TOD'S s.p.a.

2023 Annual Report

(Translation of the 2023 Annual Report approved in Italian solely for the convenience of international readers)

LETTER TO SHAREHOLDERS

Shareholders,

2023 was another very good period for our Group, with double-digit growth in sales and a significant improvement seen in profitability.

All brands grew at double-digit rates, at constant exchange rates, with all product categories contributing, especially leather goods, and good results in both sales channels and in all major markets worldwide.

The performance of the Tod's brand is excellent, as it is increasingly appreciated for its refined and modern style, an expression of the great craftsmanship of "Made in Italy"; its iconic products are increasingly loved by a growing number of customers of all age groups, internationally. The Roger Vivier brand also did very well, again registering a solid double-digit growth rate and maintaining its exclusive positioning in the highest luxury segment. We are also very pleased with the results of the Hogan and Fay brands, which grew by double digits compared to last year, demonstrating enormous potential for future growth.

The trend in the world market, which is increasingly focused on high quality craftsmanship and the Italian lifestyle, makes our brands increasingly desirable to consumers of high quality products.

The improvement in sales led to a significant increase in profitability, partly due to careful cost management throughout the entire production chain.

We are particularly pleased to have achieved these good results in a complicated market environment, where the Arab-Israeli conflict in the Middle East and new international macro-economic and political tensions have added to the tragic war between Russia and Ukraine that began last year, drastically reducing the visibility and predictability of demand trends.

The results of the financial year confirm the soundness of the strategy we are following to make our products more and more special, of high quality and very desirable. The next few years will see us engaged in the consolidation of the individual brands and, also for this reason, we felt it strategically important to share this project with the L Catterton fund and take the Group off the stock exchange, even though we have had excellent relations with it.

We continue to invest in the supply chain, with a particular focus on protecting our craftsmanship heritage, which we consider an important strategic asset for our Group; we are proud to have hired many young people, working alongside our skilled craftsmen, to pass on to them the great experience accumulated over the years in this difficult trade.

We also continue to invest in the distribution network, to strengthen the prestige and visibility of our boutiques, located in the world's leading luxury cities and streets, and we are also completing the omni-channel distribution model, with major investments in the digital world.

Once again this year we made significant progress in the so-called area of social responsibility, solidarity and welfare, towards which our Group has always shown great sensitivity. This year's initiatives include, for example, the digital passport and the sponsorship of the restoration of Palazzo Marino, home to Milan City Council. We are proud to invest in the well-being of those who work with us, our local community and our country, promoting a great many projects and initiatives that can help improve the quality of life of the people and territory.

As always, I would like to take this opportunity to congratulate and thank all our people for the work they continue to do, with great enthusiasm and diligence, and for the excellent results achieved.

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 66,187,078 euros
Share capital subscribed and paid 66,187,078 euros
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
Singapore - 391B Orchard Road, 17-08/09 Ngee Ann City Tower B
Dubai – Design District, building 6

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

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	Chairwoman
	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's structure

TOD'S S.p.A.
Parent Company, owner of TOD'S, HOGAN and FAY brands and ROGER VIVIER brand under a licence agreement and manages DOS in Italy and online 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 operates DOS in Hong Kong. Sub-holding for operation of subsidiaries in Asia

TOD'S Korea Inc.
Company that distributes and promotes products in Korea and operates DOS in Korea

TOD'S Retail India Private Ltd
Inoperative company

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

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

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

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.
Inoperative company

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 operates 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 and operates DOS in Korea

Roger Vivier 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 manages DOS and online sales in the USA market.

TOD'S Massachusetts Inc.
Company that operates DOS in Massachusetts (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 online sales in the USA market.

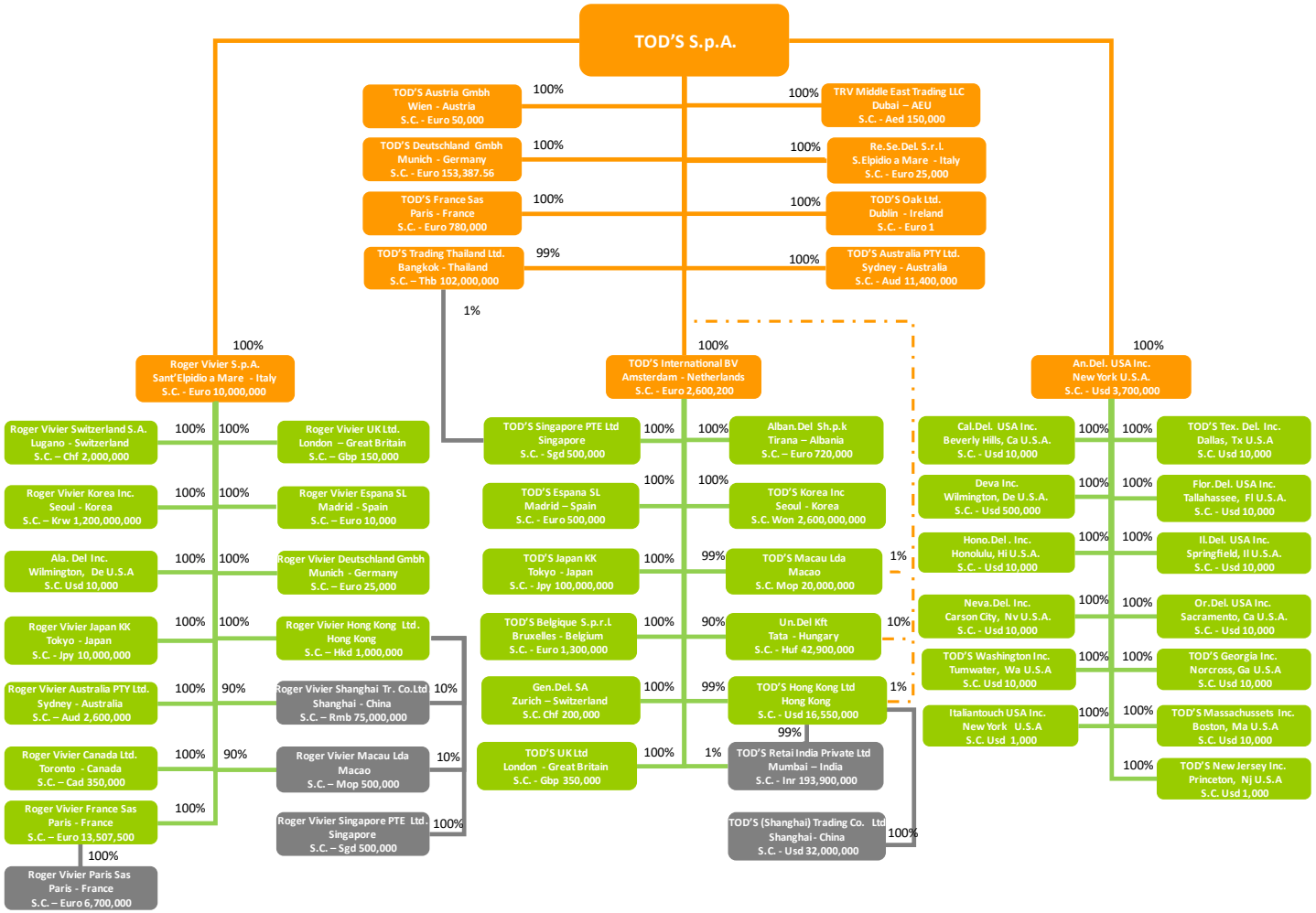
TOD'S New Jersey Inc.
Company that operates DOS in New Jersey (USA)

TOD'S OAK Ltd.
Company in liquidation

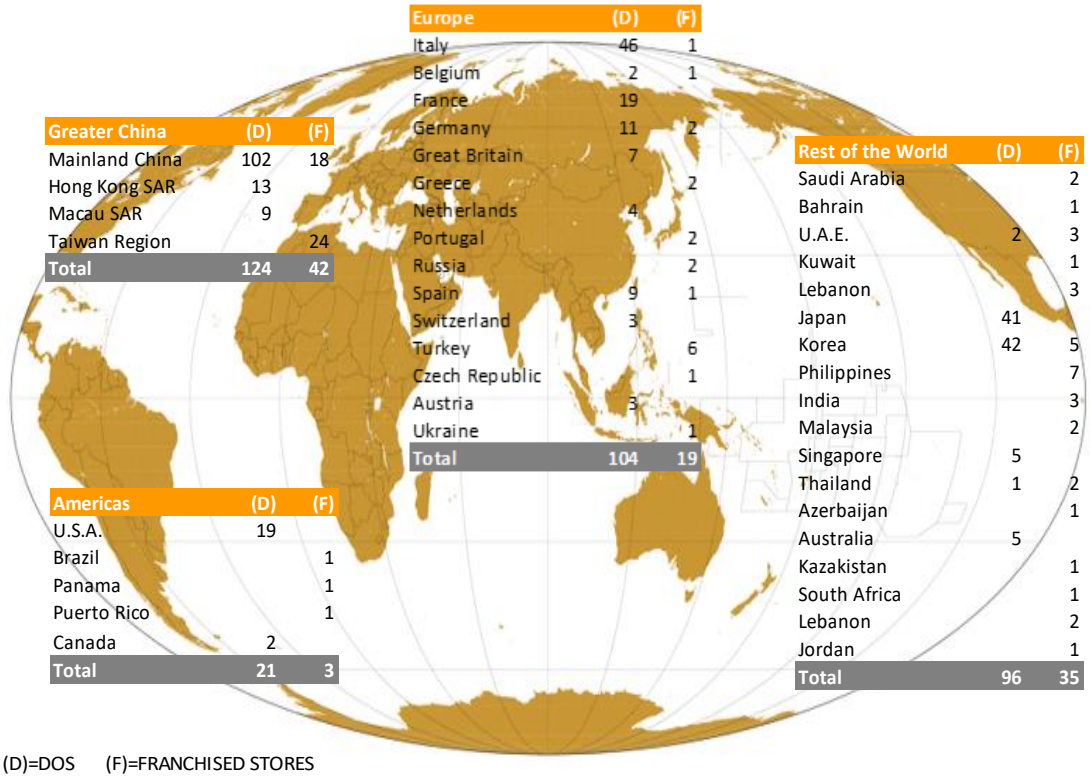
TRV Middle East Trading LLC
Company that operates DOS in the United Arab Emirates

TOD'S Trading Thailand Ltd.
Company that operates DOS in Thailand

Group's organisational chart



Distribution network at 31 December 2023



Greater China	(D)	(F)
Mainland China	102	18
Hong Kong SAR	13	
Macau SAR	9	
Taiwan Region		24
Total	124	42

Europe	(D)	(F)
Italy	46	1
Belgium	2	1
France	19	
Germany	11	2
Great Britain	7	
Greece		2
Netherlands	4	
Portugal		2
Russia		2
Spain	9	1
Switzerland	3	
Turkey		6
Czech Republic		1
Austria	3	
Ukraine		1
Total	104	19

Rest of the World	(D)	(F)
Saudi Arabia		2
Bahrain		1
U.A.E.	2	3
Kuwait		1
Lebanon		3
Japan	41	
Korea	42	5
Philippines		7
India		3
Malaysia		2
Singapore	5	
Thailand	1	2
Azerbaijan		1
Australia	5	
Kazakistan		1
South Africa		1
Lebanon		2
Jordan		1
Total	96	35

Americas	(D)	(F)
U.S.A.	19	
Brazil		1
Panama		1
Puerto Rico		1
Canada	2	
Total	21	3

(D)=DOS (F)=FRANCHISED STORES

DOS, 2023 new openings

Greater China

Hangzhou	(China)
Changsha	(China)
Changsha	(China)
Lanzhou	(China)
Fuzhou	(China)
Shanghai	(China)
Shanghai	(China)
Shenzhen	(China)
Jinan	(China)
Nanchang	(China)
Macao	(Macau SAR)

Rest of the World

Yeoju	(South Korea)
Kobe	(Japan)
Tokyo	(Japan)
Singapore	(Singapore)
Bangkok	(Thailand)

Europe

Dounais	(France)
Fidenza	(Italy)
Rome	(Italy)
Turin	(Italy)
Wertheim	(Germany)
Amsterdam	(Netherlands)
Madrid	(Spain)

