi-annual instalments, which will expire in December 2025, bearing interest at a variable rate equal to 6-month EURIBOR + 250 basis points (Note 21). The applicable spread is subject to changes on the basis of trends in the financial and sustainability indicators provided for in the contract and, in 2022, came to 243 basis points following the achievement of the objectives provided for in the contract.

In order to hedge the risk deriving from possible fluctuations of interest rates on this syndicated loan, six derivative contracts (interest rate swaps - IRS) are in place, each in relation to the participating banks' share of the syndicate, for a notional value equal to the amount of the Term Loan. These derivative contracts hedge the Company against the risk connected with a general increase in interest rates, by exchanging the variable rate of reference of the loan with a fixed rate established by contract (-0.205% + spread making for a finished rate of 2.225%), subject to change on the basis of the contractually-agreed sustainability indicators.

The above hedging transaction is accounted for according to the cash flow hedge method, as provided for by IFRS 9 and, as at 31 December 2022, the fair value is positive for 13,069 thousand euros. The corresponding derivative asset was recognised, at 31 December 2022, in the non-current section of the balance sheet in the amount of 6,472 thousand euros and 6,597 thousand euros in the current section.

4.1 Categories of measurement at fair value

In accordance with IFRS 13, the financial instruments carried at fair value have been classified according to a hierarchy of levels that reflects the materiality of the inputs used to estimate their fair value. The following levels have been defined:

Level 1 – quoted prices obtained on an active market for the measured assets or liabilities;

Level 2 – inputs other than the quoted prices indicated herein above, which are observable either directly (prices) or indirectly (derived from prices) on the market;

Level 3 – inputs that are not based on observable market data.

The tables below show the breakdown of financial assets and liabilities between each financial category, classified in accordance with IFRS 9, and the fair value hierarchy level at 31 December 2022 and 2021:

2022 euro 000's	Assets								
	Loans and receivables at amortized cost	Financial assets at FVOCI	Financial assets at FVPL	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Other non-current assets	17,057				17,057				
Derivative financial instruments				6,472	6,472		6,472		6,472
Total other non-current assets	**17,057**			**6,472**	**23,528**		**6,472**		**6,472**
Trade receivables	203,225				203,225				
Derivative financial instruments				9,563	9,563		9,563		9,563
Other current assets	500				500				
Cash and cash equivalent	71,440				71,440				
Total other current assets	**275,166**			**9,563**	**284,728**		**9,563**		**9,563**

2022 euro 000's	Liabilities							
	Financial liabilities at amortized cost	Financial liabilities at fair value	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Non-current borrowings	148,897			148,897				
Other non-current liabilities	8,338			8,338				
Derivative financial instruments								
Total other non-current liabilities	**157,235**			**157,235**				
Trade payables	167,494			167,494				
Current borrowings	79,268			79,268				
Derivative financial instruments			836	836		836		836
Other current liabilities	314			314				
Total other current liabilities	**247,076**		**836**	**247,912**		**836**		**836**

2021 euro 000's	Assets								
	Loans and receivables at amortized cost	Financial assets at FVOCI	Financial assets at FVPL	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Other non-current assets	6,999			126	7,125		126		126
Total other non-current assets	**6,999**			**126**	**7,125**		**126**		**126**
Trade receivables	159,633				159,633				
Derivative financial instruments				52	52		52		52
Other current assets	2,374				2,374				
Cash and cash equivalent	112,259				112,259				
Total other current assets	**274,266**			**52**	**274,317**		**52**		**52**

2021 euro 000's	Liabilities							
	Financial liabilities at amortized cost	Financial liabilities at fair value	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Non-current borrowings	228,149			228,149				
Other non-current liabilities	8,502			8,502				
Derivative financial instruments								
Total other non-current liabilities	**236,651**			**236,651**				
Trade payables	143,181			143,181				
Current borrowings	39,434			39,434				
Derivative financial instruments			6,386	6,386		6,386		6,386
Other current liabilities	156			156				
Total other current liabilities	**182,772**		**6,386**	**189,158**		**6,386**		**6,386**

Note that during the year there have not been any transfers between fair value levels indicated by the IFRS 13. Regarding the fair value of financial assets and liabilities measured at amortised cost,

given their nature, it is reasonable to believe that it does not differ significantly from their carrying amounts.

5. Comments on the main income statement figures

5.1 Revenues from sales and Other revenues and income

The Company's revenues from sales amounted to 651.2 million euros in 2022 (528.2 million euros in 2021).

Revenues from TOD'S brand came to 293.4 million euros, showing an increase of 34% compared to the previous year. Growth was seen in all geographic areas, confirming the strong appreciation by customers for the brand's collections, both in shoes and in the new leather goods and accessories families. The ROGER VIVIER brand posted revenues of 132.4 million euros (107.6 million euros in 2021), up 23.1% on 2021, confirming the strong customer appreciation for this brand.

The HOGAN brand reported revenues of 166.4 million euros, an increase of 13.5%, compared to 2021. FAY brand sales amounted to 52.8 million euros, an increase of 10.7%, compared to 2021.

As regards product categories, sales data confirm that the Company's core business is conducted in the segment of footwear, whose revenues amounted to 495.3 million euros in 2022 (403.3 million euros at 31 December 2021), accounting for 76.1% of total turnover. Revenues from leather goods and accessories, which amounted to 85.4 million euros (60.2 million euros at 31 December 2021), recorded an increase of 41.9% compared to the previous year. Sales from apparel came to 64.4 million euros (57.4 million euros at 31 December 2021), up 12.2% on 2021.

Revenues from the domestic market recorded a gradual improvement in results, starting in the second quarter of the year, thanks to the dynamism of purchases by domestic customers and the good attendance of intra-European, American and Middle Eastern tourists. Coming to 247.1 million euros, they reported a rise of 32.9 million euros (+15.4%) compared to the previous year. In Europe, revenues amounted to 146.2 million euros, an increase of 30.2%, compared with FY 2021, when they amounted to 112.3 million euros. Revenues in the Americas market grew by 57.6% compared with FY 2021, reaching 44.5 million euros, while in the Greater China area there was an increase of 19.4% (revenues of 173.8 million euros). The Chinese market experienced a noticeable slowdown in growth from March, due to the imposition of strict government restrictions to deal with the Covid-19 pandemic. Even after the gradual relaxation of these measures, consumption trends in the second half of the year remained volatile and impacted by local and temporary lockdowns in several major cities. The "Rest of the world" area recorded revenues of 39.6 million euros (27.9 million euros in 2021), showing a rise of 41.9% compared to the previous year.

Other revenues amounted to 17.5 million euros (13.6 million euros in 2021), and mainly include royalties income, contingent assets and insurance refunds, sundry refunds and other non-taxed revenues.

5.2 Costs for services

The increase registered in service costs is a direct and physiological consequence of the resumption of normal business dynamics, which, in the previous year, had still been characterised by activities of containment and savings in operating costs, in order to mitigate the impacts of the pandemic. The ratio of costs for services to revenue increased from 30.9% in FY 2021 to 32.6% in FY 2022. Although some streamlining activities continued in the financial year just ended, in order to preserve margins in the complex and uncertain reference context, the increase in communication expenses and those related to production, which returned to full capacity in the financial year, is of particular note.

5.3 Costs of use of third party assets

At 31 December 2022, lease and rental costs amounted to 27.2 million euros, while at 31 December 2021 they were 19.3 million euros. The increase is primarily due to higher royalties accrued during the year as a result of the above-mentioned performance of revenues. Furthermore, in FY 2022 the Company did not benefit from concessions resulting from the renegotiation of certain lease agreements, which were exhausted as the impact of the COVID 19 pandemic wore off (concessions recognised in the previous year amounted to 1.5 million euros).

5.4 Personnel costs

Personnel costs for the 2022 and 2021 financial years are broken down as follows:

euro 000's				% on revenues	
	Year 2022	Year 2021	Change	2022	2021
Wages and salaries	84,150	79,240	4,910	12.9	15.0
Social security contribution	24,063	22,680	1,383	3.7	4.3
Employee sev. indemn.	5,606	5,104	501	0.9	1.0
Total	**113,818**	**107,024**	**6,794**	**17.5**	**20.3**

The increase over the previous year is mainly attributable to the increase in the number of employees. As a percentage of revenue, it stood at 17.5%, compared to 20.3% in the previous year, benefiting from the revenue dynamic. The table below reports the breakdown of the Company's workforce:

	12.31.22	12.31.21	Aver. 22	Aver. 21
Executives	57	53	55	51
White-collar Employees	1,162	1,130	1,179	1,105
Blue-collar Employees	973	872	916	865
Total	**2,192**	**2,055**	**2,150**	**2,021**

5.5 Other operating charges

At 31 December 2022, Other operating charges amounted to 16.7 million euros, marking an increase compared to the previous year, when they amounted to 12.2 million euros, mainly attributable to higher variable costs related to business performance.

5.6 Financial income and expenses

The breakdown of financial income and expenses is as follows:

euro 000's	Year 2022	Year 2021	Change
Income			
Interest income on current account	527	253	274
Foreign exchange gains	39,706	22,511	17,194
Other	567	245	321
Total income	**40,799**	**23,009**	**17,790**
Expenses			
Interest on medium-long term financing	(5,528)	(5,806)	278
Interest expenses on leases	(5,462)	(4,703)	(759)
Foreign exchange losses	(45,420)	(22,658)	(22,762)
Other	(4,134)	(2,775)	(1,359)
Total expenses	**(60,543)**	**(35,942)**	**(24,602)**
Total net income and expenses	**(19,744)**	**(12,932)**	**(6,812)**

Financial costs for leases include interest expense relating to discounting of liabilities for leased assets in the application of IFRS 16, equal to 5.5 million euros (4.7 million euros the previous year).

5.7 Income (losses) from equity investments

It should be noted that, due to the results of the impairment test on investments in subsidiaries, the Company wrote down for impairment the controlling stakes held in TRV Middle East Trading LLC and Tod's Oak Ltd. for 3,885 thousand euros and 600 thousand euros, respectively (Notes 9 and 11).

The management of equity investments also includes income of 23,000 thousand euros from dividends paid by subsidiary undertakings.

5.8 Income taxes

Taxes accrued in 2022 (both current and deferred) posted a total of 4.1 million euros (positive for 5.6 million euros in 2021), including the effects of deferred taxation. Below is the breakdown of current and deferred taxes:

euro 000's	Year 22	Year 21	Change
Current taxes	140	560	(420)
Deferred taxes	3,932	(6,149)	10,082
Total	**4,072**	**(5,589)**	**9,662**

The theoretical tax rate for 2022 was 24%, as determined by using the applicable IRES (Corporate Income Tax).

The table below reconciles theoretical taxes and the taxes actually charged to the accounts:

euro 000's	Taxes	Rate %
Theoretical income taxes	**15,015**	**24.0%**
IRAP impact	1,823	2.9%
Previous years taxes	(1,296)	-2.1%
Tax effects of non-deductible expenses	1,658	2.7%
Non-taxable income	(6,541)	-10.5%
IRES impact of "Patent box"	(6,588)	-10.5%
Effective income taxes	**4,072**	**6.5%**

The tax effect on non-taxable income is mainly attributable to dividends received by the Company from its subsidiaries.

The Tax Effect of the Patent Box relates to the agreement that the Company signed on 30 December 2022 with the competent Tax Authorities, whereby the methods and criteria to be used to calculate the amount of taxable income that can be jointly attributed to the Company's designs, models and know-how, for the five-year period 2017 - 2021, were defined. The effects totalling 7.8 million euros of lower taxes (IRES and IRAP) are recognised in these financial statements.

This new agreement took into account the amount of income attributed to the TOD'S, HOGAN and FAY brands, facilitated over the five-year period 2015 - 2019, following the previous agreement signed on 23 December 2016.

Tax consolidation. In exercising the option granted by the provisions of the Consolidated Act on Income Taxes (TUIR, Testo Unico delle Imposte sui Redditi) and of Article 129 of the implementing decree, together with the Italian subsidiaries for which the requirement of control relationship is met in accordance with Article 120 of the Consolidated Act on Income Taxes, the Company has exercised the option for the Group taxation regime for IRES (Corporate Income) tax purposes, which is known as National Tax Consolidation program.