Franchised stores, 2023 new openings

Greater China

Taoyuan	(Taiwan Region)
Taoyuan	(Taiwan Region)
Kaohsiung	(Taiwan Region)
Taichung	(Taiwan Region)
New Taipei	(Taiwan Region)
Wuhan	(China)
Nanchang	(China)

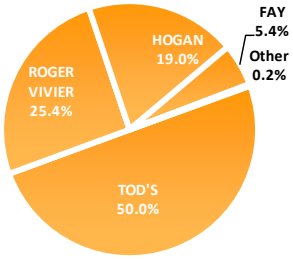
Rest of the World

Izmir	(Turkey)
Beirut	(Lebanon)
Beirut	(Lebanon)
Doha	(Qatar)
Bangkok	(Thailand)
Dubai	(United Arab Emirates)
Manila	(Philippines)

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

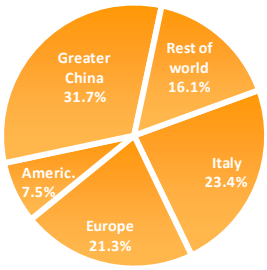
2023 Revenues - % by brand



P&L key figures (euro mn)

	FY 23		FY 22	
Revenues	1,126.7		1,007.0	
EBIT	94.7	8.4%	58.2	5.8%
Profit before tax	68.3	6.1%	29.0	2.9%
Profit for the period	50.0	4.4%	23.1	2.3%

2023 Revenues - % by region

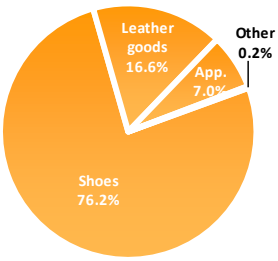


Main Balance Sheet indicators (euro mn)

	12.31.23	12.31.22
Net working capital (*)	362.7	283.5
Intangible and tangible fixed assets	731.8	723.8
Shareholders' equity	1,090.6	1,041.4
Net financial indebtedness/(surplus)	612.2	555.0
Capital expenditures	55.8	45.8

(*) Trade receivable + inventories - trade payables

2023 Revenues - % by product



Financial key indicators (euro mn)

	12.31.23	12.31.22
Operating cash flow	160.3	153.8
Net operating cash flow	133.0	129.3
Cash flow generated/(used)	(82.2)	(55.1)

Highlights of results

Revenues: 2023 revenues of 1,126.7 million euros, up 11.9% on 2022 (the effect of the change in average exchange rates was negative by 20.8 million euros). Sales in the retail channel amounted to 841.8 million euros (+13.2%).

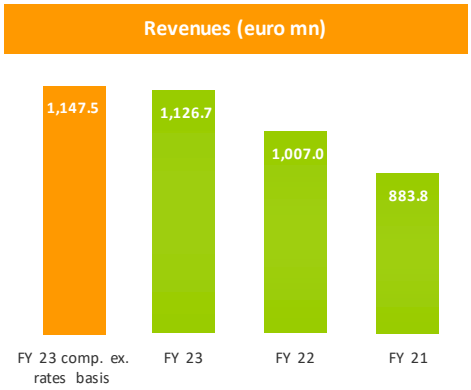
EBIT: 94.7 million euros (EBIT was 58.2 million euros at 31 December 2022). At constant exchange rates, EBIT would have amounted to 94.3 million euros.

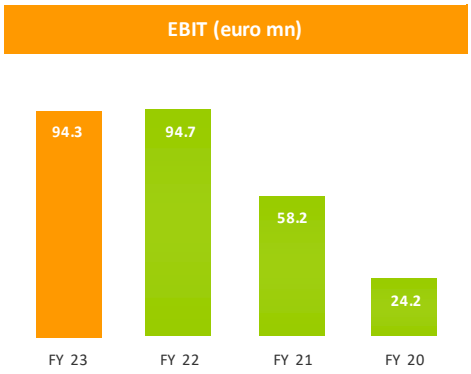
Net result: the net consolidated result for FY 2023 was 50 million euros (23.1 million euros last year).

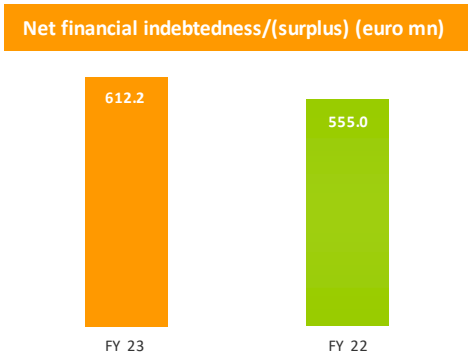
Net financial indebtedness (NFI): NFI totalled 612.2 million euros (555.0 million euros in 2022). Excluding lease liabilities, the NFI would be 89.7 million euros (71.1 million euros at 31 December 2022).

Capital expenditures: 55.8 million euros for tangible and intangible fixed assets in FY 2023; they were 45.8 million euros in the previous year.

Distribution network: the net balance of new DOS opened in 2023 was +12. At 31 December 2023, the store distribution network comprised 345 DOS and 99 Franchised stores.

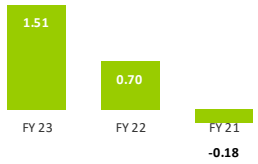






Main stock market indicators (euro)	
Official price at 01.02.2023	30.70
Official price at 12.29.2023	34.20
Minimum price	30.40
Maximum price	43.40
Market capitalization at 01.02.2023	1,015,971,647
Market capitalization at 12.29.2023	1,131,768,588
Number of outstanding shares at 12.31.23	33,093,539.00

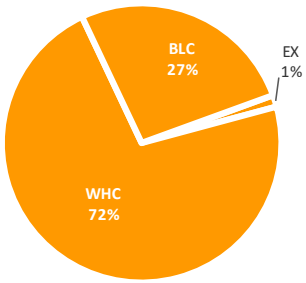
Earning per share (euro)



Stock performance



2023 Group's employees



The Group's employees

	FY 23	FY 22	FY 21	FY 20
Year to date	5,211	4,925	4,746	4,588
Average	5,076	4,854	4,601	4,673

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 2023 financial year, the typical economic reference indicators (Revenues and operating result) have been recalculated by applying the average exchange rates for 2022, 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 2023 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, 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 operated stores and through the on-line channel. Some of them are assigned major roles in marketing and promotion, and public relations processes, while simultaneously guaranteeing the uniform image that Group's 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 specialized 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 specialized outsourcers, which enables it to exploit their respective specializations 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 specialized 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. With the online presence of the Group's brand sites in 37 countries around the world, the e-commerce channel has reached a significant weight in the Group, also the result of investments made over the years.

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 integrated 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 characterized by a challenging macroeconomic and geopolitical environment, impacted by strong inflationary pressure and turbulence in the financial markets, characterized by high interest rates, as well as growing geo-political tensions that continue to fuel a climate of instability and uncertainty in the various international markets.

In this difficult macro-economic environment, the Group's results for the year were positive and in line with forecasts, showing double-digit growth in sales for all Group’s brands compared to the previous year. The results of TOD'S and ROGER VIVIER, which are more exposed to international markets, were particularly satisfying, confirming customers' appreciation for the very high quality of their products, their craftsmanship and their style.

The trend in the various geographical areas shows good results in the European markets, thanks to the resilience of domestic demand and the good presence of tourists, mainly intra-European and American, and signs of recovery in the US market, although domestic demand in that area continues to be weak. The performance in Asian markets was very good, where the results in Japan stand out, thanks also to the very positive impulse provided by Chinese tourism, which is still completely absent in Western markets. The Greater China region also performed well, where, however, the slowdown in mainland China in the second half of the year weighed heavily. After an extremely positive first half of the year, which also benefited from the full recovery of activity, when the previous year's restrictions to counter the new wave of Covid-19 were lifted, a deceleration of domestic demand was evident in the second half, with signs of a slowdown in the entire Chinese economy.

This slowdown, which is the result of trade tensions, especially with the United States, and weakness in the domestic market, also as a result of imbalances and concerns in the real estate sector, represents an element of uncertainty for the performance of the entire sector for the coming year, given the importance of this market.

With regard to brand management, the year saw the entry of the new Creative Director of the TOD'S brand, Matteo Tamburini, who recently debuted with the presentation of the new autumn-winter 2024/2025 collection, showing a modern vision of high quality and Italian lifestyle, which will bring added value to the brand.

With reference to the distribution structure, the resources allocated to investments in the direct distribution network increased compared to 2022, continuing the strategy of enhancing the Group's DOS network, with a net increase of 12 DOS, as of 31 December 2023, compared to the previous year, through new selected openings functional to the growth of the direct channel and brand communication strategies. These include, as a strategic new element, the opening of the first DOS in Bangkok, Thailand, a rapidly developing market for the sector.

With regard to business strategies, there was also an increase in certain expenses to support growth, including, in terms of relevance, those of communication and those serving production activities, which, thanks to certain efficiency-boosting projects, already initiated in the previous year, made it possible to further anticipate the production capacity of the new collections.

On the Sustainability front, the rapid evolution of the institutional, regulatory and competitive ecosystem has led the Group to further strengthen its commitment, in line with the objectives and guidelines incorporated in the 2023 - 2025 Sustainability Plan, approved by the Board of Directors last year. In pursuing this path of continuous improvement, the sustainability strategy has been extended and strengthened, renewing and activating new memberships and partnerships with multi-stakeholder organisations, and defining a course of action that encompasses all company processes, in order to promote the integration of sustainability along the entire value chain, taking into account potential opportunities and impacts on the economy, environment and people.
In the area of new activities, we highlight a new Group commitment to support Italy's cultural heritage, with the intervention of the parent company Tod's S.p.A., which will finance the restoration of Palazzo Marino, home to Milan City Council since 1861, a 16th-century work by architect Galeazzo Alessi.
For details on this new initiative, the various activities undertaken and the sustainability objectives pursued, refer to the Consolidated Non-Financial Statement included in this Financial Report.

Public Takeover Bid

On 10 February 2024 Diego Della Valle, Andrea Della Valle, DI.VI. Finanziaria di Diego Della Valle & C. S.r.l. (“DIVI”) and Diego Della Valle & C. S.r.l. ("DDV" and, together with DIVI, Diego Della Valle and Andrea Della Valle, jointly, the "Majority Shareholders") and Crown Bidco S.r.l. (the "Offeror") a company whose share capital is wholly owned by LC10 International AIV, L.P. - fund managed or advised by affiliates of L Catterton Management Limited - ('L Catterton'), announced that they had entered into a framework agreement pursuant to which, inter alia:

- the Offeror has undertaken to promote a voluntary, all-inclusive tender offer (the "Offer") for a consideration equal to 43.00 euros per share aimed at acquiring a maximum of 11,913,128 ordinary shares of Tod's S.p.A. representing 36% of the Company's share capital and to obtain the delisting of Tod's shares from Euronext Milan, the regulated market organized and managed by Borsa Italiana S.p.A. (the “Delisting”);
- DDV undertook to tender to the Offer 3,459,401 shares, representing 10.45% of Tod's S.p.A.'s share capital;
- the Majority Shareholders undertook not to tender to the Offer 17,870,511 shares, representing 54% of Tod's S.p.A.'s share capital;
- the parties have made certain shareholder commitments with respect to Tod's S.p.A., for the period prior to the Delisting and have undertaken to enter into a shareholders' agreement, as of the date of the Delisting, aimed at regulating their respective rights and obligations as shareholders of Tod's S.p.A., pursuant to which the Offeror will be granted

representation on the board of directors of the Company and certain additional governance and so-called exit rights (the "Shareholders' Agreement").

Also on 10 February 2024, the Majority Shareholders, the Offeror and Delphine S.A.S. (the 'Minority Shareholder') signed a separate agreement pursuant to which the Minority Shareholder undertook as follows:

- not to tender to the Offer the 3,309,900 shares, representing 10% of the share capital of Tod's S.p.A., held by it; and
- adhering to the Shareholders' Agreement on the date of the Delisting, thus being granted certain governance and exit rights.

In the event of full acceptance of the Offer: (i) the Majority Shareholders will still own 17,870,511 shares, representing 54% of Tod's S.p.A.'s share capital; (ii) L Catterton will indirectly own 11,913,128 shares, representing 36% of Tod's S.p.A.'s share capital; and (iii) the Minority Shareholder will remain the owner of 3,309,900 shares, representing 10% of Tod's S.p.A.'s share capital. Therefore, even after the completion of the Offer, the Majority Shareholders will retain sole control of Tod's S.p.A..

On 29 February 2024, the Offeror announced that it had filed the offer document with CONSOB, which will be published upon completion of the investigation carried out by CONSOB pursuant to the applicable regulations.

On 6 March 2024, the Offeror announced that CONSOB had interrupted the preliminary investigation deadlines - for a period not exceeding 15 days - in order to acquire certain additional information.

The Group's results in 2023

Results for the period

Consolidated sales were 1,126.7 million euros, an increase of 11.9% in respect to the 2022 figure, when it was 1,007 million euros.

The effect produced by the change in average exchange rates was negative; on a constant cross rate basis, revenues would amount to 1,147.5 million euros, marking an increase of 14% compared to FY 2022.

EBITDA and EBIT were both positive and came respectively to 253.9 million euros and 94.7 million euros (whilst, at constant exchange rates, the two indicators would amount to 258.1 million euros and 94.3 million euros, respectively). In the previous year, EBITDA was equal to 207.2 million euros, while EBIT was 58.2 million euros.

The consolidated net profit is 50 million euros, while last year, in 2022, it was 23.1 million euros.

euro 000's Main economic indicators	Year 23	Year 22	Change	%
Sales Revenues	1,126,689	1,006,979	119,710	11.9
Operating costs and other income	(1,031,974)	(948,751)	(83,223)	8.8
EBIT	94,714	58,228	36,486	62.7
Profit/(loss) before taxes	68,298	29,036	39,262	135.2
Profit/(loss) for the period	50,018	23,065	26,953	116.9
Foreign exchange impact on revenues	20,781			
Sales Revenues at constant exchange rates	1,147,470	1,006,979	140,491	14.0
Foreign exchange impact on operating costs	(21,173)			
EBIT at constant exchange rates	94,323	58,228	36,095	62.0
EBIT %	8.4	5.8		
EBIT % at constant exchange rates	8.2	5.8		
Tax Rate %	26.8	20.6		

euro 000's EBITDA reconciliation	Year 23	Year 22	Change	%
EBIT	94,714	58,228	36,486	62.7
Amortisations and depreciations	157,964	147,794	10,170	6.9
Impairment/Reversing of fixed assets	1,244	1,147	96	
EBITDA	253,921	207,168	46,753	22.6
EBITDA %	22.5	20.6		
EBITDA at constant exchange rates	258,077	207,168	50,909	24.6
EBITDA % at constant exchange rates	22.5	20.6		

euro 000's Main Balance Sheet Indicators	12.31.23	12.31.22	Change
Net working capital (*)	362,663	283,494	79,169
Right of use assets	498,724	467,787	30,937
Intangible and tangible fixed assets	731,822	723,830	7,992
Other current assets/liabilities	109,575	121,335	(11,760)
Invested capital	**1,702,784**	**1,596,445**	**106,339**
Net financial indebtedness/(surplus)	612,157	555,020	57,137
Shareholders' equity	**1,090,627**	**1,041,425**	**49,202**
Capital expenditures (**)	55,777	45,845	9,931
Net cash flows from operating activities	132,980	129,333	3,647
Cash flow generated/(used)	(82,180)	(55,059)	(27,121)

(*) Trade receivable + inventories - trade payables

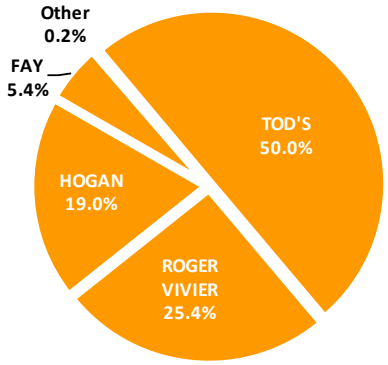
(**) Right of use assets are not included

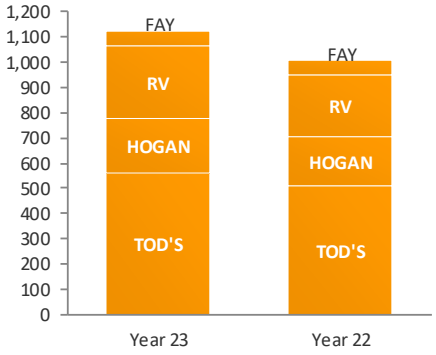
Revenues. During 2023, the TOD'S Group's consolidated sales amounted to 1,126.7 million euros, up 11.9% compared to 2022.

At constant exchange rates, i.e. using the same average exchange rates as in 2022, including the effects of hedging, revenue would be 1,147.5 million euros, an increase of 14.0% compared to 2022.

All Group brands recorded double-digit revenue growth in FY 2023 at constant exchange rates.

(euro mn)	Year 23	%	Year 22	%	% current exch. rates	Year 23 constant rates	% constant exch. rates
TOD'S	562.9	50.0	510.0	50.6	10.4	575.2	12.8
ROGER VIVIER	286.7	25.4	246.0	24.4	16.5	293.7	19.4
HOGAN	214.2	19.0	195.9	19.5	9.3	215.7	10.1
FAY	60.4	5.4	53.4	5.3	13.2	60.4	13.1
Other	2.5	0.2	1.7	0.2	n.s.	2.5	n.s.
Total	**1,126.7**	**100.0**	**1,007.0**	**100.0**	**11.9**	**1,147.5**	**14.0**



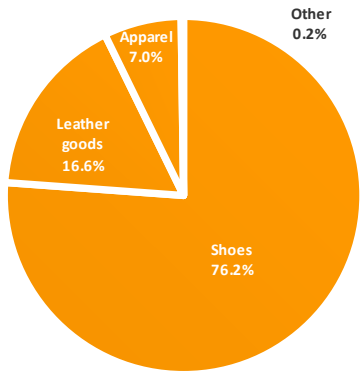


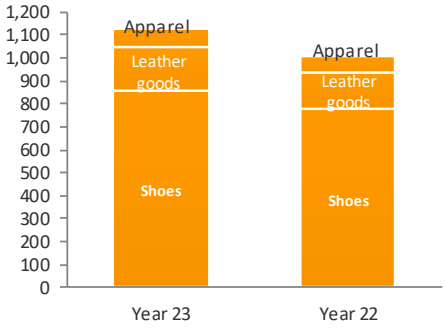
Excellent results for the TOD'S brand, which is increasingly sought after for its refined and modern style; its iconic products are increasingly appreciated by a growing clientèle of all age groups internationally. Sales of the TOD'S brand showed an increase of 10.4% compared to the previous year.

The ROGER VIVIER brand also performed well, showing a solid double-digit growth rate also this year (+16.5% compared to 2022) and, at the same time, maintaining its exclusive positioning in the highest segment of luxury products.

The performance of the HOGAN and FAY brands also reflects their strong exposure to European markets and the wholesale channel. Sales of the HOGAN brand increased by 9.3% year-on-year, while the FAY brand increased by 13.2% year-on-year.

(euro mn)	Year 23	%	Year 22	%	% current exch. rates	Year 23 constant rates	% constant exch. rates
Shoes	857.8	76.2	776.9	77.2	10.4	873.0	12.4
Leather goods	187.3	16.6	160.6	15.9	16.6	192.4	19.8
Apparel	79.1	7.0	67.8	6.7	16.7	79.6	17.4
Other	2.5	0.2	1.7	0.2	n.s.	2.5	n.s.
Total	**1,126.7**	**100.0**	**1,007.0**	**100.0**	**11.9**	**1,147.5**	**14.0**



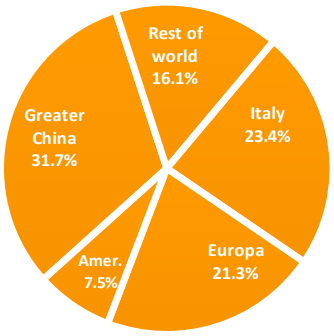


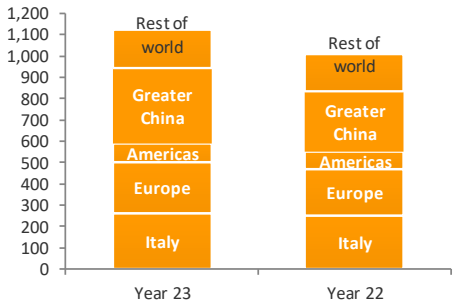
All product categories recorded solid sales growth.

Customer feedback on the iconic brand families was excellent, in all categories and internationally. Revenues from footwear amounted to 857.8 million euros in 2023 (776.9 million euros in FY 2022). Leather goods and accessories revenues totalled 187.3 million euros (160.6 million euros in FY 2022). The apparel category revenues totalled 79.1 million euros (67.8 million euros in FY 2022).

Revenues grew in all regions, with particularly strong results in the Group's core markets.

(euro mn)	Year 23	%	Year 22	%	% current exch. rates	Year 23 constant rates	% constant exch. rates
Italy	263.9	23.4	251.7	25.0	4.9	263.9	4.9
Europe	239.6	21.3	216.7	21.5	10.5	239.4	10.4
Americas	85.0	7.5	82.1	8.2	3.5	85.6	4.3
Greater China	356.7	31.7	287.2	28.5	24.2	368.1	28.2
Rest of world	181.5	16.1	169.3	16.8	7.2	190.5	12.5
Total	**1,126.7**	**100.0**	**1,007.0**	**100.0**	**11.9**	**1,147.5**	**14.0**





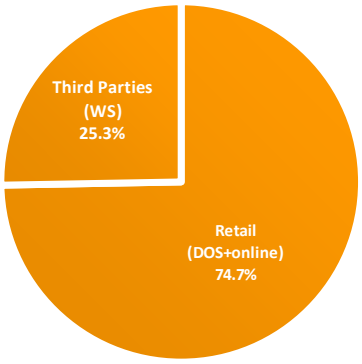
The domestic and European markets grew by +4.9% and +10.5%, respectively, compared to the previous year, confirming double-digit growth in the retail channel, thanks to the strength of local demand and substantial purchases by tourists; the wholesale channel, on the other hand, was affected, particularly in the fourth quarter, by the different timing of deliveries between the two years.

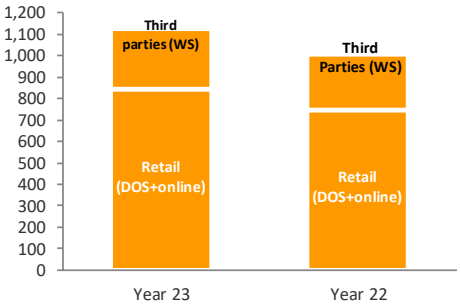
The US market recorded +3.5% higher revenues in the financial year than last year, with a gradually improving trend in recent months.

In line with the industry trend, the Chinese market showed strong volatility in results during the individual quarters, also due to the different basis of comparison in 2022; during the year, revenues in this area recorded solid double-digit growth, even compared to 2021.

The 'Rest of the World' region also performed well, with growth of 7.2% compared to the previous year, driven by excellent results in Japan.

(euro mn)	Year 23	%	Year 22	%	% current exch. rates	Year 23 constant rates	% constant exch. rates
Retail (DOS+online)	841.8	74.7	743.3	73.8	13.2	862.7	16.1
Third Parties (WS)	284.9	25.3	263.7	26.2	8.1	284.8	8.0
Total	**1,126.7**	**100.0**	**1,007.0**	**100.0**	**11.9**	**1,147.5**	**14.0**





Both sales channels recorded excellent results in the financial year.

The retail channel, which accounts for about 75% of the Group's turnover, recorded solid double-digit growth.

E-commerce revenues also grew, which reached a significant critical mass, also thanks to the Group's investments in the digital world.

As of 31 December 2023 the Group's distribution network included 345 DOS and 99 franchised stores, compared to 333 DOS and 89 franchised stores as of 31 December 2022.

Revenues in the wholesale channel also increased in the financial year, which grew by +8.1% compared to the previous year.

Operating results. The operating results recorded by the Group in FY 2023 improved significantly, thanks to the trend in sales revenue and a further increase in the gross margin, which benefited from a different weighting of revenue in higher-margin geographic areas, as well as an improvement in the percentage of full-price sales.

Transport costs decreased slightly, due to greater normalisation, compared to the previous year, when these costs had been affected by the general increase in energy costs.