6. IFRS 16

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases (contracts that give the right to use third-party assets) and requires lessees to account for all lease agreements in accordance with the methodology envisaged for financial leases by the old accounting standard IAS 17, effectively eliminating the previous dichotomy between operating and financial leases.

The application of IFRS 16 has a significant impact on the Company's financial statements as a consequence of the operational activity carried out. In fact, the Company is the lessee of a series of lease contracts that mainly concern the Italian directly operated stores (DOS), outlets, warehouses, offices and showrooms, company cars and office and electronic machinery. Property leases represent the main category, accounting for approximately 90% of total lease liabilities.

Below are the breakdown and changes in right-of-use assets as at 31 December 2022:

euro 000's	12.31.22	12.31.21
Leased buildings	175,844	130,147
Leased machineries	336	417
Leased office machines	71	235
Leased cars	1,004	812
Total	**177,255**	**131,612**

euro 000's	12.31.22	12.31.21
Opening balance	**131,612**	**132,394**
Increases	69,699	13,745
Decreases	(8)	
Impairment losses	(290)	(190)
Amortization for the period	(23,757)	(24,203)
Translation differences		
Other changes		9,865
Closing balance	**177,255**	**131,612**

Lease liabilities totalled 184.3 million euros at 31 December 2022 (compared to 139.9 million euros at 31 December 2021) and are stated at the present value of fixed lease payments not yet made. The table below summarises the changes in the nominal value of the lease liability, which does not include accrued interest:

euro 000's	12.31.22	12.31.21
Opening balance	**139,945**	**138,972**
Increases	69,616	13,595
Payments	(25,249)	(21,457)
Translation differences		
Other changes		8,835
Closing balance	**184,312**	**139,945**

Accrued interest amounted to 1,186 thousand euros at 31 December 2022 (708 thousand euros at 31 December 2021).

Lease financial charges were equal to 5,462 thousand euros at 31 December 2022, compared to 4,703 thousand euros at 31 December 2021.

In addition to the information provided above it is noted that:

- lease payments included in the definition of short-term leases envisaged by IFRS 16 amounted to 1.4 million euros at 31 December 2022 (1.0 million euros at 31 December 2021);
- lease payments relating to those assets included in the definition of low-value assets envisaged by IFRS 16 amounted to 0.8 million euros at 31 December 2022;
- following the outcome of the impairment test (Note 9), the income statement includes a write-down of 0.3 million euros (0.2 million at 31 December 2021) relating to rights of use attached to some DOS;
- lease payments relating to those contracts which provide for a variable fee and which therefore were not included in the valuation of the lease liability amounted to 1.8 million euros at 31 December 2022 (1.2 million euros at 31 December 2021).

7. Intangible fixed assets

7.1 Intangible assets with indefinite useful life. These include 125,535 thousand euros for the value of the Company owned brands and goodwill from business combinations for 13,685 thousand euros recognised in accordance with the acquisition method (IFRS 3).

The value of Brands is broken down amongst the various brands owned by the Company (TOD'S, HOGAN and FAY):

euro 000's	12.31.22	12.31.21
TOD'S	3,741	3,741
HOGAN	80,309	80,309
FAY	41,485	41,485
Total	**125,535**	**125,535**

These assets are not subject to amortisation, as they have an indefinite useful life, but are subject to impairment testing, the results of which are provided in Note 9.

7.2 Other assets. The following table details the movements of these assets in the current and previous fiscal year:

euro 000's	Other trademarks	Software	Other assets	Contract with customers	Total
Balance as of 01.01.21	**2,194**	**14,874**	**5,850**	**946**	**23,864**
Increases	543	7,198	1,019	543	9,304
Decreases		4	(17)		(13)
Impairment losses (Note 9)					
Other changes					
Amortisation of the period	(644)	(5,764)	(935)	(489)	(7,831)
Balance as of 12.31.21	**2,094**	**16,313**	**5,917**	**1,001**	**25,324**
Increases	625	7,636	584	167	9,012
Decreases			(14)		(14)
Impairment losses (Note 9)					
Other changes					
Amortisation of the period	(575)	(6,247)	(961)	(467)	(8,250)
Balance as of 12.31.22	**2,144**	**17,702**	**5,526**	**701**	**26,072**

The increase of Other trademarks relates to long-term charges with a defined useful life incurred to protect the company-owned brands, which are classified as assets with an indefinite useful life. The increases in the item "Software" relate to the development of corporate Information Systems, among which those relating to the digital channel, while the increase recorded in Contract customers is mainly due to long-term investments made for the network of corners and franchising stores. The item "Other assets" includes 3,073 thousand euros for the value of the intangible asset recognised in relation to the agreement made with the Ministry of Cultural Affairs ("Ministero per i Beni e le Attività Culturali") and the Special Archaeological Service of Rome ("Soprintendenza speciale per i beni archeologici di Roma"), with which the Company has undertaken to finance the entire cost of restoration work on the Coliseum.

The asset is amortised over the useful life determined according to the provisions of the agreement. The accrual for amortisation allocable to the financial year is about 0.7 million euros.

8. Tangible fixed assets

The following table illustrates the changes in Tangible fixed assets (Property, plant and equipment) during the current and previous fiscal year.

euro 000's	Land and buildings	Plant and machin.	Equip.	Leasehold improv.	Others	Total
Balance as of 01.01.21	**53,616**	**8,939**	**8,314**	**9,311**	**7,385**	**87,566**
Increases	2,024	1,994	4,568	1,057	1,675	11,318
Decreases		(43)	(388)	(18)	(483)	(931)
Impairment losses (Note 9)						
Other changes			2	165	49	216
Depreciation of the period	(1,985)	(2,324)	(4,213)	(2,570)	(1,840)	(12,932)
Balance as of 12.31.21	**53,655**	**8,567**	**8,283**	**7,945**	**6,786**	**85,236**
Increases	568	2,414	4,552	147	2,728	10,409
Decreases		(16)	(270)	(11)	(101)	(398)
Impairment losses (Note 9)						
Other changes						
Depreciation of the period	(1,993)	(2,407)	(4,211)	(2,523)	(1,789)	(12,924)
Balance as of 12.31.22	**52,230**	**8,558**	**8,354**	**5,558**	**7,624**	**82,324**

The increase in Equipment mainly relates to the procurement of ancillary industrial equipment for the creation of collections (shapes, dies and moulds).

Depreciation from continuing use of the fixed assets during the year amount to 12.9 million euros.

9. Impairment losses

The losses in value of assets are governed by IAS 36 (Impairment of Assets); the provisions of the standard are the primary regulatory reference for the Impairment Test process. In accordance with the joint CONSOB, Bank of Italy and ISVAP (Italian Insurance Supervisory Authority) document no. 4 of 3 March 2010, the Company adopted an Impairment Procedure, which was approved by the Board of Directors of the parent company TOD'S S.p.A. on 6 March 2023, for the purposes of the financial statements at 31 December 2022. For the purposes of this procedure, the following points of attention were taken into account, which had been reported:

- by ESMA, in ESMA's Public Statement of 28 October 2022, "European common enforcement priorities for 2022 annual financial reports";
- by ESMA, in ESMA's Public Statement of 13 May 2022 entitled "Implications of Russia's Invasion of Ukraine on half-yearly financial reports";
- by Consob, in Warning Notice no. 3/22 of 19 May 2022, on "Conflict in Ukraine - Attention Alert for Supervised Issuers on Financial Reporting and Compliance with EU Restrictive Measures on

Russia";

- by CONSOB, in Warning Notice no. 1/21 of 16 February 2021 – "COVID 19 - Measures to support the economy – Warning notice on the information to be provided by supervised issuers (...) in relation to the 2020 financial statements prepared in accordance with international accounting standards (...)";
- by ESMA, in ESMA's Public Statement of 28 October 2020, "European common enforcement priorities for 2020 annual financial reports".

In carrying out the tests, due consideration was also given to the following documents: *i)* The OIV Discussion Paper no. 1/2022, entitled: "Impairment Test of Non-Financial Assets (IAS 36) following the war in Ukraine" of 29 June 2022; *ii)* Discussion Paper (Exposure Draft) by OIV entitled: "Guidelines for impairment testing after pandemic effects from Covid 19" dated 10 July 2020.

According to the Impairment Procedure and IAS 36, an impairment test must be carried out at least annually in order to check for any possible loss in value of intangible assets with an indefinite useful life (including goodwill) or intangible assets not yet available for use, regardless of whether there is any evidence of impairment. The recoverability of the value of Intangible Assets with an indefinite useful life was therefore assessed in order to ensure that no assets with a carrying amount higher than the recoverable value had been recorded in the financial statements and that, therefore, no impairment losses had occurred. If the impairment test shows a loss in value, the excess of the book value compared to the recoverable value contributes to forming an impairment loss in the income statement.

First of all, the development of an impairment test proceeds with the identification of the Cash Generating Unit (CGU) or of the group of CGUs to which the Company's goodwill is to be allocated. While taking account of the organisational structure and the type of business, a single group of CGUs was identified, coinciding with the overall perimeter of the Company, to which goodwill was allocated, totalling 13.7 million euros, in relation to some business combinations that took place in past years (mainly relating to 1996) which, given the nature of the functions incorporated, generated financial benefits across the Company since their inception.

This approach is based on the nature of the goodwill in question, as well as on a unitary vision of the business (see also Note 5, Segment reporting of the consolidated financial statements), which is organised according to a matrix structure that is alternatively broken down into various levels by brand, product, channel and geographical area, in relation to the various functions and activities of the value chain; in this context, the cross-sector development of a significant part of the service activities (first of all the Supply chain, Sales&Distribution, Finance&Administration, Legal, Human resources, Information Technology), both centralised and decentralised, ensures the maximisation of profitability levels.

The recoverable value of the group of CGUs identified is defined as the higher of fair value, net of selling costs, and its value in use. In particular, the Company used the value in use in carrying out the impairment test at 31 December 2022.

The recoverability of the values recorded in the financial statements was therefore verified by comparing the net book value of the invested capital of the Company with the related value in use, consisting of the present value of the future cash flows that are estimated to be generated in the foreseeable future and the Terminal Value.

In determining the value in use, account was taken of:

i. the 2023-2027 cash flows relating to the Company, derived from the 2023 budget of the TOD'S Group, which was approved by the Board of Directors of TOD'S S.p.A. on 25 January 2023, and from the 2024-2027 economic and financial forecasts, prepared by the management on the basis of the 2023 budget; in particular, the forecasts were prepared on the basis of Guidelines, providing the basic assumptions, which were subject to approval by the Board of Directors on 25 January 2023. Forecast flows represent management 's best estimate of expected average results and, compared to forecasts prepared in the prior year, represent updated estimates that take into account both the results achieved in FY 2022 and changes in the market context. Consistent with ESMA's warnings that the uncertainty generated by the current macro-economic environment (both related to the effects of the pandemic and those arising from the Russian-Ukrainian conflict) should be reflected in alternative scenarios, management also prepared a "worst case" of the 2023-2027 economic and financial forecast;

ii. the discount rate based on a fundamental criterion (CAPM), determined as 9.2% (a WACC of 7.75% used at 31 December 2021), impacted, compared with the value adopted the previous year, by the current financial market context, slightly above the range of rates used by equity analysts;

iii. growth rate "g" of the results beyond the explicit forecast period, as determined on the basis of external source forecasts concerning the growth of GDP in the countries in which the TOD'S Group operates, equal to 2.42% (2.59% is the g rate used at 31 December 2021).

The analyses conducted on the recoverability of the assets belonging to the group of CGUs, including the Company's assets with an indefinite useful life (owned brands and goodwill) showed that the present value of expected cash flows (value in use) is greater than the carrying amount of the Company's invested capital. It should also be noted that, given that this is a second-level test, the carrying amount of the invested capital subject to the test is stated net of impairment losses measured on the basis of the analyses conducted specifically on owned brands and DOS, as described below.

The Company also carried out usual sensitivity analyses, required by IAS 36, in order to highlight the effects produced by a reasonable change in basic assumptions on the value in use. In particular,

the sensitivity analysis was carried out by taking account of any possible change in the following parameters, as considered individually and other parameters remaining equal (cash flows for the explicit period, WACC rate, growth rate "g"). In order to make the value in use equal to the value of Invested Capital (break-even case), one of the following changes, as considered alternatively - an increase in the WACC up to 17.35%, or a negative growth rate "g" equal to -30.95% - would be required.