The increase in service costs is a direct and physiological consequence of normal business dynamics. The ratio of costs for services to revenue increased from 27.8% in FY 2022 to 29.2% in FY 2023.

Although some streamlining activities continued in the financial year just ended, in order to preserve margins in the uncertain reference context, the increase in communication expenses and those related to production, is of particular note. The increase in costs for production-related

services is, in particular, related both to the physiological increase in production volumes, and to the further anticipation, compared to the previous year, of the production of the new collection, thanks to the results of the production process efficiency projects already started in 2022.

Costs for the use of third-party assets went from 65.6 million euros at 31 December 2022 to 69 million euros at 31 December 2023. The increase, compared to the previous year, is mainly due to leases with variable consideration based on sales. The previous year had, moreover, benefited from concessions amounting to 2.7 million euros from the renegotiation of rents, following the closure periods linked to the COVID-19 pandemic. The share of sales changed from 6.5% in 2022 to 6.1% in 2023.

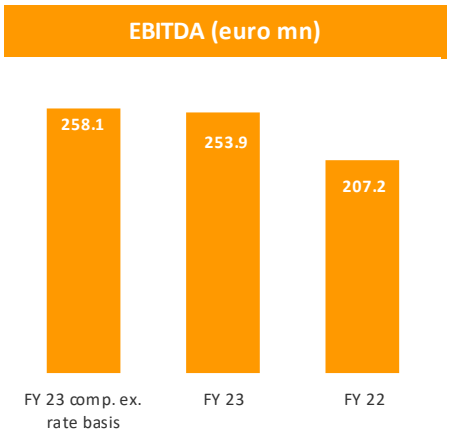
The cost incurred for the remuneration of Group employees increased from 234.1 million euros in 2022 to 254.1 million euros as at 31 December 2023, mainly due to the variable component linked to sales and the strengthening of the Group's workforce, both in corporate functions and with reference to the expansion of the retail channel. Despite this trend, the incidence on sales decreased from 23.2% in 2022 to 22.6% in 2023, benefiting from the positive dynamics of revenues.

At 31 December 2023, the Group’s workforce included 5,211 employees, up by 286 compared to 31 December 2022. 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 style and production.

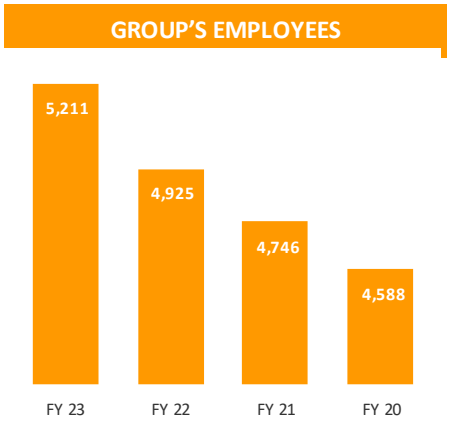
As a result of these trends, the Group's EBITDA, in FY 2023, stands at 253.9 million euros and represents 22.5% of consolidated revenues, while it was 207.2 million euros in 2022 (with a percentage of 20.6%).

The exchange rate effect on the gross operating result was not significant; at constant exchange rates, or with the application of average cross rates from the previous period, EBITDA would in fact come to about 258.1 million euros, equal to 22.5% of revenues at constant exchange rates.

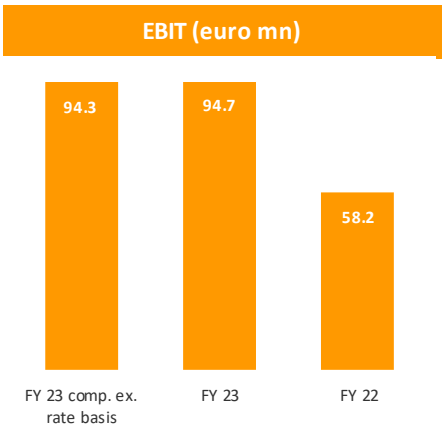
Amortisation and depreciation of fixed assets came to 158 million euros (147.8 million euros in 2022), including amortisation of rights of use (IFRS 16) for 113.5 million euros (104.7 million euros at 31 December 2022). As a percentage of revenue, it was 14% as at 31 December 2023, slightly down from 31 December 2022 when it was 14.7%.



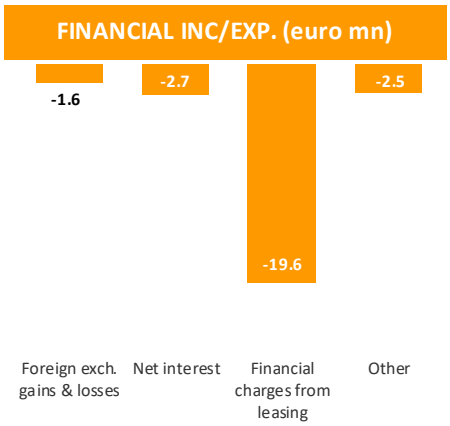
The write-down of fixed assets due to impairment amounted to 1.1 million euros in the year (as in 2022) and refers to the rights of use (IFRS 16) referring to some stores that have shown trigger events, highlighting, on the basis of the economic-financial forecasts made by the Management, the partial non-recoverability of the investments made.



Net of additional operating write-downs of 3.2 million euros, EBIT in FY 2023 posted 94.7 million euros (58.2 at 31 December 2022). At constant exchange rates, or with the application of average cross rates from the previous period, EBIT would come to about 94.3 million euros, equal to 8.2% of revenues at constant exchange rates.

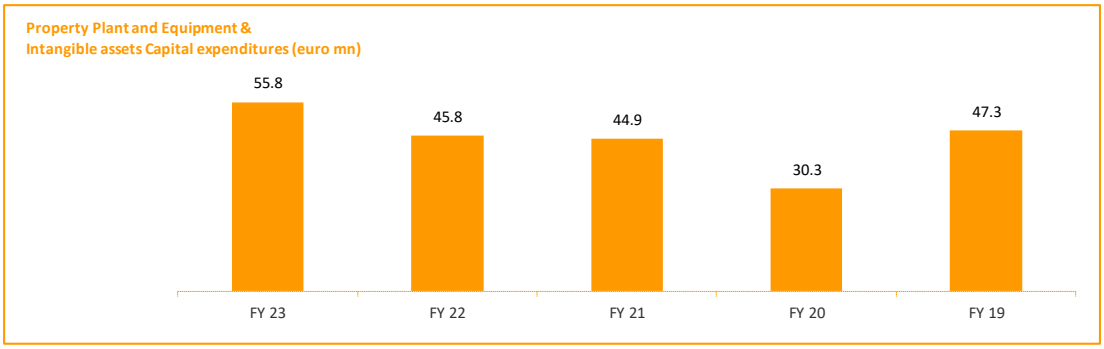


The balance of financial operations was negative by 26.4 million euros (negative by 29.2 million euros in FY 2022). The balance included interest expense on existing loans for 3.4 million euros (net of the effect of the related hedges) and financial charges on lease liabilities (IFRS 16) for 19.6 million euros.



Income taxes for the year amounted to 18.3 million euros, including the effects of deferred taxation, for a tax rate of 26.8%.
The above trends resulted in a consolidated result for FY 2023 of 50 million euros, while in 2022 it was 23.1 million euros.

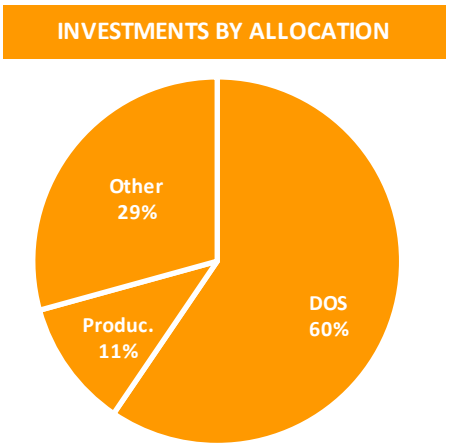
Capital expenditures. Investments in FY 2023 total 55.8 million euros, compared with 45.8 million euros in the previous year.



In particular, approximately 33.2 million euros (25.7 million euros at 31 December 2022) 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. With regard to new openings, we highlight the TOD'S flagship in Milan, which underwent a strategic repositioning inside the renowned Galleria Vittorio Emanuele II, and the opening of the first DOS in Bangkok, Thailand, in December.

Among the renovations, the work carried out on the TOD'S flagship store on Madison Avenue, New York, which reopened to the public with a new concept in December 2023, stands out for its strategic importance.

Period investments, amounting to 6.3 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 2023 net financial indebtedness was 612.2 million euros and included lease liabilities arising from the application of IFRS 16 for 522.5 million euros; net of the latter items, the NFI would have been equal to 89.7 million euros (at 31 December 2022, it was 71.1 million euros).

euro 000's Net financial indebtedness	12.31.23	12.31.22	Change
Cash and cash equivalents	84,817	167,709	(82,892)
Financial assets	4,885	6,597	(1,712)
Current financial liabilities	(96,331)	(88,176)	(8,155)
Non Current financial liabilities	(83,038)	(157,235)	74,197
(Net financial liabilities)/surplus	**(89,666)**	**(71,104)**	**(18,562)**
Lease liabilities	(522,491)	(483,916)	(38,575)
(Total Net financial indebtedness)/surplus	**(612,157)**	**(555,020)**	**(57,137)**

At 31 December 2023, cash and cash equivalents (cash and bank deposits) come to 84.8 million euros (167.8 million euros at 31 December 2022).

euro 000's Statement of cash flows	Year 23	Year 22
Net Cash and cash equivalents at the beginning of the period	**160,647**	**215,706**
Cash flows from operating activities	160,316	153,845
Interests and taxes collected/(paid)	(27,336)	(24,512)
Net cash flows from operating activities	**132,980**	**129,333**
Cash flow generated (used) in investing activities	**(54,799)**	**(44,426)**
Cash flow generated (used) in financing activities	**(170,719)**	**(143,718)**
Translation differences	10,357	3,751
Net Cash and cash equivalents at the end of the period	**78,466**	**160,647**

Operations during the year generated cash of 160.3 million euros (153.8 million euros in FY 2022). 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 benefited from various efficiency drives; these inventories will produce their positive effects on liquidity in the following financial year.
Cash flow from financing activities in 2023 mainly includes the payment of the nominal value of the leasing liabilities, amounting to 110.7 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, characterized by uncertain international markets, also affected the Parent Company's operations. In any case, the Company's performance reflects the 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 722.2 million euros, registering an increase of 10.9%, compared to 2022, when they amounted to 651.2 million euros. The effect of exchange rates was negative. On a comparable cross rate basis, i.e. using the same average exchange rates for 2022, revenues would in fact amount to 723.4 million euros.
EBITDA and EBIT for the year amounted to 113.2 and 64.6 million euros, representing 15.7% and 8.9% of sales, respectively. These indicators in FY 2022 came to 109.0 million euros (EBITDA) and 63.8 million euros (EBIT), respectively.
The profit for the year was 39 million euros; in the previous year the profit amounted to 58.5 million euros, when it had, however, benefited from dividends from subsidiaries of 23 million euros.