In accordance with IAS 36, an estimate was also carried out for the recoverable value of each of the owned brands, which are intangible assets with an indefinite useful life. The Impairment Test Procedure for these brands is based on the consideration that trademarks constitute a Hard-to-Value-Asset and, therefore, entails the advisability of making use of more than one method that apply inputs that are unrelated (or as little related as possible) for the purposes of estimating the recoverable value. In line with this consideration, and according to the Procedure, the impairment test of each of the owned brands was therefore carried out, with reference to the fair value as recoverable amount, according to the following basic assumptions:

a) using four different criteria for estimating the fair value of each brand:

i. relief from royalty method, according to which the value of the brand is measured on the basis of the present value of the royalties that the company saves with respect to a scenario in which it should license it from a third party,

ii. multiples (brand/sales) relating to comparable brands estimated by independent third parties,

iii. Hirose criterion, which determines the value of the brand according to the perpetual capitalisation of a normalised, risk-adjusted economic measure of the result pertaining to the brand,

iv. Profit Split Method, according to which the value of the brand is measured according to the present value of the results pertaining to the brand equal to a fraction of residual income after considering the remuneration of the remaining tangible and intangible assets;

b) using, for the four criteria, external and internal evidence, including, where applicable, the results expected from the 2023-2027 forecasts for each brand;

c) using a discount rate calculated on the basis of the expected rate of return on invested capital (WACC) of 9.20%, slightly higher than the range of rates used by equity analysts;

d) including the estimated TAB (Tax Amortisation Benefit) in measuring the value of the brand;

e) comparing the recoverable value with the carrying amount of each brand.

It should be noted that the estimated fair value of the owned brands was entrusted to an independent third-party expert.

Based on the analyses carried out using the four methods described above and the related simulation analyses in relation to the possible scenarios considered, no situations of impairment emerged for the proprietary brands (TOD'S, HOGAN and FAY), since the net book value of the individual brands is greater than their recoverable value.

Sensitivity analyses make it possible to report the effects produced by a reasonable change in the basic parameters used to measure fair value on the value in use. In particular, it was deemed appropriate to apply these analyses to the main valuation parameters (mainly cash flow scenario, WACC, growth rate "g"), while also taking account of the guidelines provided by ESMA, regarding multi-scenario analyses, in order to construct the distribution of the possible values of each brand on the basis of the various valuation methods. The comparison between these values and the carrying amount of each brand made it possible to provide a measure of the frequency in which, in the simulated scenarios, the recoverable value is higher than the carrying amount. In particular, the analyses carried out show that, for all the Company's brands, the number of scenarios in which the recoverable value is higher than the book value is always greater than 51% of the simulated scenarios. In order to make the respective recoverable values equal to the book values (break-even assumption), the following changes in the input parameters, considered individually, would be required:

	TOD'S	HOGAN	FAY
WACC increase	>20%	9.18%	3.20%
Decrease of growth rate "g"	-9.86%	-9.93%	-2.99%

With reference to the first-level test, the Company carried out an analysis, according to the Impairment Procedure, which was aimed at assessing the recoverability of right-of-use assets and intangible and tangible assets attributable to each of the directly-operated stores (DOS) that showed indicators of impairment. This analysis showed that impairment losses were necessary for a DOS, in relation to which the respective assets were written-down for a total amount of 0.3 million euros, entirely relating to the rights of use (IFRS 16), as the related recovery through prospective cash flows cannot be reasonably foreseen at present.

Furthermore, the recoverability of investments in subsidiaries was tested in accordance with IAS 36, for those investments for which indicators of impairment had been reported. With reference only to the equity investment held in Roger Vivier S.p.A., the identification of these indicators is essentially based on the outcome of the impairment test carried out in the separate financial statements of Roger Vivier S.p.A. as at 31 December 2022 on the ROGER VIVIER brand, recorded for an amount equal to 416.4 million euros.

In carrying out the test, account was taken of: *i)* the 2023-2027 cash flow forecast for the tested companies; *ii)* the WACC discount rate of 9.2%; *iii)* a specific growth rate "g" for each tested equity investment, for cash flows beyond the explicit forecast period, determined on the basis of externally sourced forecasts of GDP growth in the markets where the tested companies operate.

On the basis of the results, it was necessary to write down a number of equity investments by a total of 4.5 million euros, including 3.9 million euros relating TRV Middle East Trading LLC, and 0.6 million euros related to the investment held in Tod's Oak Ltd, which closed its temporary store in Ireland and will be put into liquidation.

Lastly, it should be noted that the value of stock market capitalisation at 31 December 2022, totalling approximately 1,005 million euros, is slightly lower than the value of consolidated shareholders' equity at the same date, totalling 1,041 million euros, but this difference has been reabsorbed since January this year (the average list price since the start of the year is above 1,100 million). These indicators also confirm the substantial absence of exogenous signs of impairment, although a volatile stock price environment persists.

10. Investment property

The residual value of investment property at the end of the financial year is equal to 5 thousand euros. It consisted exclusively of real estate leased to third parties. The fair value of these investments is estimated to be 250 thousand euros, according to the market prices for similar properties available for rent at similar conditions.

The following table details the values of these investment property:

euro 000's	
Historic cost	115
Accumulated depreciation	(106)
Balance as of 12.31.21	**8**
Increases	
Decreases	
Amortisation of the period	(3)
Balance as of 12.31.22	**5**

11. Investments in subsidiaries, joint ventures and associated companies

Information about the subsidiaries follows below, together with a comparison between the carrying amount of the investments in subsidiaries held by the Company at 31 December 2022 and the respective value determined according to the equity method:

euro 000's Investments in subsidiaries	Percentage of share investment	Share capital	a) Measurement using equity method adjustmens	of which profit/(loss)	b) Carrying amount	a) - b) Difference
Investments in subsiadiries						
TOD'S Deutschland Gmbh	100%	153	16,350	38	3,153	13,196
TOD'S France Sas	100%	780	20,863	(26)	4,800	16,063
TOD'S Hong Kong Ltd	1%	12,209	603	(192)	129	474
Un. Del. Kft	10%	163	68	1	18	50
TOD'S Macao Lda.	1%	1,846	7	(11)	19	(12)
TOD'S International BV	100%	2,600	118,555	(13,254)	56,171	62,384
An.Del. Inc.	100%	3,056	24,006	(5,695)	27,579	(3,573)
Roger Vivier S.p.A.	100%	10,000	565,996	23,061	415,479	150,517
TOD'S Austria Gmbh	100%	50	1,272	167	1,050	222
TOD'S Australia Pty Ltd.	100%	7,362	668	(1,119)	158	511
RE.SE.DEL srl	100%	25	437	(35)	325	112
Italiantouch Shanghai Tr. Co.	100%	2,697	1,427	(98)	1,350	77
Tod's Oak Ltd.	100%	0	(551)	(227)	0	(551)
TRV Middle East L.L.C.	100%	36	(1,858)	(1,451)	0	(1,858)
Total			**747,843**	**1,158**	**510,230**	**237,613**
Investments in other entities						
Other investments	n.s.				131	
Total					**131**	
Total investments					**510,361**	

It should be noted that the negative differential resulting from the above table, referring to the subsidiary An.Del. Inc. is deemed to be of a temporary nature, while the differentials referring to Tod's Oak Ltd. and TRV Middle East L.L.C. are recognised in provisions for risks amounting to 600 thousand euros and 3,850 thousand euros, respectively (Note 9).

12. Deferred taxes

At the reporting date, recognition of the effects of deferred tax assets/liabilities, showed a net balance (assets) of 62,412 thousand euros (FY 2021: assets for 69,756 thousand euros).

When determining future tax impact, reference was made to the presumed percentage weight of the taxes that will be imposed on income in the financial periods when those taxes will be reversed.

The table below reports the breakdown of the net balance of deferred tax liabilities at the end of the period, highlighting those components that mainly contributed to its formation:

euro 000's	12.31.22	12.31.21
	Net Assets	Net Assets
Property, plant and equipment	(1,580)	(1,718)
Intangible fixed assets	(561)	266
Inventory (devaluation)	24,119	26,485
Derivative financial instruments	(3,773)	540
Costs deductible over several years	7,576	7,017
Reserves for employees	1,427	824
Provisions for risks and charges	670	678
Other	3,505	3,366
Fiscal losses to carry forward	31,028	32,300
Total	**62,412**	**69,756**

Deferred tax assets, recognised on tax loss carry-forwards, amounted to 31 million euros, of which 0.9 million euros related to new deferred tax assets recognised in 2022. In FY 2022, 2.1 million euros of deferred tax assets were utilised on tax losses.

Deferred tax assets have been deemed recoverable by the Directors, based on projected earnings for the period 2023-2027.

13. Other non-current assets

The item Other non-current assets amounted to 17,168 thousand euros (7,236 thousand euros at 31 December 2021) and mainly related to security deposits paid to third parties, in the amount of 649 thousand euros (582 thousand euros at 31 December 2021), and medium/long-term loans receivable granted to subsidiaries (Note 25), in the amount of 16,408 thousand euros (6,417 thousand euros at 31 December 2021).

14. Inventories

The following table shows the book value of the inventories:

euro 000's	12.31.22	12.31.21	Change
Raw materials	77,782	62,067	15,715
Semi-finished goods	9,227	10,773	(1,546)
Finished products	224,692	215,285	9,407
Write-downs	(85,187)	(94,674)	9,487
Total	**226,514**	**193,450**	**33,064**

The increase in raw materials, compared to the previous year, is the result of the return to full production, after the caution of previous years, as a consequence of the continuing pandemic. The

increase also led to a change in finished products, from the next (compared to the end of the financial year) selling season, in stock.

The allowance for doubtful accounts reasonably reflects technical and stylistic obsolescence of inventories. The table below shows the changes of the provision for the write-down of inventories occurred during the period:

euro 000's	12.31.22	12.31.21
Opening balance	**94,674**	**89,685**
Increase	7,631	14,220
Utilization	(17,118)	(9,466)
Reversal		
Other		235
Closing balance	**85,187**	**94,674**

15. Trade receivables and other current assets

15.1 Trade receivables.

euro 000's	12.31.22	12.31.21	Change
Third parties	63,259	53,657	9,602
Subsidiaries	142,957	108,683	34,274
Allowances for doubtful accounts	(2,991)	(2,707)	(284)
Net trade receivables	**203,225**	**159,633**	**43,592**

Receivables from third parties. These represent the credit exposure stemming from sales made through the wholesale channel.

Receivables from subsidiaries. They include receivables due to the Company from Group entities. They derive from transactions of a commercial nature, and to a lesser extent from the provision of services.

Allowances for bad debts. The allowances for doubtful accounts recognised in the financial statements represent the reasonable estimate of the expected loss in value identified for the risk of bad debt identified in the receivables recorded in the financial statements and also take into account possible losses on receivables as a result of the evolution of the current economic situation. Movements during the year in the allowance for doubtful accounts are shown below:

euro 000's	12.31.22	12.31.21
Opening balance	**2,707**	**5,088**
Increase	400	400
Decrease	(116)	(2,781)
Closing balance	**2,991**	**2,707**

The amount of the allowance for doubtful accounts at 31 December 2022 was determined by adopting an Expected credit loss logic (as required by the relevant IFRS 9), both by taking into consideration past due receivables, whose write-down is determined on the basis of a specific analysis of the items that are difficult to recover and taking into consideration receivables not yet due at the date of the financial statements, and thus determining a generic write-down estimated on the basis of the data and historical experience of the losses on receivables recorded by the Company, adjusted to take account of specific forecast factors relating to debtors and the macroeconomic environment.

15.2 Tax receivables. They amounted to 9,671 thousand euros (2021: 9,056 thousand euros) and mainly consisted of receivables versus tax administration for instalments of current income taxes, further to withholding taxes.

15.3 Other.

euro 000's	12.31.22	12.31.21	Change
Prepaid expenses	2,992	1,927	1,065
Financial assets	500	2,374	(1,874)
Others	58,513	57,046	1,467
Total	**62,004**	**61,347**	**657**

The item "Others" mainly relates to receivables versus manufacturers for the raw materials sold in connection with manufacturing activities, receivables for credit cards, receivables for value added taxes (VAT) and other receivables to be collected next year.