The main economic indicators are summarised below:

euro 000's Main economic indicators	Year 23	Year 22	Change	%
Sales revenues	722,179	651,170	71,008	10.9
Deprec., amort., write-downs and provisions	(657,627)	(587,379)	(70,249)	12.0
EBIT	64,551	63,791	760	1.2
Profit before taxes	48,837	62,562	(13,725)	(21.9)
Profit for the year	39,045	58,491	(19,446)	(33.2)
Foreign exchange impact on revenues	1,200			
Revenues at constant exchange rates	723,379	651,170	72,209	11.1
Impact on operating cost	(186)			
EBIT at constant exchange rates	65,565	63,791	1,774	2.8
EBIT %	8.9	9.8		
EBIT % at constant exchange rates	9.1	9.8		

euro 000's EBITDA reconciliation	Year 23	Year 22	Change	%
EBIT	64,551	63,791	760	1.2
Amortisations and depreciations	48,512	44,934	3,577	8.0
Impairment/Reversing of fixed assets	130	293	(162)	
EBITDA	113,193	109,018	4,175	3.8
EBITDA %	15.7	16.7		
EBITDA at constant exchange rates	114,207	109,018	5,189	4.8
EBITDA at constant exchange rates	15.8	16.7		

euro 000's Main Balance Sheet indicators	12.31.23	12.31.22	Change
Net working capital (*)	328,522	262,246	66,276
Intangible and tangible fixes assets	250,231	247,615	2,616
Right of use assets	197,638	177,255	20,383
Other current assets/liabilities	539,238	556,694	(17,456)
Invested capital	**1,315,630**	**1,243,810**	**71,819**
Net financial indebtedness/(surplus)	382,682	344,300	38,381
Shareholders' equity	**932,948**	**899,510**	**33,438**
Capital expenditures (**)	24,232	19,424	4,808
Net operating cash flows	35,083	54,786	(19,703)
Cash flows generated/(used)	(58,744)	(40,819)	(17,925)

(*) 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 23	%	FY 22	%	Change	%
Brand						
TOD'S	323,960	44.9	293,389	45.1	30,571	10.4
HOGAN	173,886	24.1	166,430	25.6	7,456	4.5
FAY	59,685	8.3	52,842	8.1	6,843	12.9
ROGER VIVIER	156,837	21.7	132,387	20.3	24,450	18.5
Other	7,812	1.1	6,123	0.9	1,689	27.6
Total	**722,179**	**100.0**	**651,170**	**100.0**	**71,009**	**10.9**
Product						
Shoes	534,884	74.1	495,290	76.1	39,594	8.0
Leather goods	107,331	14.9	85,449	13.1	21,882	25.6
Apparel	72,152	10.0	64,402	9.9	7,750	12.0
Other	7,812	1.1	6,030	0.9	1,782	29.6
Total	**722,179**	**100.0**	**651,170**	**100.0**	**71,009**	**10.9**
Region						
Italy	261,388	36.2	247,125	38.0	14,263	5.8
Europe	170,249	23.6	146,157	22.4	24,092	16.5
Americas	44,535	6.2	44,533	6.8	2	0.0
Greater China	177,256	24.5	173,791	26.7	3,465	2.0
RoW	68,750	9.5	39,564	6.1	29,187	73.8
Total	**722,179**	**100.0**	**651,170**	**100.0**	**71,009**	**10.9**

In 2023 revenues from TOD'S brand came to 324.0 million euros, showing an increase of 10.4% compared to the previous year. Growth was seen in all geographic areas, confirming the 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 156.8 million euros (132.4 million euros in 2022), up 18.5% on 2022, confirming the strong customer appreciation for this brand.

The HOGAN brand recorded revenues of 173.9 million euros, an increase of 4.5%, compared to 2022, while those of the FAY brand amounted to 59.7 million euros, an increase of 12.9%, compared to 2022. The performance of these two brands was affected by the higher exposure to the wholesale channel.

As regards product categories, sales data confirm that the Company's core business is conducted in the segment of footwear, whose revenues amounted to 534.9 million euros in 2023 (495.3 million euros at 31 December 2022), accounting for 74.1% of total turnover, yet down on the previous year, when they accounted for 76.1%. This performance was mainly the result of the improved

performance of the leather goods and accessories category, whose revenues amounted to 107.3 million euros (85.4 million euros as at 31 December 2022), an increase of 25.6% compared to the previous year. Sales from apparel came to 72.2 million euros (64.4 million euros at 31 December 2022), up 12% on 2022.

Revenues from the domestic market improved slightly, relying on the dynamism of purchases by domestic customers and the good attendance of intra-European, American and Middle Eastern tourists, but still suffering from the absence of Asian and, in particular, Chinese tourists. Coming to 261.4 million euros, revenues reported a rise of 14.3 million euros (+5.8%) compared to the previous year. In Europe, revenues amounted to 170.2 million euros, an increase of 16.5%, compared with FY 2022, when they amounted to 146.2 million euros. Revenues in the Americas market remained substantially unchanged at 44.5 million euros, as in the previous year. This reflects the weakness of domestic demand in the US market, which, on the other hand, is buoyant on the foreign purchasing front, especially in Europe. In the Greater China region, there was an increase of 2% (revenue of 177.3 million euros), characterized not only by the challenging comparison basis, but also by a slowdown in the second half of the year, due to the weakness of local demand, which is experiencing a period of economic slowdown. The "Rest of the world" area recorded revenues of 68.7 million euros (39.6 million euros in 2022), showing a rise of 73.8% compared to the previous year, driven by the performance recorded in Japan.

Operating results. EBITDA was equal to 113.2 million euros, slightly up compared with 2022, when it had been 109.0 million euros. The benefit from the increase in revenues, commented on above, was partially absorbed by the growth in certain costs to support business strategies.

The exchange rates trend had a slightly negative impact; based on constant cross-rates, i.e. using the average exchange rates applied in 2022, EBITDA would come, in fact, to 114.2 million euros.

Service costs amounted to 257.7 million euros, compared with 212.4 million euros in the previous year. The increase is linked to normal business dynamics and, in particular, mainly related to strategies to support growth, both in terms of resources allocated to communication activities, and expenses related to production activities. Service costs as a percentage of sales revenue amounted to 35.7%, whereas it was 32.6% in the previous year.

The expenditure for the use of third-party assets (leases and royalties) increased from 27.2 million euros to 31.6 million euros, mainly owing to both greater royalty expenses and lease charges (outside IFRS 16 scope). The impact on revenues from sales amounts to 4.4% against 4.2% in the previous year.

Payroll costs amounted to 125 million euros, compared with 113.8 million euros in 2022.

The increase mainly refers to the strengthening of the corporate structure, especially within the functions dedicated to style and production, as well as to the variable component of expenditure

related to sales of the DOS directly managed by the Company. As a percentage of revenue, it stood at 17.3%, compared to 17.5% in the previous year, benefiting from the revenue dynamic.
In 2023, amortisation and depreciation, excluding those relating to right-of-use assets, equal to 27.7 million euros (23.8 million in 2022), came to 20.8 million euros, while they came to 21.2 million euros in 2022, accounting for 2.9% of revenues (3.3% during the previous year). Net of provisions made for doubtful debt of 0.5 million euros and other impairment of fixed assets for 0.1 million euros, EBIT was 64.6 million euros, while in 2022 it was 63.8 million euros.
Financial income and expenses for the year, without considering the effects of the application of IFRS 16, shows a negative balance of 4.1 million euros, and includes, for approximately 3.5 million euros, interest expenses on outstanding loans (5.6 million euros in 2022), net of the effects of the related hedging transactions. Also including the effects arising from the adoption of IFRS 16 (financial costs accrued on lease liabilities), equal to 7.8 million euros (5.5 million euros during the previous year), the balance of financial income and expenses was negative for 11.9 million euros (negative for 19.7 million euros the previous year).
The income and losses from equity investments in subsidiaries was mainly impacted by the write-down for 3.9 million euros of the equity investment held in the US sub-holding An.Del. USA Inc., parent company of the companies that manage part of the Group's retail business in the United States. This write-down is mainly the result of a reorganization of certain retail activities, which were transferred during the year from certain subsidiaries of An.Del. USA Inc. to another indirect subsidiary of the Company (Ala Del Inc.), reducing the value of the An.Del. Group's expected cash flows.
The pre-tax result for the year was 48.8 million euros, whereas it was 62.6 million euros in 2022, when it benefited, however, from dividends from subsidiaries of 23 million euros. After income taxes for the year of 9.8 million euros, including the effects of deferred taxes, the profit for the year amounted to 39 million euros, whereas it was 58.5 million euros in the previous year.

Investments in intangible and tangible fixed assets. Investments in FY 2023 amounted to 24.2 million euros, while in FY 2022 they amounted to 19.4 million euros. In particular, an amount of about 6.2 million euros was invested in the normal processes of modernization 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 4.3 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 2023, net financial debt amounted to 382.7 million euros and included lease liabilities arising from the adoption of IFRS 16, equal to 208.1 million euros; net of the latter items, net financial debt would have been 174.6 million euros, while it was 158.8 million euros at 31 December 2022.

At 31 December 2023, cash and cash equivalents (cash and bank deposits) come to 12.7 million euros (71.4 million euros at 31 December 2022). The change, from 31 December 2022, is mainly related to the repayment of loans in place.

euro 000's Net financial indebtedness	12.31.23	12.31.22	Change
Cash and cash equivalents	12,698	71,440	(58,743)
Other current financial assets	10,735	7,097	3,637
Current financial liabilities	(114,985)	(80,105)	(34,880)
Non-current financial liabilities	(83,013)	(157,235)	74,222
(Net Financial liabilities)/surplus	**(174,566)**	**(158,802)**	**(15,764)**
Lease liabilities	(208,116)	(185,498)	(22,618)
(Total Net financial indebtedness)/surplus	**(382,682)**	**(344,300)**	**(38,382)**

Operating activities during the year generated cash for 45.4 million euros (while it had generated 66.3 million euros in 2022). 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 been brought forward thanks to various efficiency drives started during the previous year; 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 35.1 million euros (54.8 million euros at 31 December 2022).

The cash flow absorbed by investing activities is equal to 25.6 million euros and mainly includes the cash flows associated with investment in fixed capital.

Cash flows from financing activities in 2023 mainly included new loans and the repayment of outstanding loans to subsidiaries during the year, repayments, for 60 million euros of the pool loan in place, as well as the payment of the nominal amount of lease liabilities for 27.4 million euros.

euro 000's Statement of cash flows	FY 23	FY 22
Net Cash and cash equivalents at the beginning of the period	**71,440**	**112,259**
Cash flows from operating activities	45,443	66,296
Interests and taxes collected/(paid)	(10,360)	(11,510)
Net cash flows from operating activities	**35,083**	**54,786**
Cash flow generated (used) in investing activities	**(25,578)**	**(21,312)**
Cash flow generated (used) in financing activities	**(68,249)**	**(74,292)**
Net Cash and cash equivalents at the end of the period	**12,698**	**71,440**

Other Information

Certification pursuant to art. 2.6.2 paragraph 7 of the Regulation of markets organized 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 2023 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 2022 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 parent company of the existing real estate lease agreement with the related company Immobiliare De.Im. S.r.l., relating to the commercial spaces, located at Via Tornabuoni n. 60/r in Florence, which house the TOD'S brand 's single-brand boutique; the transaction is configured as a transaction between related parties, since Immobiliare De.Im. S.r.l. is a company controlled by Diego Della Valle who, in addition to being Chairman of the Board of Directors and indirect controlling shareholder of Tod's S.p.A., holds 56.4% of its share capital, while the remaining 43.6% of the capital of Immobiliare De.Im. S.r.l. is held by the Deputy Chairman of Tod's S.p.A., Andrea Della Valle;

- the signing of an agreement relating to a real estate transaction concluded between TOD'S France Sas, a Group company that manages DOS in France, the related company Difran Sas, a company owned by the Chairman of the Board of Directors and majority shareholder of Tod's S.p.A., Diego Della Valle, and a third company. In particular, pursuant to this agreement, the commercial spaces, which were the subject of an existing lease agreement between TOD'S France Sas and Difran Sas, on which the TOD'S shop in Saint Tropez was located, are sub-let, effective 1 May 2023, and until 30 April 2032, to this third party company, which is interested in those commercial spaces. The agreement establishes that, in exchange, this third party company will sub-let to Tod's France some commercial spaces located near the transferred location, with the same effective date and duration, having the availability of them by virtue of a lease agreement entered into with a lessor, which is also a third party. Through this overall agreement, the Group relocated its TOD'S shop in Saint Tropez, from No. 52 to No. 62 Rue F. Sibilli, at the same rent paid to Difran Sas. The set-up costs of the Group's new boutique, again under this agreement, are fully reimbursed by the third-party company to which Tod's France has granted the sub-lease;
- The renewal of the consulting agreement in place between the parent company and the director 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 2023, 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 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 renewal of the existing consultancy agreement between the parent company and the related company FV&C S.r.l., effective as of 1 March 2023 and with a duration of two years, concerning the organisation, management and coordination of a series of editorial/digital, marketing & communication projects for the TOD'S brand. The previous consulting agreement, expiring on 31 August 2023, was terminated by mutual consent, effective 28 February 2023, and replaced, with novative effect, by the new agreement that, with respect to the previous one, also added the exclusivity of the services provided by FV&C S.r.l. in favor of Tod's S.p.A.. The consideration agreed upon between the parties is commensurate in percentage, with respect to the value of the costs sustained for the realisation of the single projects managed and coordinated by the associate. The transaction takes the form of a transaction between related parties, since FV&C S.r.l. is a company wholly owned by Diego Della Valle, Chairman of the Board of Directors and controlling shareholder of Tod's S.p.A.;

- The signing, with Filippo Della Valle and Leonardo Della Valle, of two separate independent collaboration agreements, concerning the development of a digital communication strategy, aimed at monitoring and increasing the presence of the Group's brands on social networks, as well as enhancing their reputation and recognition among network users, with particular regard to those belonging to the "Generation Z", increasing its popularity on major platforms. The two transactions qualify as related party transactions of the Company in accordance with IAS 24 and Article 2.1, letter (a) of the Related Party Transaction Procedure, as the Collaborators qualify as 'close relatives' (children) of the Chairman and Deputy Chairman of the Board of Directors of the Company, respectively. The aforementioned contracts envisage a duration of 12 months, starting from 21 July 2023, and the related activities are contractually envisaged as completely free of charge, since the main interest of the parties is to start a progressive process of mutual acquaintance and involvement, also in terms of contact with the Chairman, the delegated bodies and the Company's top management;
- the consensual termination of the collaboration agreement entered into by the Company with Filippo Della Valle, which has just been mentioned, and the replacement thereof with a subordinate employment agreement, for an indefinite term, effective as of 20 November 2023, with the position of Tod's Marketing and Special Projects Coordinator, for a gross annual remuneration of 30,000.00 euros. The indefinite employment of Filippo Della Valle by the Company qualifies as a transaction between related parties, since, as already indicated, Filippo Della Valle is a close family member (son) of the Chairman of the Board of Directors of TOD'S S.p.A., Diego Della Valle, and, as such, he is a related party of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Parties Transaction Procedure.