Financial assets consist exclusively of loans granted to subsidiaries:

euro 000's	12.31.22	12.31.21	Change
Financing within 12 months	500	320	180
Credit lines		2,054	(2,054)
Total current assets	**500**	**2,374**	**(1,874)**
Financing beyond 12 months	16,408	6,417	9,991
Total financial assets	**16,908**	**8,791**	**8,117**

Concerning the breakdown of financing versus subsidiaries please see Note 25.

16. Derivative financial instruments

The Company is exposed to both exchange rate risk, principally for revenues denominated in currencies other than the euro (see Note 4), and interest rate risk limited to its variable-rate debt instruments. The principal currencies that pose this risk are the U.S. dollar, Chinese yuan, Hong Kong dollar, Swiss franc, and British pound.

At the closing date, the notional amount of the currency forward sales and purchase agreements are summarised as follows:

Currency 000's	Sale		Purchase	
	Notional currency	Notional euro	Notional currency	Notional euro
US Dollar	47,600	44,628		
Hong Kong Dollar	381,000	45,814		
Singapor Dollar	2,400	1,678		
Japanese Yen	1,250,000	8,887		
British Pound	20,100	22,662		
Swiss Franc	6,050	6,144		
Chinese Renmimbi	1,069,000	145,280		
Canadian dollar	8,000	5,540		
Dirham United Emirates	9,680	2,471		
Australian dollar	3,450	2,198		
Total		**285,303**		

All derivative contracts will expire during the year 2023.

Below is summarised the composition of the outstanding derivatives at 31 December 2022 and 31 December 2021, with information related to carrying amounts, current and non-current, in connection with fair value and cash flow hedge reserve, the latter presented net of its related tax effects.

euro 000's	12.31.22			12.31.21		
	Assets	Liabilities	Hedging Reserve	Assets	Liabilities	Hedging Reserve
Non-current						
Interest rate swaps - cash flow hedges	6,472		4,919	126		96
Forward foreign exchange contracts - cash flow hedges						
Forward foreign exchange contracts - fair value hedges						
Total non-current	**6,472**		**4,919**	**126**		**96**
Current						
Interest rate swaps - cash flow hedges	6,597		5,014			
Forward foreign exchange contracts - cash flow hedges	811	346	2,015	45	2,824	(1,805)
Forward foreign exchange contracts - fair value hedges	2,155	490		6	3,561	
Total current	**9,563**	**836**	**7,029**	**52**	**6,386**	**(1,805)**
Total	**16,034**	**836**	**11,948**	**178**	**6,386**	**(1,709)**

It should be noted that the release of the cash flow hedge reserve used for the hedging of exchange risk amounted to 8,109 thousand euros, totally taken as a reduction in revenues.

The overall effect on the income statement of interest rate hedging transactions amounted to 77 thousand euros, fully accounted for in the reduction of financial expense.

17. Cash and cash equivalents

Cash and cash equivalents are related to cash and bank deposits for 71,440 thousand euros (112,259 thousand euros at 31 December 2021). For further information see the statement of cash flows.

18. Shareholders' equity

18.1 Share Capital. At 31 December 2022, the share capital of the Company amounted to 66,187,078 euros, unchanged compared to 31 December 2021, divided into 33,093,539 ordinary shares, of 2 euros each, and fully subscribed and paid up; all shares have equal rights in terms of profit sharing. At 31 December 2022, Mr. Diego Della Valle, Chairman of the Board of Directors, holds, directly and indirectly, 63.641% of TOD'S S.p.A. share capital. At 31 December 2022, the Company did not own treasury shares, and it did not execute any transactions on those shares during the year.

18.2 Capital reserves. Capital reserves are exclusively related to share premium reserve, amounting to 416,507 thousand euros at 31 December 2022 (416,507 thousand euros at 31 December 2021).

18.3 Hedging reserve. The following schedule illustrates the changes occurred in FY 2022:

euro 000's	Hedging reserve
Balance as of 01.01.21	**660**
Change in fair value of hedging derivatives	(5,855)
Transfer to Profit and Loss Account of hedging derivates	3,486
Other	-
Balance as of 01.01.22	**(1,709)**
Change in fair value of hedging derivatives	7,436
Transfer to Profit and Loss Account of hedging derivates	6,221
Other	-
Balance as of 12.31.22	**11,948**

For comments related to the changes of hedging reserve please see Note 16.

18.4 Other reserves and profit for the period. The following schedule illustrates the changes in profit reserves:

euro 000's	Other reserves	Profit (loss) of the period	Total
Balance as of 01.01.21	**475,843**	**(116,788)**	**359,054**
Allocation of 2020 result	(116,788)	116,788	
Dividends			
Profit for the period		(13,038)	(13,038)
Other changes	(565)		(565)
Balance as of 01.01.22	**358,490**	**(13,038)**	**345,452**
Allocation of 2021 result	(13,038)	13,038	
Dividends			
Profit for the period		58,491	58,491
Other changes	925		925
Balance as of 12.31.22	**346,378**	**58,491**	**404,869**

Other changes mainly relate to the net loss deriving from the two mergers by incorporation that took place in 2021, totalling 340 thousand euros, and the recognition of actuarial gains/(losses) accrued in the period (IAS 19).

18.5 Information on distributable reserves. The following table provides information on the possible use and distribution of each specific account under shareholders' equity and their possible use during the past three years:

euro 000's					Use in the previous 3 years	
Nature/Description	Amount	Possibility of use	Available amount	Not available amount	coverage of losses	others
Share capital	66,187			66,187		
Capital reserves						
Share premium reserve	416,507	A,B,C (1)	416,507			
Differences from mergers	739	A,B,C	739			
Retained earnings reserves						
Legal reserve	13,237	B	13,237			
Retained earnings /(losses)	295,470	A,B,C	295,470			
Differences from mergers - other transactions under common control	37,607	A,B,C	37,607			
Other profits/(losses) in OCI	11,272			11,272		
Total share capital and reserves	**841,019**		**763,560**	**77,459**		
Non-distributable reserves						
Residual distributable reserves			**763,560**			

Legend

(1) Pursuant to section 2431 of the Italian Civil Code, the entire amount of the reserve may be distributed only when the legal reserve has reached the limits set forth in Section 2430 of the Italian Civil Code.
A – for capital increase.
B – for coverage of losses.
C – for distribution to shareholders.

Reserves subject to tax suspension. The following information is provided on reserves in shareholders' equity that, if distributed, will constitute taxable income for the company, in connection with the situation following the capital transactions carried out pursuant to the 5 August 2000 resolution of the extraordinary Shareholders' Meeting:

a. for the reserves in equity, only the extraordinary reserve remains; formed with income that was regularly subjected to taxation, it would not constitute taxable income for the Company were it to be distributed;

b. previously defined reserves have been converted into the form of share capital, as follows:

euro	
Reserve for adjustments art. 15 c. 10 DL 429/82	149,256.04
Reserve for greater deduction of VAT	508.19
Reserve for Monetary Rev. under L. 72/'83	81,837.76
Reserve for deduction art. 14 c. 3 – Law no. 64/'86	5,783.80

for a total of euro 237,385.80, which, if distributed, would represent taxable income for the Company.

It should also be noted that, as a result of the tax realignment of proprietary trademarks, carried out pursuant to Legislative Decree no. 104 of 2020 in FY 2020, a tax-suspension restriction was placed, for tax purposes only, on the Company's equity reserves, for a total amount of Euro 121,390,726.

19. Provisions and contingent liabilities and assets

19.1 Provisions for risks. They include the estimate of liabilities, with uncertain maturity date or amount, on which the Company might incur in case of a legal or constructive obligation in connection with a past event. The item mainly includes provisions related to both lawsuits, risks and costs for employees and the impairment of equity investments exceeding their carrying amount. The table below shows the changes of provisions occurred during the period:

euro 000's	12.31.22	12.31.21
Provisions for risks - non current		
Opening balance	**3,429**	**5,813**
Increase	4,096	326
Utilization	(40)	(1,235)
Reversal	(11)	(882)
Other	23	(593)
Closing balance	**7,496**	**3,429**
Provisions for risks - current		
Opening balance	**2,284**	**16,059**
Increase	600	2,284
Utilization		
Reversal		
Other	(2,284)	(16,059)
Closing balance	**600**	**2,284**

The non-current portion of provisions for risks and charges includes 814 thousand euros for estimated charges for restoration of leased assets. The provision for the year referring to the non-current portion refers, for Euro 3,850 thousand, to the write-down referred to the subsidiary TRV Middle East Trading LLC (Notes 9 and 11).

The current portion of provisions for risks refers entirely to the write-down of the investment held in the subsidiary Tod's Oak Ltd. (Notes 9 and 11). Other changes, which refer to the current portion of provisions for risks, refer to the reclassification, which took place during the year, of write-downs of equity investments in subsidiaries, made in previous years, to directly reduce the value

of the aforementioned equity investments recorded under assets (which were again capitalised during the year).

Finally, provisions for risks do not include risks related to litigation, the unfavourable outcome, of which is considered possible but not probable, totalling 0.5 million euros.

19.2 Contingent liabilities and other commitments

i. Guarantees granted to third parties. At 31 December 2022, these total 49,395 thousand euros (FY 2021: 40,636 thousand euros) the value of guarantees granted to third parties. The amount is mainly related to guarantees granted to secure the contractual commitments of subsidiaries, comprised for 47,270 thousand euros to bank credit lines provided to the subsidiaries, for which the company acts as guarantor (FY 2021: 38,511 thousand euros).

ii. Guarantees received from third parties. These total 32,879 thousand euros (FY 2021: 21,464 thousand euros) and are guarantees received by the Company from banks as security for contractual commitments.

20. Employee benefits

The main actuarial assumptions used for the computation of TFR (termination benefit provided by Italian law on behalf of the Company employees) are summarised below:

- Discounting rate: 3.63%

  It is related to the average yield curve from IBOXX Eurozone Corporates AA of December 2022.
- Inflation rate: 2.30%;
- TFR incremental rate: 3.225%.

The table below shows the variation of the liability occurred in 2022:

euro 000's	Year 2022	Year 2021
Opening balance	**8,075**	**7,845**
Service costs		64
Interest costs	83	27
Benefits paid	(489)	(705)
Actuarial (gains)/losses	(925)	168
Other		676
Closing balance	**6,744**	**8,075**

Employee benefits also include other long term employee benefits.

21. Net financial indebtedness

As at 31 December 2022, net debt amounted to 344,300 thousand euros (308,491 thousand euros at 31 December 2021). Cash and cash equivalents (cash on hand and bank deposits) amount to 71,440 thousand euros, whilst liabilities amount to 422,838 thousand euros, including 316,966 thousand euros for medium/long-term exposure. Net debt includes current and non-current lease liabilities totalling 185,498 thousand euros (see Note 6).

The net financial indebtedness, as defined by the ESMA guidelines on disclosure requirements under the Prospectus Regulation of 4 March 2021 (Consob warning notice no. 5/21), is shown below:

euro 000's Net financial indebtedness	12.31.22	12.31.21	Change
Cash (A)	71,440	112,259	(40,818)
Cash equivalents (B)			
Other current financial assets (C)	7,097	2,374	4,723
Liquidity (D) = (A) + (B) + (C)	**78,538**	**114,633**	**(36,095)**
Current financial debts (E)	836	6,386	(5,550)
Current portion of non-current financial debts (F)	105,036	63,093	41,943
Current financial indebtedness (G) = (E) + (F)	**105,872**	**69,479**	**36,393**
Net Current financial indebtedness/(surplus) (H) = (G) - (D)	**27,334**	**(45,154)**	**72,488**
Non-current financial debts (I)	308,628	345,143	(36,516)
Debt instrument (J)			
Non-current trade and other payables (K)	8,338	8,502	(164)
Non-current financial indebtedness (L) = (I) + (J) + (K)	**316,966**	**353,645**	**(36,680)**
Total financial indebtedness/(surplus) (H) + (L)	**344,300**	**308,491**	**35,809**

The composition of the financial debt is summarised below:

euro 000's Financial indebtedness composition	12.31.22	12.31.21	Change
Bank overdraft			
Current portion of m/l loans	79,268	39,434	39,834
Current lease liabilities	25,767	23,658	2,109
Derivative financial instruments	836	6,386	(5,550)
Current financial indebtedness	**105,872**	**69,479**	**36,393**
Non current portion of m/l loans	148,897	228,149	(79,252)
Non-current lease liabilities	159,731	116,995	42,736
Other non-current liabilities	8,338	8,502	(164)
Non-current financial indebtedness	**316,966**	**353,645**	**(36,680)**

Medium- and long-term loans, totalling 228,165 thousand euros at 31 December 2022, comprise the following positions:

- syndicated loan, signed on 22 January 2021, coordinated by Intesa Sanpaolo S.p.A., through the IMI Corporate and Investment Banking Division, consisting of a Term Loan portion, disbursed for

250 million euros, and a Revolving Credit Facility portion, for a total of 250 million euros, entirely unused as at 31 December 2022. The loan is due to mature on 31 December 2025 and the repayment of the Term Loan portion takes place in increasing six-monthly instalments starting from 30 June 2022. This loan accrues interest at a floating rate equal to 6-month EURIBOR + 250 basis points. The applicable spread is subject to changes on the basis of trends in the financial and sustainability indicators provided for in the contract and, in 2022, came to 243 basis points following the achievement of the objectives provided for in the contract.
In addition to the syndicated loan, the following loan is outstanding at 31 December 2022:
- a loan taken out with Cassa di Risparmio di Fermo S.p.A. on 15 November 2021, for an amount equal to 20 million euros, maturing on 15 May 2023. The agreed upon quarterly interest rate is 0.65%.