All the information regarding existing relations with related parties in 2023 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 Board of Directors in its 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 recognized 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	12.31.23		12.31.22	
	Net Profit	Share equity	Net Profit	Share equity
Parent Company	**39,045**	**932,948**	**58,491**	**899,510**
Difference between book value of consolidated Companies and net equity method valutation	22,833	168,569	(5,763)	154,045
Goodwill from Business combination Parent Company		(13,685)		(13,685)
Goodwill from Business combination Group		12,285		12,285
Others (*)	(11,860)	(9,490)	(29,663)	(10,730)
Minority interest				
Group	**50,018**	**1,090,627**	**23,065**	**1,041,425**

(*) Mainly dividends and intercompany profits

Information on Share Capital. At 31 December 2023, the Company's share capital was divided into 33,093,539 shares, all of which have no specified par value, for a total nominal value of 66,187,078 euros, unchanged respect to the previous financial year.

Own shares and shares or quotas of controlling companies. As at 31 December 2023, 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 2023. Reference is also made, in full, to the section of this report entitled "Main TOD'S Group events and operations during the period", regarding information on the capital transactions involving Tod's S.p.A., aimed at realizing the delisting of the Company.

Business outlook

The Group's results for FY 2023 were in line with expectations, although they were achieved in a particularly complex economic environment. In consideration of the soundness of the strategies applied, but taking into account the continuation of the current macro-economic context, still characterized by uncertainty, growing geo-political tensions and recession risks in several markets, it is possible to look forward to next year by imagining a further growth in revenues, albeit to a lesser extent than in the year just ended, while hopefully maintaining the same levels of 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.

In compliance with the framework agreement signed in connection with the Tender Offer launched on 10 February 2024 on Tod's S.p.A. shares, the Board decided to propose to the Shareholders' Meeting not to approve the distribution of dividends.

We therefore propose that the Shareholders' Meeting approve the separate financial statements of TOD'S S.p.A. and the following allocation of the Company's 2023 earnings in the amount of 39,044,589.20 euros:

i. 38,544,412.19 euros to the Extraordinary Reserve;

ii. 500,177.01 euros to the specific Reserve for the pursuit of solidarity projects at a local level.

Milan, 12 March 2024

The Chairman of the Board of Directors

Diego Della Valle

TOD'S Group

Consolidated non-financial statement - FY 2023

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

Letter to stakeholders

Sustainability and social responsibility are part of the TOD'S Group *DNA*, values which inspire our principles and have always guided our actions. The rapidly changing institutional, regulatory and competitive ecosystem in which we operate motivates us to double down on our commitment every year. In pursuing this path of continuous improvement and sustainable development, we have extended and strengthened our sustainability strategy, renewing and forming new partnerships with multistakeholder organisations and defining a course of action that affects all company processes.

Our **people** are our most precious resource and we are committed to looking after their safety, wellbeing and "know-how". With this in mind, the programme to promote and spread the values of diversity, equity and inclusion within the organisation and in relations with third parties continued. This commitment has been formalised in a Group policy and applied in our attainment of Gender Equality Certification and adoption of the UN *Women's Empowerment Principles*, two milestones we present with a great sense of pride and responsibility and which guarantee excellent working conditions and the empowerment of all women in the Group.

During the course of the year, the corporate welfare programme was renewed and extended on a multi-year basis, reaffirming our appreciation for the work that has been done and providing additional concrete income support for our employees.

The TOD'S Group has always supported young people in learning a trade, also through the "Bottega dei Mestieri" programme, set up to facilitate generational turnover and preserve the skills needed to ensure the survival of *Made in Italy*. We care about our **supply chains** and promote qualification, monitoring and sustainable growth programmes for our raw material suppliers and workshops in order to make environmental and human protection an integral part of the production cycle. During the year, the TOD'S brand joined the *Aura Blockchain Consortium* and launched, for its bespoke Di Bag bags, the Digital Product Passport, which guarantees the value and identity of the item over time, promoting transparency and enhancing customer engagement.

We are aware of the important role the **environment** plays in the sustainability of our business and have been working on projects to monitor and gradually reduce our impact on ecosystems. With this in mind, we have joined the *Science-Based Targets* initiative to reduce our emissions in accordance with current international scientific protocols, confirming the importance we place on the issue of climate change mitigation. We are very happy to announce that a new photovoltaic system was launched at the Group's headquarters in 2023. The total capacity of the plant will cover around 30% of the site's

energy needs. Also in 2023, a contract was signed for the procurement of electricity exclusively from certified renewable sources, extending the use of renewable energy also to our production and logistics sites and to our network of outlets in Italy. We will continue to adopt further energy transition measures in the coming years, gradually affecting other Group operating sites.

In accordance with our Sustainability Plan, we are developing ***ecodesign*** **and circular production** processes with the valuable cooperation of our supply chains. At the SDA Bocconi multistakeholder observatory "*Monitor for Circular Fashion"*, we presented the "*Re-Gen H*" pilot project involving the HOGAN brand, which interpreted the principles of *design for sustainability* through an open innovation and partnership approach to the supply chain. In addition, we also conducted *Life Cycle Assessments* which allowed us to examine and measure the main areas of impact of some of our iconic products throughout their life cycles.

We support initiatives that enable us to contribute to the growth of the **communities** in which we operate and to generate development and value for local areas, and in 2023 reiterated our commitment to helping vulnerable categories, protecting children, assisting young people and supporting women. In 2023, we supported a micro-credit operator with the aim of helping artisans and small businesses in the Marche region via a social and financial inclusion tool.

Finally, we help preserve the **beauty of Italy and the territories in which we operate** by supporting initiatives to protect and promote artistic, cultural and environmental heritage, and by involving our main stakeholders in an open and inclusive process of "promoting beauty". In 2023 we announced the financing of the restoration of Palazzo Marino, a 16th-century building designed by architect Galeazzo Alessi and headquarters of Milan city council since 1861.

We are aware of the strategic role that the TOD'S Group plays in promoting the fair and sustainable growth of the communities and territorial systems in which it operates. Thanks to the results we have achieved and reported in this Non-Financial Statement, we are proud to reiterate our commitment to working with all of our *stakeholders* with the goal of generating shared value and making a positive impact on people and the planet.

Diego Della Valle

Chairman and Chief Executive Officer

TOD'S Group

Methodological note

The TOD'S Group (hereinafter also the "Group" or "TOD'S") 2023 Consolidated Non-Financial Statement (hereinafter also "Statement" or "NFS") is a tool for describing the economic, social and environmental results achieved by the Group in a transparent and detailed manner and outlining the Group's commitment to sustainable development, with the aim of creating shared value for the community and its stakeholders.

This document fulfils the obligation to report non-financial information as set out in Legislative Decree no. 254 of 30 December 2016 (hereinafter "Decree 254"), to which TOD'S S.p.A. is subject.

This Statement relates to the 2023 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" – 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. This document also referred to the *"European common enforcement priorities for 2023 annual financial reports"* published by the European Securities and Markets Authority (*ESMA*) on 25 October 2023, and meets the requirements of EU Regulation 852/2020 and the Delegated Regulation relating to article 8 of the aforementioned Regulation regarding activities, capital expenditure and operating expenditure associated with eco-sustainable activities, as reported in the relevant paragraph "EU taxonomy". More specifically, in 2023 TOD'S continued to assess the alignment of its activities with the requirements of the European Taxonomy in order to provide a complete overview of the economic activities that contribute to the achievement of the European Union climate change mitigation and adaptation goals. In 2023, TOD'S also assessed its eligibility in terms of the new activities introduced by EU Delegated Regulation 2023/2485 for the climate change mitigation and climate change adaptation goals, and as regards the activities defined by Delegated Regulation 2023/2486 for the remaining four environmental goals - Sustainable use and protection of water and marine resources, Transition to a circular economy, Pollution prevention and control, and Protection and restoration of biodiversity and ecosystems. For more information see paragraph "EU Taxonomy".[1]

The NFS is published annually and the previous edition, relating to the 2022 financial year, was published in March 2023.

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

The purpose of this document is to present the management model and the policies adopted by the Group in the field of sustainability to its *stakeholders*, describing the most significant results achieved during the year in question and clearly communicating the Group's business activities, performances, results and impact. The analysis covers environmental, social, staff, human rights, and active and passive corruption issues of relevance to the activities and characteristics of the company and to the expectations of *stakeholders*. Between late 2022 and early 2023, the TOD'S Group conducted a materiality analysis in accordance with the 2021 *GRI Universal Standards*. The validity of this analysis was also confirmed for 2023 following the performance an additional survey involving the Group's customers; more details on this process are provided in the chapter "*Stakeholders* and Materiality Analysis".

The process of collecting data and information to draft this Non-Financial Statement was managed in collaboration with the TOD'S Group corporate functions, with the aim of providing a clear and precise indication of the information considered significant for *stakeholders* according to the principles of accuracy, balance, clarity, comparability, sustainability context, timeliness and verifiability set out 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 2023, which are grouped into the following regions: Italy, Europe, Greater China, Americas and Rest of the World[2]. The scope of the data and information reported is the same as that of the Group's 2023 Consolidated Financial Statements.

The scope of consolidation at 31 December 2023 changed from that at 31 December 2022 due to the incorporation on 24 May 2023 of the company TOD'S Trading Thailand Ltd., 99% owned by TOD'S S.p.A. and 1% owned by TOD'S Singapore Ltd.

In addition to the aforementioned transaction, it should also be noted that the liquidation processes of the companies Webcover Ltd. and Italiantouch Shanghai Trading Co. Ltd, both of which were already non-operational, were completed in 2023 while the company TOD'S OAK Ltd was put into liquidation.

Any specifics and exceptions to the reporting scope[3] are detailed in the relevant sections. Where available, data relating to the previous financial year is shown for comparative purposes only with the aim of providing an overview of the Group's activities over a longer period of time. The document also clearly indicates where estimates have been

[2] For more information on the fully consolidated companies of the TOD'S Group, see the specific section of the Group's 2023 Annual Financial Report.

[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.

used for quantitative information and where data from the previous period has been restated.

Finally, the following terms have been used in the document to improve the reading experience:

- "The Parent Company" and "The Company" with reference to TOD'S S.p.A.;
- "The Group" with reference to the 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. The audit is carried out according to the procedures indicated in the "Independent Auditor's Report" included in the NFS.