Other non-current liabilities refer to the non-current portion of the liability recorded in relation to the agreement made for financing of restoration work on the Coliseum.

The table below shows the repayment schedule agreed as per contract for all the loans, including interest accrued as at the reporting date and does not include revolving credit facilities. The following table does not include the revolving credit facilities.

euro 000's	Medium and long term pool loan IntesaSanPaolo - Crédit Agricole - BPM - BNL - Unicredit	Cassa di Risparmio di Fermo	Total
2023	60,000	20,000	80,000
2024	70,000		70,000
2025	80,000		80,000
2026			-
Over 5 years			-
Total	**210,000**	**20,000**	**230,000**
Accruals and amortized cost			-
Total	**210,000**	**20,000**	**230,000**

For the sensitivity analysis on interest rates (IFRS 7) and information on additional lines of credit and loans available to the Company but not used as at 31 December 2022, please refer to Note 4.

21.1 Statement of Cash Flows

Cash and cash equivalents as at 31 December 2022, shown in the Statement of Cash Flows, consisted of cash and cash equivalents of 71.4 million euros as at 31 December 2022 (112.3 million euros as at 31 December 2021).

Operations during the period generated cash of 54.8 million euros, compared with 124.8 million euros in the previous year. Compared to the previous year, there was a greater absorption of cash at the level of operating working capital, mainly related to the finished products of the next (compared to the end of the financial year) sales season, the production of which has returned to full capacity, after the appropriate precautions taken as a consequence of the continuation of the pandemic; these inventories will produce their positive effects on liquidity in the following financial year.

Cash flow from financing activities in 2022 mainly includes the payment of the nominal value of the leasing liabilities, amounting to 25.2 million euros, and the repayments of the outstanding pool loan (Note 21).

22. Other non-current liabilities

The balance for this item, 24.6 million euros (20 million euros at 31 December 2021), refers for about 8.3 million euros to the liability recognised in relation to the agreement made for financing the restoration work of the Coliseum (Note 7), for 15.8 million euros to the non-current part of the return reserve and for 0.5 million euros to other non-current liabilities. The liability in relation to the Coliseum was recognised at the discounted value of the financial outlays that are reasonably foreseeable on the basis of the multi-year plan for restoration work.

23. Trade payables and other current liabilities

23.1 Trade payables.

euro 000's	12.31.22	12.31.21	Change
Third parties	135,721	104,323	31,398
Subsidiaries	31,773	38,859	(7,086)
Total	**167,494**	**143,181**	**24,312**

The increase in trade payables was due to the already commented business trend.

To Third parties. These stem exclusively from commercial transactions as part of ordinary processes for purchase of goods and services.

To subsidiaries. These represent payables to Group entities, principally for provision of services.

23.2 Tax payable.

At 31 December 2022, tax payables are 8,689 thousand euros (12,660 thousand euros at 31 December 2021) and they mainly relate to withholding taxes on employment income and the tax payable for substitute taxes accounted for following the realignment of the fiscal value of trademarks (Note 5.8). This item also includes, in application of IFRIC 23, the estimate of tax risks.

23.3 Other.

euro 000's	12.31.22	12.31.21	Change
Payables to employees	9,944	9,929	15
Social security institutions	5,532	5,456	76
Others	55,586	55,949	(363)
Total	**71,062**	**71,334**	**(272)**

Payables to employees reflected amounts accrued in their favour (including unused holiday leave) that had not yet been paid at the reporting date. Other liabilities are mainly related to advance from customers for 4.5 million euros, the current portion of estimated returns at the end of the financial year for 47.5 million euros, and other liabilities for 3.6 million euros.

24. Base earnings per share

The calculation of base and diluted earnings/(loss) per share is based on the following:

i. Profit/(loss) in the reference period.

euro 000's For continuing operations	Year 22	Year 21
Profit/(Loss) used to determine basic earning per share	58,491	(13,038)
Dilution effects		
Profit/(Loss) used to determine diluted earning per share	**58,491**	**(13,038)**

euro 000's For continuing operations	Year 22	Year 21
Net profit/(Loss) of the year	58,491	(13,038)
Income (loss) from discontinued operations		
Profit/(Loss) used to determine basic earning per share	**58,491**	**(13,038)**
Dilution effects		
Profit/(Loss) used to determine diluted earning per share	**58,491**	**(13,038)**

ii. **Reference number of shares.**

	Year 22	Year 21
Weighted average number of shares to determine basic earning per share	33,093,539	33,093,539
Share options		
Weighted average number of shares to determine diluted earning per share	33,093,539	33,093,539

iii. **Base earnings/(loss) per share.** Calculation of the basic earnings/(loss) per share for the period January-December 2022 is based on the result attributable to holders of ordinary shares of TOD'S S.p.A., totalling 58,491 thousand euros (FY 2021: -13,038 thousand euros), and on an average number of ordinary shares outstanding in the same period of 33,093,539 (unchanged compared to FY 2021).

iv. **Diluted earnings/(loss) per share.** Calculation of the diluted earnings/(loss) per share for the period January-December 2022 is the same as the base earnings/(loss) per share, due to the fact that there are no items which produce dilution effects.

25. Transactions with related parties

The Company's related parties transactions were executed in compliance with the procedural sequence and implementing procedures set out in the Related Parties Transactions Procedure approved by the TOD'S S.p.A. Board of Directors in implementation of the Related Parties Regulation adopted by CONSOB with Resolution no. 17221 of 12 March 2010, as subsequently amended.

In accordance with market best practices, significant related party transactions are subject to an in-depth review involving, inter alia:

i) a complete and timely transmission of relevant information to the competent Control and Risk Committee, exclusively composed of non-executive and independent Directors to which, by Board resolution of 21 April 2021, the tasks provided for by the regulatory provisions in force concerning transactions with related parties and by the RPT Procedure adopted by the Company have been assigned, with regard to both transactions of lesser importance and transactions of greater importance with related parties, with the sole exclusion of non-exempt related party transactions concerning the remuneration of Directors and other key management personnel, which are the responsibility of the Appointments and Remuneration Committee (which is also made up exclusively of non-executive and independent Directors); each Committee - when carrying out its functions concerning transactions with related parties - can also rely on the support of specific independent experts;

ii) the issuance of an opinion (either binding or non-binding, as applicable) before approval of the transaction by the Board of Directors (or, if appropriate, by the body delegated to approve the transaction).

All transactions – which are connected with the normal operations of the Company – were executed solely on behalf of the company by applying contractual conditions consistent with those that can theoretically be obtained on an arm's length basis.

Most significant transactions concluded during the year

During the 2022 financial year, the Company did not enter into any related-party transaction which was of greater significance or which had a significant impact on the Company's financial position or result for the year, nor were there any changes or developments in the transactions described in the 2021 Annual Report which had the same effects.

With regard to new transactions of lesser importance, the following transactions should be noted:

- the renewal by the Company of four existing real estate lease agreements with the related company Immobiliare De.IM. S.r.l., which owns the premises in question, all located in Milan. In greater detail, the properties consist of: i) two showrooms (respectively dedicated to the Hogan and Fay brands), located at 56 Via Savona, ii) a portion of real estate used as offices, located at 1 Via Serbelloni, on the third floor, iii) the real estate complex, located at 17 Via Sant'Andrea, which houses the Milan flagship store of the ROGER VIVIER brand. The transactions qualify as transactions between related parties, as Immobiliare De.IM. S.r.l. is a company headed by the Chairman, Diego Della Valle, and the Vice Chairman, Andrea Della Valle, and controlled by the former;
- the signing of a sponsorship agreement with the companies TBS CREW S.r.l. and VIEFFE S.r.l. for the performance, in exchange for consideration, of services by certain well-known influencers, including Chiara Ferragni, for the TOD'S brand communication campaign for the Spring-Summer 2022 season; the transaction qualifies as a transaction between related parties, since TBS CREW S.r.l. is a company indirectly controlled by Chiara Ferragni, a member of the Board of Directors of TOD'S S.p.A. and, as such, a related party of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Parties Transaction Procedure;
- the renewal of the consulting agreement in place between the Company and the director, co-opted by board resolution of 7 June 2021, Michele Scannavini, concerning the provision of certain general consulting services to be provided, in support of the Chairman of the Board of Directors and the Company's top management; the renewal takes effect as of 14 June 2022, for a duration of one year, under the same economic conditions as the contract that has now expired. The transaction qualifies as a transaction between related parties, as Mr. Michele Scannavini is a member of the Board of Directors of TOD'S S.p.A. and, as such, a related party

of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Party Transaction Procedure;

- the two-year renewal of the existing supply agreement between the Company and the related company Elsa Schiaparelli s.a.s., entered into in May 2020 and expiring on 31 May 2022, concerning the development by TOD'S S.p.A., in favour of the related company, of prototypes of leather goods (handbags, belts and small leather goods) and the subsequent mass production of the articles made on the basis of the prototypes. The renewal, in particular, was signed between the parties for a further period of two years, thus expiring on 31 May 2024, under the same contractual conditions as the previous agreement. The transaction takes the form of a "related-party transaction" since Elsa Schiaparelli s.a.s. is a subsidiary controlled indirectly by Diego Della Valle & C S.r.l., a company headed by the Chairman, Diego Della Valle, and by the Vice Chairman, Andrea Della Valle, and is controlled by the former.

Related party transactions pending at 31 December 2022

In addition to the foregoing, in FY 2022 TOD'S S.p.A. continued to maintain a series of contractual relationships with related parties (directors/controlling or significant shareholders), already existing in the previous year. Period transactions mainly involve the sale of products, the leasing of premises to be used as shops, showrooms and offices and the provision of advertising services.

i. Commercial transactions with related parties – Revenues

euro 000's	Sales of Product	Rendering of services	Royalties	Operating lease	Other operations
Year 2022					
Parent Company (*)	962	0		5	2
Directors					
Exec. with strat. respons.					
Other related parties					
Total	**962**	**0**	**-**	**5**	**2**
Year 2021					
Parent Company (*)	521	1		5	
Directors					
Exec. with strat. respons.					
Other related parties					
Total	**521**	**1**	**-**	**5**	**-**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle,

ii. Commercial transactions with related parties – Costs

euro 000's	Purchases of	Rendering of services	Royalties	Operating lease	Other operations
Year 2022					
Parent Company (*)	6	812		4,213	3
Directors					
Exec. with strat. respons.					
Other related parties					
Total	**6**	**812**	**-**	**4,213**	**3**
Year 2021					
Parent Company (*)	2	432		4,594	24
Directors					
Exec. with strat. respons.					
Other related parties					
Total	**2**	**432**	**-**	**4,594**	**24**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle,

iii. Commercial transactions with related parties – Receivables and payables

euro 000's	12.31.22				12.31.21			
	Asset		Liabilities		Asset		Liabilities	
	Right of use	Trade Receivables	Leasing liability	Trade Payables	Right of use	Trade Receivables	Leasing liability	Trade Payables
Parent Company (*)	30,858	373	31,102	288	8,244	212	9,395	249
Total	**30,858**	**373**	**31,102**	**288**	**8,244**	**212**	**9,395**	**249**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle,

Rights of use and lease liabilities, shown in the table above, refer to certain lease agreements in place with the related company Immobiliare De.Im. Srl, a company wholly owned, through Diego Della Valle & C. S.r.l., to the Chairman, Diego Della Valle, and to the Vice Chairman, Andrea Della Valle, and controlled by the former, referring to offices and showrooms of the Company in Milan.