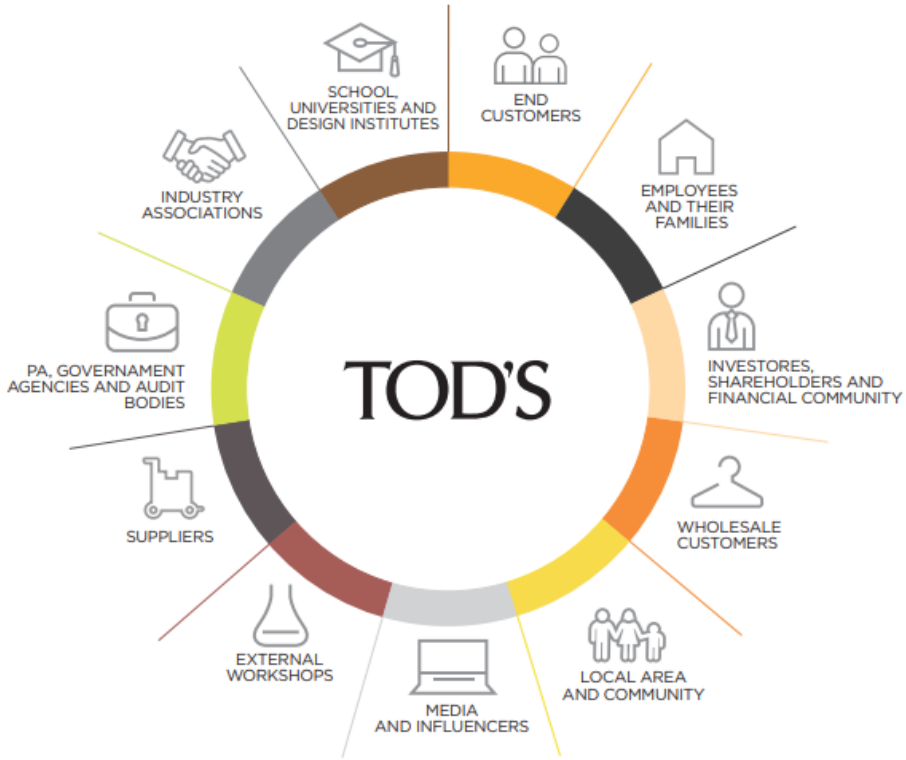
This document was approved by the TOD'S S.p.A. Board of Directors on 12 March 2024 and published on the company's website www.todsgroup.com. For more information on the TOD'S Group sustainability strategy and the content of this Statement, write to: infocsr@todsgroup.com.

1. *Stakeholders* and Materiality Analysis

Openness, dialogue and **constant interaction with internal and external stakeholders** are essential prerequisites for the pursuit of the company's goals and enable the Group to understand the needs, interests and expectations of its stakeholders and identify the best ways of generating shared value in the medium and long term.

In recent years, the TOD'S Group has performed and periodically updated internal analyses and benchmarks aimed at evaluating national and international trends and best practices in order to map its stakeholders, which it has grouped into the following *11 categories*.

TOD'S Group stakeholder map



TOD'S carries out various kinds of **dialogue and engagement activities** with its stakeholders using the Group's wide range of communication channels.

Stakeholder categories	Main dialogue and engagement initiatives
End users	• Different "selling ceremony" for each of the Group's brands • Direct interaction through traditional and digital channels • Introduction of new ways of narrating the brands and collections using innovative channels and formats (e.g. *Connected TV, Digital Out of Home*, Augmented Reality, *Creators Solutions*) • Possibility of customising products • Customer care and *customer delight* services • Presentation of new collections and press previews • Dedicated surveys to measure satisfaction level and gather 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 company canteen at HQ • Work-life balance programmes • Skills development and training programmes tailored to the needs of different professional figures • Workshops, training sessions and webinars on sustainability, diversity, inclusion and equal opportunities, the environment, occupational health and safety • Online surveys to get feedback on sustainability priorities (materiality analysis) • Online surveys to understand employees' mobility habits • Annual performance assessment meetings
Investors, shareholders and financial community	• Shareholders' Meeting (in person or virtual) • Corporate website • Meetings and conference calls with institutional investors and analysts • Industry conferences organized with the main international brokers (in person or virtual) • Roadshows in the main European financial centres, also virtually • Communications with private shareholders (in person and online) • Participation in the sustainability assessments of leading ESG rating agencies
Wholesale customers	• Meetings in showrooms and launch of the "Virtual Showroom" • Communications to share business trends • Invitations to fashion shows, events and collection presentations

Local area and community	• Collaborations with non-profit organisations and entities, including in the context of the allocation of 1% of the Group's net profits to support initiatives on behalf of the neediest segments of the local community[4] • Collaborations and initiatives aimed at the promotion and protection of the Italian spirit worldwide • Online surveys to get feedback on sustainability priorities (used for the materiality analysis)
Media and influencers	• Corporate communication conferences, events and initiatives • Press releases and press days • Interviews with top management • Invitations to fashion shows and events • Collaborations with leading bloggers and influencers
External workshops	• Definition and sharing of technical, stylistic and quality standards and the state of play in terms of production • Visits to start the production process and monitor product quality • Audits on social, environmental, human rights, ethical and health and safety issues • Online surveys to get feedback on sustainability priorities (used for the materiality analysis) • Questionnaires and data collection on *ESG* topics
Suppliers	• Definition and sharing of technical, stylistic and quality standards • Online surveys to get feedback on sustainability priorities (used for the materiality analysis) • Questionnaires and data collection on *ESG* topics
PA, government agencies and audit bodies	• Periodic ad hoc meetings • Constant dialogue and collaboration to develop joint initiatives
Industry associations	• Participation in working groups, including on sustainability issues • Design and development of shared projects • Participation in trade fairs • Online surveys to get feedback on sustainability priorities (used for the materiality analysis)
Schools, universities and design institutes	• Support for initiatives to facilitate students' entry into the world of work, including through internships and participation in career days and job fairs • Collaboration and development of projects and training courses • *"TOD'S Academy"* project to support new creative talent • Participation in dedicated working groups in the field of sustainable research and innovation • Online surveys to identify relevant sustainability issues (used in the materiality analysis)

[4] On 6 September 2023 the Board of Directors of TOD'S S.p.A. resolved to allocate additional resources to the aforementioned initiatives on top of the amounts already approved by the Shareholders' Meeting on 19 April 2023.

Materiality Analysis

As explained in the previous NFS, in order to identify relevant economic, social and environmental aspects for its *stakeholders*, determine the areas on which to focus its strategic decisions and define the aspects which should be included in the report, between the end of 2022 and early 2023 the TOD'S Group conducted a **materiality analysis** in accordance with the **2021 *GRI Universal Standards***, introducing the concept of impact materiality. The GRI 3 Standard - *Material Topics* requires organisations to identify the areas in which they have the biggest impact on the economy, the environment and people, including impacts on human rights.

Aimed at identifying the Group's external impacts (***inside-out* perspective**), the analysis was supported by an assessment - inspired by the provisions of the EU Directive 2022/2464 on corporate sustainability reporting - of sustainability risks and opportunities which may influence the Group's financial performances and results (***outside-in* perspective**) and therefore improve or erode the organisation's corporate value in the short, medium or long term, affecting its development and positioning. In addition to the **impact materiality** analysis, the Group therefore also performed an analysis of the **financial materiality**[5].

The results of the 2023 materiality analysis were in line with those of the materiality analysis reported in the 2022 NFS. In 2023 the Group also conducted a survey on its end customers, the results of which helped confirm the considerations made during the materiality analysis process. In the year of this report there were no events that significantly impacted on the context in which TOD'S operates or on the company's business, and so the updating of the materiality analysis is postponed to 2024, together with the efforts to align with the evolution of the reference regulatory context and reporting standards in the field of sustainability.

With reference to the materiality analysis carried out between 2022 and 2023, it should be noted that the process, led by the Group's *Corporate Social Responsibility (CSR)* Office, **involved numerous internal and external stakeholders** and the support of an external consulting firm specialized in analysing, monitoring and reporting on *ESG* impacts. This process consisted of four stages:

1. understanding the context in which the organisation operates

   The characteristics of the TOD'S Group were analysed to determine its activities, business relations and the sustainability context in which it operates, and to

[5] The auditor's verdict and related verification activities did not cover the process of determining "financial materiality" and related outputs, carried out in anticipation of the requirements of the Corporate Sustainability Reporting Directive (CSRD).

confirm its most important categories of stakeholders. To this end, the analysis took account of (i) corporate documents: policies, procedures, codes, press releases, internal reports and presentations - in order to understand the business model and to define the level of *ESG* integration in the organisation's practices; (ii) external sources: reporting standards, *ESG rating* agencies, industry associations, papers, research and publications, industry benchmarks - in order to confirm the most relevant categories of stakeholders and identify sustainability issues for the sector.

2. identification of current and potential impacts

   Attention was focused on the positive and negative impacts (i) directly related to the Group's activities, products and services on the environment, economy and people, including impacts on human rights; (ii) that may influence the Group's performances and results.

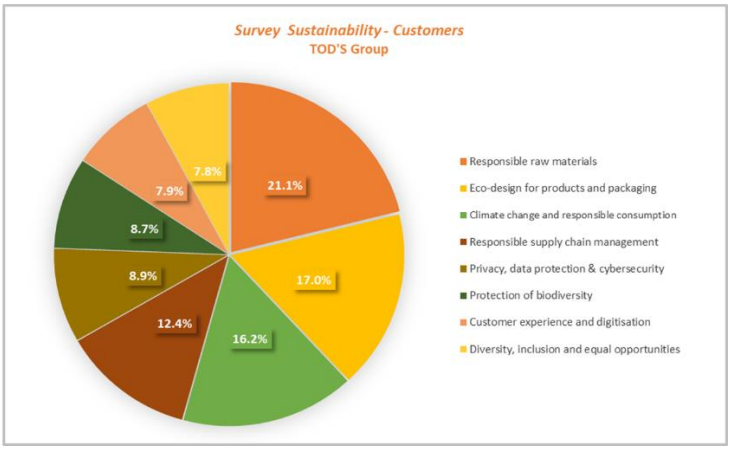
3. assessment of the significance of impacts

   Approximately **400 stakeholders** belonging to different categories were involved. In addition to those considered for the 2021 materiality analysis (***top management***, **employees, suppliers and external workshops**), the following stakeholder categories were added: **universities and design institutes, industry associations, bodies and associations that operate in the area**. This made it possible to acquire a complete and comprehensive overview of the actors who in various ways influence and are influenced by the Group's activities. Stakeholder engagement activities took various forms, including dedicated workshops, ad hoc interviews and online questionnaires, which had a valid response rate of about 70%. Each stakeholder was asked to rate the probability of each impact occurring and its relative significance using a numerical scale.

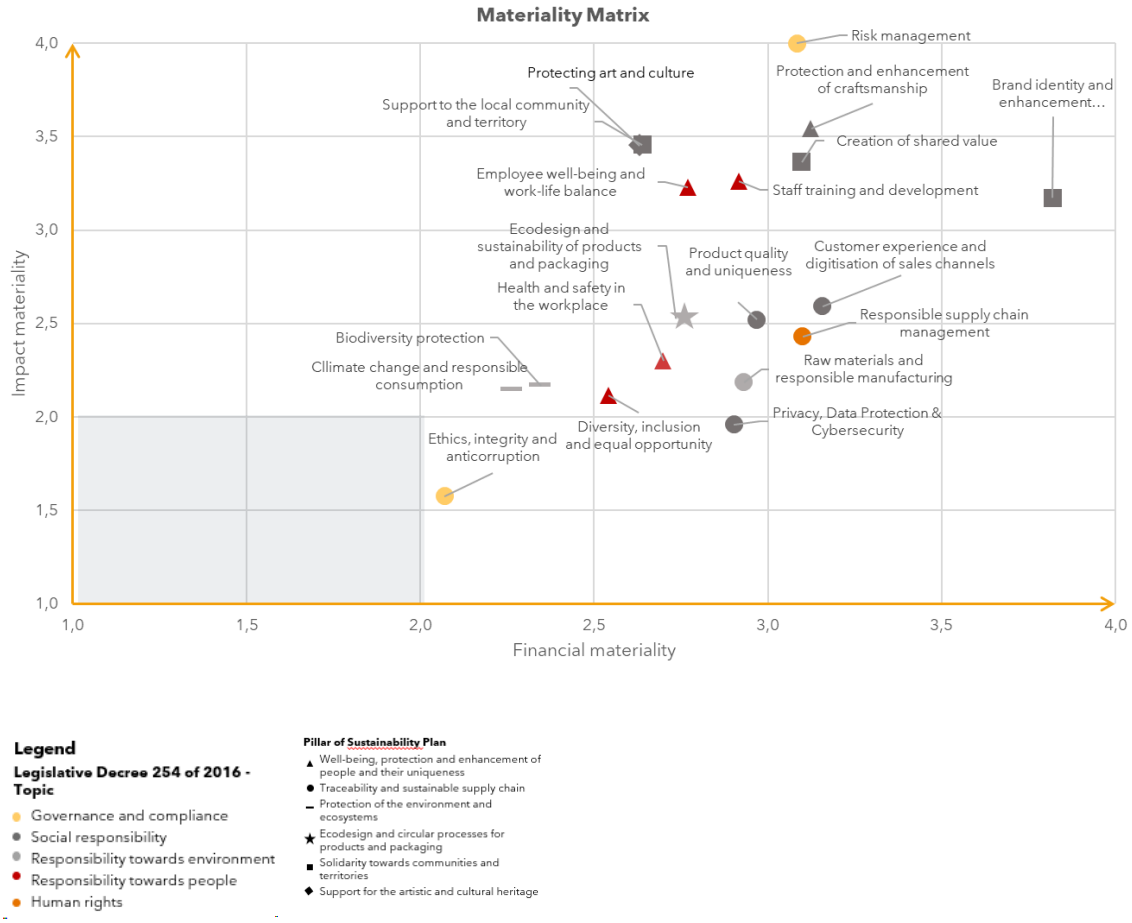
   In addition to the activities already reported in the 2022 NFS, **Customer** involvement was added following an ad hoc online questionnaire administered to retail and online customers of the TOD'S, HOGAN and FAY brands. Approximately 1.27 million customers were involved globally and 8400 responses collected, as shown in the figure below.