Due to the fact that the above mentioned amounts are not significant, the disclosure has not been provided separately in the financial statements in accordance with CONSOB resolution no. 15519 of 27 July 2006.

Compensation of Directors, Statutory Auditors, and General Managers

The following table illustrates the compensation accrued in FY 2022 by each of the Directors, Statutory Auditors, Key Managers of TOD'S S.p.A. (including for the activities that they performed at subsidiaries) for any reason and in any form:

euro 000's	Compensation for office	Compensat. for part. in Commit.	Non cash benefits	Bonus and other incentives	Compens. as employ.	Other compens.
Directors						
Diego Della Valle [1]	1,839.5	10.1				
Andrea Della Valle [2]	1,239.2	10.1				
Luigi Abete	39.9	9.7				
Marilù Capparelli	39.9					
Luca Cordero di Montezemolo	39.2					
Sveva Dalmasso	39.9	10.1				
Chiara Ferragni	36.7					
Romina Guglielmetti [3]	39.9	11.1				11.1
Emilio Macellari [4]	254.9	10.1		175.0		480.0
Vincenzo Manes	39.2	20.8				
Cinzia Oglio	39.9		2.1	48.6	162.0	
Emanuela Prandelli	39.9	11.1				
Pierfrancesco Saviotti	39.9					
Michele Scannavini [5]	39.5					200.0
Total	**3,767.0**	**92.9**	**2.1**	**223.6**	**162.0**	**691.1**
General Manager						
Simona Cattaneo [6]			4.5		767.6	
Statutory Auditors						
Pierluigi Pace [7]	76.7					
Piera Tula [8]	51.2					
Fabrizio Redaelli [9]	60.0					
Giulia Pusterla [10]	13.4					
Enrico Colombo [11]	31.4					11.1
Total	**232.7**					**11.1**
Executives with strategic responsibilities						
Executives with strategic responsibilities [12]			7.1	116.6	1,145.0	

Legend

(1) *Chairman of the Board of Directors and Chief Executive Officer*

(2) *Vice-Chairman of the Board of Directors and CEO*

(3) *Member of the Supervisory Board*

(4) *Director with powers and consultant of TOD'S S.p.A.*

(5) *Director and consultant of TOD'S S.p.A. Co-opted on 7 June 2021.*

(6) *General Manager*

(7) *Chairman of the Board of Statutory Auditors newly appointed by the Shareholders' Meeting of 21 April 2022*

(8) *Acting Auditor newly appointed by the Shareholders' Meeting of 21 April 2022*

(9) *Acting Auditor with appointment renewed by the Shareholders' Meeting of 21 April 2022*

(10) *Chairman of the Board of Statutory Auditors in office until the Shareholders' Meeting of 21 April 2022*

(11) *Acting Auditor in office until the Shareholders' Meeting of 21 April 2022 and member of the Supervisory Board*

(12) *Includes General Managers limited to remuneration for employment relationships*

No severance indemnity is provided for Directors and Key Managers.

Intercompany transactions

TOD'S S.p.A. has commercial and financial relationships with the companies in which it directly or indirectly owns a controlling interest. The transactions executed with them substantially involve the exchange of goods, provision of services and the provision of financial resources. They involve routine operations and are settled on an arm's length basis. The table below shows the country breakdown of the value of the main transactions that were carried out with subsidiaries in 2022:

euro 000's		12.31.22			12.31.21		
	N° Companies	Receivables	Payables	Net Revenues/ (costs)	Receivables	Payables	Net Revenues/ (costs)
Albania	1	32	2,707	(9,076)	15	1,529	(6,128)
Australia	2	120	11	152	38	-	108
Austria	1	634	52	2,911	390	44	1,453
Belgio	1	(46)	44	823	332	23	335
Canada	1	2,380	5	3,456	642	(3)	656
Cina	3	79,846	1,860	110,797	57,145	1,402	109,511
Corea	2	10,074	3	28,027	20,906	436	18,767
Danimarca	0	-	-	-	-	-	-
Emirati Arabi	1	1,916	719	1,899	261	-	83
Francia	3	(205)	4,134	1,520	1,201	7,068	(5,859)
Germania	2	2,373	490	8,256	132	1,765	767
Giappone	2	1,374	4	2,591	1,103	1	1,536
Gran Bretagna	3	3,170	1,023	9,320	2,740	346	5,700
Hong Kong	2	23,872	349	72,518	16,695	2,665	48,284
India	1	46	26	14	47	25	10
Irlanda	1	551	-	199	503	0	615
Italia	2	1,170	23,197	(19,102)	869	29,546	(15,355)
Macao	2	24	-	90	25	2	93
Olanda	1	284	65	2,961	1,431	25	1,931
Singapore	2	35	1	72	19	2	51
Spagna	2	236	340	3,582	1,159	141	2,683
Svizzera	2	73	430	3,163	1,743	381	4,899
Ungheria	1	-	859	(1,523)	-	624	(1,081)
Usa	15	15,962	2,678	21,761	6,881	358	13,991
Total	**53**	**143,922**	**38,998**	**244,411**	**114,278**	**46,379**	**183,048**

Receivables and payables reported in the table above include payables to the Italian companies arising from tax consolidation for 7,022 thousand euros.

Below are the details of financial and equity transactions:

euro 000's	Financing	
	12.31.22	12.31.21
TOD'S OAK LTD	500	500
TOD'S AUSTRIA GMBH	1,300	2,300
TOD'S JAPAN KK		
TOD'S AUSTRALIA PTY LTD	1,402	2,273
TOD'S KOREA INC.	8,000	
TOD'S BELGIQUE S.P.R.L.	600	
ITALIANTOUCH USA INC.		1,554
TRV Middle East Trading LLC	5,106	2,164
Total	**16,908**	**8,791**

Financial receivables relate:

- for 0.5 million euros to a 12-month credit facility granted to TOD'S OAK Ltd on which quarterly interest accrues calculated at a variable market rate.
- a loan with a duration of 5 years, lent to the controlled company TOD'S Australia PTY Ltd on 5 August 2022 for 2,200 thousand AUD (approximately 1,402 thousand euros), which will be all reimbursed at the expiring date. The loan bears quarterly interests computed on a fixed rate at a market condition;
- a loan with a duration of 5 years, granted to the subsidiary company TOD'S Austria Gmbh on 5 August 2022 for an amount of 1,300 thousand euros, which will be all reimbursed at the expiring date, and on which quarterly interest accrues calculated at a fixed market interest.
- a loan with a duration of 5 years, granted to the subsidiary company TRV Middle East on 21 September 2021 for 9,000 thousand AED (approximately 2,296 thousand euros at 31 December 2022), which will be all reimbursed in a lump sum at the expiring date and on which quarterly interest accrues, calculated by applying the fixed market rate. During FY 2022, an additional AED 11,000 thousand was disbursed (approximately 2,806 thousand euros at 31 December 2022), thus bringing the overall total disbursed to AED 20,000 thousand at 31 December 2022 (approximately 5,106 thousand euros at 31 December 2022);
- a loan with a duration of 5 years, granted to the subsidiary company TOD' S Korea Inc. on 5 August 2022 for an amount of 8,000 thousand euros, which will be all reimbursed at the expiring date, and on which quarterly interest accrues calculated at a fixed market interest.
- a loan with a duration of 5 years, granted to the subsidiary company TOD' S Belgique S.p.r.l. on 5 August 2022 for an amount of 600 thousand euros, which will be all reimbursed in a single payment at the expiring date, and on which quarterly interest accrues calculated at a variable market interest.

26. Events and significant non-recurring transactions

Pursuant to Consob Communication no. DEM/6064293 of 28 July 2006, the Company did not carry out any significant non-recurring operations during the financial year.

27. Independent Auditors compensation

Pursuant to Article 149- *duodecies* of the Issuers' Regulation, the compensation received in FY 2022 by the independent auditor Deloitte & Touche S.p.A. and the companies belonging to its network are illustrated below, as broken down into auditing services and the provision of other services:

Type of service	Company	Receiver	Fees euro's 000
Auditing services	Deloitte & Touche S.p.A.	TOD'S S.p.A.	142
Other services	Deloitte & Touche S.p.A.	TOD'S S.p.A.	24
Auditing services	Deloitte & Touche S.p.A.	Subsidiaries	9
Totale Deloitte & Touche S.p.A.			**175**
Auditing services	Deloitte & Touche (Network)	Subsidiaries	157
Other services	Deloitte & Touche (Network)	TOD'S S.p.A.	302
Other services	Deloitte & Touche (Network)	Subsidiaries	
Totale Deloitte & Touche (Network)			**458**

28. Items or transactions resulting from unusual and/or exceptional transactions

There were no items or transactions resulting from unusual and/or exceptional transactions during the year.

29. Information in accordance with the Law no. 124/2017

During the year the Company received subsidies, grants, remunerated engagements and, anyway, economic advantages in accordance with the Law 124/2017 art. 1, subsection 125. The following table summarises this data:

euro Company	Lender	Allowance received	Reason
TOD'S S.p.A.	Regione Marche	54,064	Allowances to companies for recruiting and training of employees
Total		**54,064**	

The grants mentioned above can also be found in the specific national Register that is available for public consultation. In FY 2022, moreover, the Company benefited from the tax credit on rents in the amount of about 113 thousand euros, the tax credit on capital goods in the amount of about

152 thousand euros, the tax credit on advertising investments in the amount of 180 thousand euros, the Gas tax credit (D.L. no. 50 of 17/07/2022) in the amount of 14 thousand euros, the tax credit for the electricity bonus for non energy-intensive companies Law Decree no. 21 of 21/03/2022 (converted into Law no. 51 of 20/05/2022) in the amount of 164 thousand euros, the contribution for the development of electricity from renewable sources (GSE contribution) in the amount of 284 thousand euros. Finally, again during the year, the Company obtained tax benefits relating to Law no. 178 of 30/12/2020 (subsidies for the South and exemption for the under 36s) totalling 200 thousand euros.

It is highlighted that the benefits have been summarised in accordance with the cash principle and, as a consequence, the table above shows subsidies, contributions, remunerated engagements and, anyway, economic advantages which have been collected during the year 2022, without taking into consideration the accrual basis.

30. Significant events occurring after the end of the financial year

There have been no significant events affecting the Company's operations since the close of FY 2022.

31. Certification of the Separate Financial Statements of TOD'S S.p.A. and the Consolidated Financial Statements of the TOD'S Group pursuant to Article 81-ter of Consob Regulation no. 11971 of 14 May 1999, as amended

1. The undersigned Diego Della Valle, Chief Executive Officer of TOD'S S.p.A., and Rodolfo Ubaldi, Financial Reporting Manager of TOD'S S.p.A., certify, in accordance with the provisions of Article 154-bis, subsections 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in terms of the company's characteristics and
- effective application

of administrative and accounting procedures for preparation of the Separate Financial Statements and Consolidated Financial Statements during the period 1 January 2022 to 31 December 2022.

2. They also certify that the Separate Financial Statements and Consolidated Financial Statements:
a) have been prepared in compliance with the International Financial Reporting Standards recognised in the European Union pursuant to Regulation EC 1606/2002 of the European Parliament and Council of 19 July 2002;
b) correspond with the account books and ledger entries;
c) give a true and fair view of the assets, liabilities, income and financial position of the issuer and entities included in the scope of consolidation.

3. Report on operations provides a reliable analysis of the issuer's operating performance and income, as well as the financial position of the issuer and all the businesses included in the scope of consolidation, together with a description of the principal risks and uncertainties to which they are exposed.

Milan, 13 March 2023

Diego Della Valle	Rodolfo Ubaldi
Chief Executive Officer	*Financial Reporting Manager*

TOD'S s.p.a.

Report of the Board of Statutory Auditors

s.p.a.

(COURTESY TRANSLATION FOR THE CONVENIENCE OF INTERNATIONAL READERS

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FOR THE OFFICIAL DOCUMENTS PLEASE REFER TO THE ITALIAN VERSION)

TOD'S S.p.A

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REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS'S MEETING PREPARED PURSUANT TO ARTICLE 153 OF LEGISLATIVE DECREE N° 58/1998 AND ARTICLE 2429 OF THE ITALIAN CIVIL CODE

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Dear Shareholders,

in accordance with Article 153 of Legislative Decree no. 58 of 24 February 1998, we submit to you this Report in relation to the supervisory and control activities carried out during the year, even in our capacity as members of the Internal Control and Audit Committee, ended with the financial statements as at 31 December 2022, which are presented to you along with the report on the performance of operations and with the information documents which adequately illustrate the performance of Tod's S.p.A. (hereinafter also the "Company") and its subsidiaries, with balance sheet, economic and financial data and the results achieved.

This report has been prepared in compliance with the applicable laws and regulations for listed companies, since the shares of Tod's S.p.A. are traded on the Euronext Milan organized and managed by Borsa Italiana S.p.A..

Tod's S.p.A. is the holding company of the Group and, therefore, it also prepares the consolidated financial statements; it is not subject to any management and coordination activities on the part of third parties.

*

Appointment and work of the Board of Statutory Auditors

The Board of Statutory Auditors' members who held office as at the date of this Report were appointed by the Shareholders' Meeting held on 27 April 2022 for the three-year period from 2022 to 2024.

At the time of its taking over office, the Board verified that the independence requirements were met by its members and that there were no cases of their ineligibility or disqualification pursuant to Articles 2399 of the Italian Civil Code and 148, paragraph 3, of the Consolidated

Law on Finance (TUF) and of the Corporate Governance Code (formerly the Self-Regulatory Code of Listed Companies); it also established that they complied with the restrictions on overboarding provided for in Article 144-*terdecies* of the Issuers' Regulations, in accordance with the Rules adopted by the Board itself. The Board also carried out a self-assessment of its members while also verifying the adequacy of its composition; the results of this self-assessment process were then communicated to the Board of Directors.

As regards the audits concerning bookkeeping and Financial Statements, they were carried out by the Independent Auditors Deloitte & Touche S.p.A., which were appointed by the Shareholders' Meeting held on 3 June 2020, to carry out the statutory audit of accounts for the financial years from 2021 to 2029.

During the year ended 31 December 2022 the Board of Statutory Auditors performed the supervisory work prescribed by law, in particular pursuant to the combined provisions of Article 149, paragraph 1, of Legislative Decree no. 58 of 24 February 1998 and Article 19, paragraph 1, of Legislative Decree no. 39 of 27 January 2010, as amended by Legislative Decree no. 135 of 17 July 2016, while also taking account of the rules of conduct of the board of statutory auditors of listed companies recommended by the National Council of Chartered Accountants and Accounting Experts, by CONSOB provisions on corporate audits and the guidelines set out in the Corporate Governance Code of Borsa Italiana which the Company complies with.
During the year, 9 meetings of the Board of Statutory Auditors were held (5 of which in its present composition and 4 in its previous composition), the results of which were duly reported in the appropriate minutes.
The Board of Statutory Auditors attended the meetings of the corporate bodies, carried out periodic audits and met with the managers of the Independent Auditor, the members of the Control and Risk Committee and the Executive in charge of preparing the corporate accounting documents to exchange information on the activities carried out and on control programs.

*

Takeover bid

During the year, namely on 3 August 2022, DeVa Finance S.r.l. (wholly owned by DI.VI. Finanziaria di Diego Della Valle & C. S.r.l. and indirectly controlled by the Company's Chairman, Diego Della Valle), published a notice pursuant to Article 102, paragraph 1, of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented, and Article 37

of the Regulation adopted by CONSOB by resolution no. 11971 of 14 May 1999, as subsequently amended and supplemented, about the decision to promote a voluntary total takeover bid on the ordinary shares of Tod's S.p.A.) not owned by the bidders and the persons acting in concert. The offer, relating to 25.55% of the share capital, was aimed at obtaining the delisting of the Company's shares from Euronext Milan and its effectiveness was conditional - among other things - on achieving a threshold of subscriptions such as to allow DeVa Finance S.r.l. (together with the persons acting in concert), to hold a stake of more than 90% of the share capital of Tod's S.p.A..

During the period between the date of the announcement and the date of publication of the offering document (23 September 2022), the Board of Statutory Auditors attended the meetings of the Independent Directors and of the Board of Directors, meeting with the financial advisors and legal counsels appointed by the Company, supervised the process of preparing the Board of Directors' Press Release prepared pursuant to Articles 102 et seq. of Legislative Decree no. 58 of 24 February 1998, and supervised compliance with the Policy for the Management of Dialogue with the Shareholders of Tod's S.p.a., approved during the Board of Directors' meeting held on 21 April 2021.

On 23 September 2022, DeVa Finance S.r.l. published the Offering document, which had been approved by CONSOB by resolution no. 22454 of 21 September 2022.

The period of subscription ended on 25 October 2022, and on the following day DeVa Finance S.r.l. announced the final results of the Offer, which did not materialise due to failure to reach the pre-set capital threshold.

Finally, on 9 December 2022, DeVa Finance S.r.l. informed the market of its decision not to submit a request to the competent corporate bodies of Tod's S.p.A. to proceed with the merger by its incorporation into DeVa Finance S.r.l., thus renouncing the consequent delisting of your company's shares.

*

Pursuant to Article 153 of Legislative Decree no. 58/1998 (hereinafter also referred to as “TUF”), while also taking into account the indications provided by CONSOB Communication 1025564 of 6 April 2001 as further amended, we report the following:

- We have supervised and checked compliance with the law and the by-laws of the Company;
- The Directors provided us, with the required periodicity, information on the activities undertaken by them and on the most significant economic, financial and capital transactions carried out by the Company and its subsidiaries during the financial year, and also verified that the same were in accordance with law and the articles of association and were not

manifestly imprudent or risky, in potential conflict of interests, in breach of the resolutions passed by the Shareholders' Meeting or likely to affect the integrity of the Company's assets and its business continuity;

- We have not found nor received information from the Board of Directors, the Independent Auditors or the Control and Risk Committee regarding the existence of atypical and/or unusual transactions carried out with third parties, related parties or other companies of the same group;
- Since the conditions have not been met, no mention has been made of atypical and/or unusual transactions in the directors' report on operations;
- In the explanatory notes attached to the consolidated financial statements of Tod's Group, as well as in the explanatory notes attached to the statutory financial statements of Tod's S.p.A. and in the report on the operations, the directors have provided an account of the ordinary transactions undertaken with other Group companies and/or related parties during the course of the financial year. Reference is here made to such documents with regard to matters falling within our purview, and especially in respect of their features and economic and financial effects.

  With regard to such transactions, the Board of Statutory Auditors, as well as the Board of Directors and the Control and Risk Committee, verified the existence of and compliance with procedures aimed at ensuring that said transactions are conducted at fair terms and in the Company's interest, and that the same can be reasonably considered in line with the principles of correct administration, compatible with the Articles of Association of the Company and coherent with the purpose of the applicable laws and regulations;
- We have monitored the compliance of the Procedure on transactions with related Parties, adopted by the Company pursuant to CONSOB Regulation n. 17221 of 12 March 2010, as further amended and supplemented, with the principles included in the same CONSOB Regulation as well as the actual implementation of said Procedure by the Company. Please note that, in this regard, the Company adopted a new procedure for related party transactions on 12 May 2021. The information pertaining to transactions with Group companies and/or related parties, contained, in particular, in the paragraph "Information pursuant to CONSOB resolution no. 17221 of 12 March 2010 (Related Parties Regulation)" of the Board of Directors' report on the performance of operations, as well as in the paragraphs "Transactions with related parties" of the explanatory notes attached to consolidated financial statements of Tod's Group and in the explanatory notes to the

statutory financial statements of Tod's S.p.A., are adequate in light of the Company's size and structure;

- We ascertained that the information flows supplied by controlled companies outside EU are adequate in order to audit annual and interim accounts as provided for by article 15 of Market Regulations adopted by CONSOB resolution no. 20249 of 28 December 2017;
- The Independent Auditors have transmitted to the Board of Statutory Auditors their reports on both the statutory financial statements of Tod's S.p.A. and the consolidated financial statements of Tod's Group as at 31 December 2022, issued on 23 March 2023 in accordance with Article 14 of Legislative Decree no. 39 of 27 January 2010 and with Article 10 of Regulation (EU) No. 537/2014, in which they expressed an opinion on the financial statements with no exceptions, remarks or information recalls, thereby certifying that the same are in accordance with the rules governing financial statements, including the provisions of the ESEF regulation. The reports also include the conformity and consistency assessment required by Article 14, paragraph 2, letter e) of the same Legislative Decree and a section that describes four key aspects of the audit (Key Audit Matters);
- Neither complaints - pursuant to Article 2408 of the Italian Civil Code - nor reports were received during the financial year, or subsequently, until the date of preparation of this report;
- The Audit Firm Deloitte & Touche S.p.A. ,
- The Company conferred no engagements to the Audit Firm Deloitte & Touche S.p.A., which were not permitted by the provisions of law, as required by the regulations; any additional engagement was authorised in advance by the Board of Statutory Auditors. Details of the fees paid to the Audit Firm Deloitte & Touche S.p.A. in the year are provided in the Annex to the Notes to the Consolidated Financial Statements 2022, as required by Article 149-*duodecies*, paragraph 2, of Legislative Decree no. 58 of 1998 and CONSOB Resolution no. 11571 of 14 May 1999.

  The assessment carried out by the Board of Statutory Auditors in respect of independence of the audit firm pursuant to Article 19 of Legislative Decree no. 39/2010, revealed no critical aspects worthy of mention;
- We verified the correct and adequate application of criteria and procedures adopted by the Board of Directors in order to assess and assure the independence of its members. Furthermore, we verified the meeting of such independence criteria also by the members to the Board of Statutory Auditors;
- During the financial year we have issued our written opinions as provided for by the law;

- During the course of the financial year we attended the extraordinary Shareholders' Meeting held on 27 April 2022;
- During the course of the financial year the Board of Statutory Auditors' members, or its President and / or other Statutory Auditor, attended 11 meetings of the Board of Directors, 3 meetings of the Executive Committee, 8 meetings of the Risks and Control Committee, 3 meetings of the Nomination and Compensation Committee and even 6 meetings of the Committee of Independent Directors;
- To the extent of our powers and purview, we ascertained and monitored the compliance with the principles of correct administration and the appropriateness of the organisational structure and the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2 of Legislative Decree no. 58/1998, through direct observation, information gathered during meetings with company officers in charge of corporate organisation, and exchanges of significant information during meetings with the Independent Auditors, with the Executive in charge of preparing Company's accounting documents and with the other statutory auditors of the Company's subsidiaries;
- To the extent of our powers and purview, we ascertained and monitored, pursuant to Article 19 of Legislative Decree no. 39/2010, the appropriateness and efficacy of the internal control and risk management system, as well as the activities undertaken by the internal auditor staff, the appropriateness and efficacy of the administrative/accounting system and the reliability of the latter to faithfully reflect the management of the Company, by obtaining information from the company officers in charge of the relevant corporate departments, by examining corporate documents and analysing the results of the work undertaken by the Independent Auditors, and by attending the meetings of the Control and Risk Committee and organizing meetings with the Executive Directors in charge of the Internal Control and Risk Management System as well as with the Executive in charge of preparing Company's accounting documents;
- The financial reporting processed was monitored pursuant to Article 19 of Legislative Decree no. 39/2010;
- The Independent Auditors issued on 23 March 2023 the report provided by Article 19 of Legislative Decree 39/2010 and by Article 11 of Regulation (EU) No. 537/2014, which does not show evidence of any material flaws in the internal audit and risk management system;
- No aspects material or worthy of mention resulted from the contacts with the corresponding bodies of subsidiaries;

- No aspects material or worthy of mention resulted from the meetings held with the Independent Auditors pursuant to Article 150, paragraph 3, of Legislative Decree no. 58/1998, nor have any material lack have been detected in the internal control system as far as the financial reporting process is concerned;
- We verified the procedures for the proper implementation of the rules of corporate governance provided by the Corporate Governance Code (formerly the Self-Regulation of Listed Companies), adopted by the Board of Directors in 2006 and, finally, adapted by resolution of 21 April 2021.

  It should be noted that, at the meeting held on 10 November 2022, the Board of Directors of Tod's S.p.A. identified, as "strategically significant subsidiaries", the following companies: Tod's France Sas, Tod's Japan KK, Deva Inc., Tod's Hong Kong Ltd., Tod's (Shanghai) Trading Co. Ltd., Tod's Korea Inc., Roger Vivier S.p.A. and Roger Vivier France s.a.s;
- Through direct checks and information obtained from the Independent Auditors and the Executive in charge of preparing the Company's accounting documents, we verified the compliance with statutory provisions pertaining to the preparation and layout of the consolidated financial statements of Tod's Group, the individual financial statements of Tod's S.p.A. and the related explanatory notes thereto. Our monitoring activities did not detect any facts requiring a report to internal control bodies or worthy of mention in this report;
- Conformity with the provisions of law concerning the drafting of the consolidated non-financial statement of the Tod's Group for the year 2022, drawn up pursuant to Articles 3 and 4 of Legislative Decree 30 December 2016, no. 254 and in compliance with the GRI Sustainability Reporting Standards and the "Guidelines on the communication of non-financial information" issued by the European Commission on 26 June 2017 and the "Public statement on European common enforcement priorities for 2020 annual financial reports" published by ESMA on 28 October 2020. The document also responds to the requirements of EU Regulation 852/2020 and the Delegated Act related to Article 8 of the same Regulation regarding activities, capital expenditure and operational expenditure associated with environmentally sustainable activities.

  The non-financial statement, included in the annual report, has been approved by the Company's Board of Directors on 13 March 2023 and, pursuant to Legislative Decree 254/2016, submitted to a judgment of conformity by the audit firm Deloitte & Touche S.p.A.. The Board of Statutory Auditors received periodic updates on the preparatory activities and processes supporting the preparation of the non-financial statement in

meetings with the relevant functions.

The audit firm Deloitte & Touche S.p.A. has been entrusted by Tod's with the task provided for by Article 3, paragraph 10, of Legislative Decree 254/2016 and by Article 5 of the CONSOB Regulation implementing the Decree (adopted with Resolution No. 20267 of 18 January 2018). Deloitte & Touche has issued a report on the conformity assessment (limited assurance engagement) pursuant to Articles 3 and 4 of Legislative Decree 254/2016 on the basis of an auditing activity carried out in accordance with the ISAE3000 "International Standard on Assurance Engagements 3000 - Revised". The Board of Statutory Auditors has no remarks to make regarding the non-financial statement of Tod's Group;

- We acknowledge that the Corporate Governance and Ownership Structure Report for FY 2022, pursuant to Article 123-*bis*, paragraph 2, letter d-bis) of the TUF, illustrates in detail the principles and application criteria adopted by the Company, so as to set out what recommendations of the aforementioned Code have been adopted and are in force for the 2022 financial year, and in what manner and behaviour they have actually been applied, while also recalling the information provided on remuneration in the Remuneration Report approved by the Board of Directors pursuant to Article 123-*ter* of Legislative Decree no. 58/1998; it also provides the required information about diversity policies applied by Tod's in relation to the composition of the administrative body and the board of statutory auditors on issues such as age, gender composition, training and professional background, as well as a description of the objectives, implementing measures and results of such policies. To the extent of its specific responsibility, the Board of Statutory Auditors oversaw the procedures for the actual implementation of the rules of corporate governance in relation to which the Company has declared its compliance by means of public disclosures, while ensuring, among other things, that the Report on Corporate Governance of Tod's S.p.A. set out the results of the audits carried out by the Board of Statutory Auditors about the fulfilment of the independence requirements on the part of the Statutory Auditors, as determined on the basis of the same criteria as those provided for with reference to Independent Directors as set forth in the current Corporate Governance Code adopted by the Company;
- Pursuant to Article 19 of Legislative Decree no. 39/2010, the statutory audit of the annual accounts and the consolidated accounts was duly monitored;
- The Company has adopted a Code of Ethics and an Organizational and Managerial Model pursuant to Legislative Decree no. 231/2001 which has been updated by the Board of Directors most recently during its meeting held on 13 March 2023.

Taking into account all the above and with regard to matters falling within our purview, we have not found any reasons hindering the approval of the financial statements as at 31 December 2022 and we have no comments to make on the proposed allocation of results as recommended in the directors' report to the individual financial statements of Tod's S.p.A..

Milan, 23 March 2023

The Board of Statutory Auditors

Pierluigi Pace – Chairman

Fabrizio Redaelli – Standing Auditor

Piera Tula – Standing Auditor

TOD'S s.p.a.

TOD'S s.p.a.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
TOD'S S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of TOD'S S.p.A. (the "Company"), which comprise the statement of financial position as at 31 December 2022, the income statement, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 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 and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

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 ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Recoverability of assets with an indefinite useful life – Trademarks and Goodwill	
Description of the key audit matter	The separate financial statements at 31 December 2022 include "assets with an indefinite useful life" of € 139.2 million, of which € 13.7 million related to goodwill and € 125.5 million related to trademarks (Hogan: € 80.3 million, Fay: € 41.5 million and TOD'S: € 3.7 million) recognised at cost and not amortised given their indefinite useful life. The Directors check the recoverability of these intangible assets at least annually, in accordance with IAS 36 – "Impairment of Assets". To this end, they compare the assets' carrying amount with their estimated recoverable amount, determined as the higher of the asset's fair value less costs of disposal and its value in use (impairment test). In accordance with the applicable reporting standards and the impairment test procedure approved by the Board of Directors on 6 March 2023, the Directors compared the carrying amount of the above assets with an indefinite useful life at 31 December 2022 with their recoverable amount which the Directors calculated with the support of an independent expert. The impairment test is extremely complex and entails the use of estimates, which are, by their very nature, uncertain and subjective, with respect to the assumptions underlying the four different criteria used to estimate the fair value of each trademark and the estimated cash flows, and the other key variables of the model used to assess the recoverability of the only set of cash-generating units (CGUs) identified by the Directors, which coincides with the overall scope of the company, to which goodwill was allocated. Future cash flows were estimated based on 2023 budget figures and the 2024-2027 financial forecasts, determined according to the guidelines approved by the Board of Directors on 25 January 2023. Given the significance of the carrying amount of trademarks and goodwill, the subjectivity and uncertainty inherent in the estimates of expected cash flows and key variables of the impairment model, we considered the recoverability of the assets with an indefinite useful life a key audit matter. In the notes to the separate financial statements, the Directors describe the measurement process and note 9 "Impairment losses" sets out the significant assumptions and disclosures about the captions which were tested for impairment, including a sensitivity analysis which shows the effects of changes in the key variables used for impairment testing purposes.
Audit procedures performed	Our audit procedures, which we carried out also with the support of the specialists from the Deloitte network, included, inter alia:

- understanding the process adopted to assess the recoverability of trademarks and goodwill, analysing the methods and assumptions used for impairment testing purposes;
- identifying and understanding the company's relevant controls on this process;
- analysing the report prepared by the appointed expert, assessing, inter alia, the competence, ability and objectivity;
- analysing the reasonableness of the main assumptions underlying the four different criteria used to estimate the fair value of each trademark and the basis of the goodwill impairment test (expected cash flows, WACC discount rate and g-rate growth rates), also by comparing them with macroeconomic and sector data and obtaining information from management and the expert;
- analysing actual data against the original plans in order to assess the nature of the deviations and the reliability of the plan preparation process;
- checking the mathematical accuracy of the models used to determine the value in use of the CGU and the fair value of trademarks;
- checking the correct calculation of the carrying amount of the CGU;
- examining the sensitivity analysis prepared by management;
- checking the adequacy of financial statements disclosures and their compliance with IAS 36.

Recoverability of the carrying amount of the investment in Roger Vivier S.p.A.	
Description of the key audit matter	The separate financial statements at 31 December 2022 include the wholly-owned investment in Roger Vivier S.p.A. which was recognised for an amount of € 415.5 million. This equity investment is measured at cost and is tested for impairment, in order to check that its recoverable amount is higher than its carrying amount, if there are indicators of impairment. These indications are essentially identified based on the outcome of the impairment test carried out on the Roger Vivier trademark in the separate financial statements of Roger Vivier S.p.A. at 31 December 2022, whose carrying amount is € 416.4 million. Given the significant balance, the complexity of the measurement process and the high degree of professional judgement involved in testing the recoverability of this equity investment, whose carrying amount is strictly related to that of the Roger Vivier trademark, we considered the recoverability of the investment in Roger Vivier S.p.A. a key audit matter. Note 9 "Impairment losses" to the separate financial statements describes the process adopted by management to assess the recoverability of the investment in Roger Vivier S.p.A..

Audit procedures performed	Our audit procedures, which we carried out also with the support of the specialists from the Deloitte *network*, included, inter alia: • understanding the process adopted to assess the recoverability of the investment in Roger Vivier S.p.A.; • identifying and understanding the company's relevant controls on this process; • checking the existence of any indications of impairment of the investment in Roger Vivier S.p.A. by analysing the results of the impairment test conducted on the Roger Vivier trademark by TOD'S S.p.A. Management, assisted by an independent expert; • analysing the report prepared by the appointed expert, assessing, inter alia, the competence, ability and objectivity; • analysing the reasonableness of the main assumptions underlying the four different criteria used to estimate the fair value of the Roger Vivier trademark, also by comparing them with macroeconomic and sector data and obtaining information from Management and the expert; • checking the adequacy of financial statements disclosures and their compliance with the relevant reporting standard.
Recoverability of deferred tax assets	
Description of the key audit matter	The separate financial statements at 31 December 2022 include net deferred tax assets of € 62.4 million, relating to temporary differences between the carrying amounts of the recognised assets and liabilities and their corresponding tax bases for € 31.4 million and to tax losses for € 31.0 million. The Directors have assessed the recoverability of these assets based on the income expected for the period 2023-2027. Given the significant balance and the subjectivity and uncertainty inherent in estimates of future income, we considered the recoverability of the Company's deferred tax assets a key audit matter. Note 12 "Deferred taxes" provides information on deferred tax assets.
Audit procedures performed	Our audit procedures included, inter alia: • understanding the relevant processes and controls implemented by the company to check the recoverability of deferred tax assets; • examining the deductible temporary differences and the tax losses that resulted in the recognition of deferred tax assets; • analysing the correctness of the tax rates applied and the arithmetic calculation of deferred tax assets; • analysing the reasonableness of the main assumptions adopted when forecasting the company's future taxable income for the period 2023-2027, which, in turn, is based on the forecast economic flows;

- checking financial statements disclosures and their compliance with IAS 12.

Estimate of the allowance for inventory write-down	
Description of the key audit matter	The separate financial statements at 31 December 2022 include closing inventories of raw materials, semi-finished products and finished goods of approximately € 226.5 million, shown net of an allowance for inventory write-down of approximately € 85.2 million. Management estimated the allowance for inventory write-down considering raw materials based on their use in the production process and, with respect to finished goods, on the basis of the ageing of the collections in stock and their foreseeable absorption through the Group's distribution channels. Given the significant balance of recognised inventories and the importance of the discretionary feature inherent in the estimate of the allowance for inventory write-down, we considered the estimate of the Company's allowance for inventory write-down a key audit matter. Note 14 “Inventories” provides information about the allowance for inventory write-down.
Audit procedures performed	Our audit procedures included, inter alia: • understanding the relevant procedures and controls implemented by the company to calculate the allowance for inventory write-down; • checking the completeness and accuracy of the data used by management to calculate the allowance for inventory write-down and its mathematical accuracy; • analysing, through documentary checks and discussion with the corporate functions involved, the methods and reasonableness of the assumptions used by management to calculate the allowance for inventory write-down; • checking the adequacy of the disclosures provided in the notes to the separate financial statements with respect to the provisions of the applicable reporting standards.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, 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 the 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.

- Obtain 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's 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 modify 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.

- Evaluate 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 communicate 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of TOD'S S.p.A. has appointed us on 3 June 2020 as auditors of the Company for the years from 31 December 2021 to 31 December 2029.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of TOD'S S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the financial statements as at 31 December 2022, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements as at 31 December 2022 have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of TOD'S S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of TOD'S S.p.A. as at 31 December 2022, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of TOD'S S.p.A. as at 31 December 2022 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of TOD'S S.p.A. as at 31 December 2022 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Jessica Lanari
Partner

Ancona, Italy
March 23, 2023

As disclosed by the Directors in the paragraph "General Notes", the accompanying financial statements of TOD'S S.p.A. constitute a non-official version which has not been prepared in accordance with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.