4. prioritisation of the most significant impacts for the report with the aim of producing the **Materiality Matrix**.

- ✓ **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



On the basis of the evaluations provided by the various categories of stakeholders and the responses obtained from customers, which proved to be consistent with the analysis carried out previously, the impacts were grouped into material (i.e. major) issues. A materiality threshold was adopted (2.0;2.0) which, based on the rating scale used, excludes from the materiality area those issues whose associated impacts are unlikely and/or insignificant, as represented in the **Materiality Matrix**, **approved by the Board of Directors of TOD'S S.p.A. on 6 March 2023** and shown below. It should be noted that no topic assessed during the materiality analysis was found to be non-material for the Group.



Legend

Legislative Decree 254 of 2016 - Topic

- Governance and compliance
- Social responsibility
- Responsibility towards environment
- Responsibility towards people
- Human rights

Pillar of Sustainability Plan

- ▲ Well-being, protection and enhancement of people and their uniqueness
- ● Traceability and sustainable supply chain
- ▬ Protection of the environment and ecosystems
- ★ Ecodesign and circular processes for products and packaging
- ■ Solidarity towards communities and territories
- ◆ Support for the artistic and cultural heritage

Compared to previous materiality analyses, greater importance is given to supporting the local community and area, creating shared value, safeguarding art and culture, employee training and development, employee welfare and work-life balance, and brand identity and promotion. The greater emphasis on risk management is particularly significant.

For an overview of the **impacts** deemed material by the Group, the **material issues** and the **Sustainable Development Goals** (***SDGs***) with which they were associated, see the Appendix to this document.

2 Approach to sustainability

For the TOD'S Group, **Sustainability** means conducting its activities with an eye on the future and focusing its business strategy on creating value for stakeholders in the medium and long-term.

In line with recent years, the TOD'S Group is committed to reporting its sustainability performances, consolidating the integration of environmental, social and governance issues in its business model and in the projects undertaken by the Group. This commitment is enshrined in the policies and procedures the Group has adopted over the years, which make TOD'S commitments and initiatives in the area of environmental, social and governance issues public and tangible.

These include the **Sustainability Policy**, updated on 6 March 2023[6], which together with the **2023 - 2025 Sustainability Plan** confirms the organisation's commitment to pursuing **sustainable development** and environmental and social responsibility as strategic levers of its business model.

The Group has also adopted an **Environmental Policy**, an **Occupational Health and Safety Policy**, a **Diversity, Equity and Inclusion Policy**, a **Human Rights Policy** and a **Policy for Philanthropy, Solidarity and Community Support Initiatives**. All these documents can be viewed at the following *link:* https://www.todsgroup.com/it/sostenibilita.

TOD'S Group's Sustainability Plan

The **2023 - 2025 Sustainability Plan** (approved by the Board of Directors of TOD'S S.p.A. on 6 March 2023)[7] is set out into objectives and guidelines for specific priority areas for the Group.

The Plan is based on the results of an internal and external analysis process, including the **materiality analysis**, the understanding of the **competitive environment** and the evaluation of reports by leading analysts and ***ESG* rating** agencies, as well as an analysis of relevance and materiality in relation to the Sustainable Development Goals *(SDGs*) of the UN 2030 Agenda.

The Plan is updated periodically with the aim of creating a common and shared vision and promoting a culture of sustainability which fully respects and protects the needs of the stakeholders with whom the Group interacts. The Plan also aims to **monitor** the

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

[7] This Policy updates and replaces the previous 2021-2023 Sustainability Policy (approved by the Board of Directors of TOD's S.p.A. on 10 March 2021.)

achievement of the set goals and to promote the integration of sustainability along the entire value chain, taking into account potential impacts on the economy, the environment and people. The document is shared with the top management and the Control and Risk Committee and approved by the Board of Directors. Below is an overview of the six **Pillars** of the Sustainability Plan:

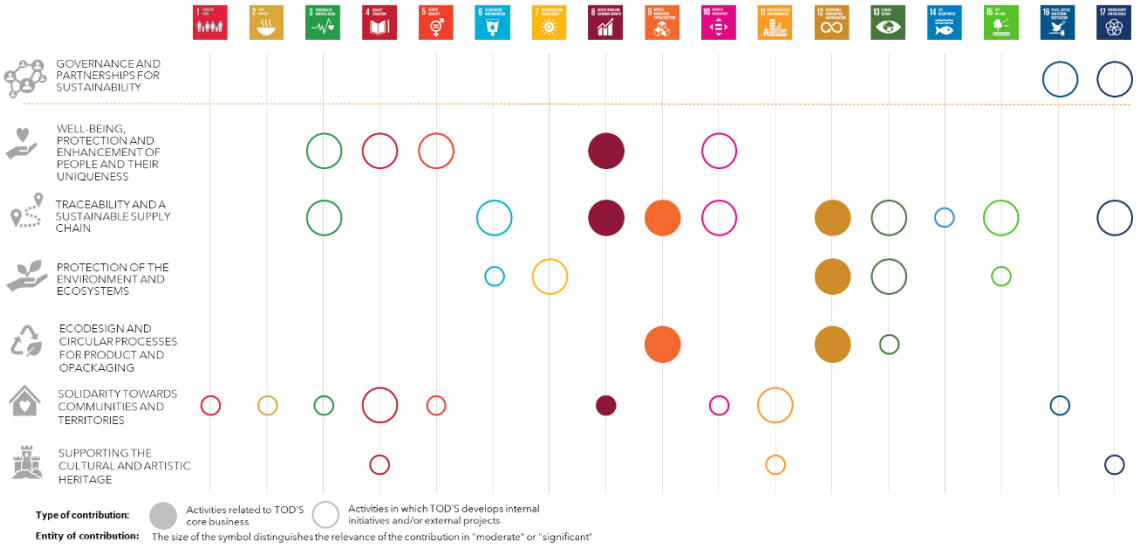


Specific **goals** and **guidelines** have been established for each Pillar, enabling the Group's to translate its ambitions into tangible actions.

Sustainability Plan Guidelines		
Pillar	**Project Initiative**	**% Completed**
Welfare, protection and promotion of people and their uniqueness	• Formalisation of a *Policy* on the protection of diversity, equity and inclusion	100%
	• Promoting the protection of diversity, equity and inclusion by launching employee awareness and training programmes and by joining multistakeholder, national and international initiatives	75%
	• Attainment of gender equality certification pursuant to UNI PdR 125/2022	**New**
	• Extension of training and competence-building programmes for employees	Ongoing
	• Initiatives and programmes aimed at developing craft skills and know-how among young people (e.g. "Bottega dei Mestieri" project)	Ongoing
	• Development of partnerships with schools, universities, industry associations and design institutes to promote initiatives that support research and innovation around sustainability issues in the fashion industry	Ongoing
	• Extension of the ISO 45001 occupational health and safety management system to other company sites	50%
	• Strengthening of welfare initiatives for employees and their families	100%
	• Development of sustainable mobility plans for employees	50%
	• Initiatives to involve employees in local community projects	25%
Traceability and sustainable supply chain	• Strengthening and promotion of supplier qualification, monitoring and sustainable development programmes	25%
	• Extension of research and development activities on innovative materials and sourcing of raw materials with certified sustainability profile	Ongoing
	• Involvement in multistakeholder initiatives that promote the traceability and transparency of the supply chain, the efficient use of raw materials and natural resources, sustainable management of chemical substances	75%
	• Initiatives to promote the traceability of social and environmental information right along the value chain	50%
	• Onsite audits of production chains focusing on environmental and social issues, human rights, health and safety, and compliance with ethics principles.	Ongoing
Protection of the environment and ecosystems	• Definition of programmes, objectives and targets for the gradual reduction of the climate, water and biodiversity footprint of the entire value chain	25%
	• Identification and quantification of climate risks and opportunities for the Group	**New**
	• Launch of environmental compensation and regeneration initiatives in the areas where the Group operates	*Stand-By*
	• Initiatives to reduce and streamline energy consumption in the Group's production and logistics sites and stores	Ongoing
	• Initiatives to reduce the environmental impact of distribution and logistics flows	25%
	• Extension of the ISO 14001 environmental management system to other company sites	75%
	• Attainment of ISO 50001 energy management system certification for the Group *HQ*	**New**
Ecodesign and circularity	• Development of ecodesign and circular production initiatives with the involvement of the supply chain	25%
	• Broader and more in-depth participation in multistakeholder initiatives geared towards the analysis and implementation of ecodesign and circular economy practices	**New**
	• Initiatives to assess and measure the environmental profile of products, including by means of life cycle assessments	50%
	• Projects focused on up-cycling, recovering inventory and scrap recycling, including through the development of new partnerships with the supply chain	Ongoing
	• Extension of after-sales product care and repair services, involving end customers, in order to improve product durability	25%
Solidarity towards communities and territories	• Donation of 1% of net profits to support the more vulnerable segments of the local population	Ongoing
	• Launch of solidarity and social inclusion initiatives in the areas in which the Group operates also through the involvement of employees	25%
	• Inclusion of small-scale traditional artisan businesses in Brand projects	75%
Supporting cultural and artistic heritage	• Initiatives to protect and promote cultural, artistic and environmental heritage	Ongoing
	• Renewal and extension of partnerships for the promotion and enhancement of cultural, artistic and environmental heritage in the areas in which the Group operates	Ongoing
	• Engagement activities to involve customers in the Group's sustainability journey	50%

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

In 2024, the TOD'S Group renewed its membership of the **United Nations *Global Compact*** to promote respect for the ten core principles in the areas of human rights, labour, the environment and anti-corruption. TOD'S contributes to the achievement of the 17 *Sustainable Development Goals* (*SDGs*) of the UN 2030 Agenda through both activities strictly related to its core business and indirectly via its involvement in collaborative initiatives and projects.[8]



In line with Goal 17 of the 2030 Agenda, "*Revitalise the global partnership for sustainable development*", over the last two years the TOD'S Group has embarked on important ***multistakeholder collaborations*** based on shared visions and objectives, putting people and the planet at the centre.

[8] The graphic takes account of updates and the launch of additional activities and projects in FY2023, as per the Sustainability Plan and the Group's commitment to the 17 *SDGs*.

On 10 February 2023, the TOD'S Group joined the ***Leather Working Group (LWG)***, *a* non-profit organisation for stakeholders in the **leather industry** value chain. The initiative focuses on multiple aspects of sustainability: from the traceability and transparency of the supply chain, including the management of chemical substances and the working conditions of employees, to issues of efficiency in the use of raw materials, waste production and emissions, animal welfare and biodiversity. For more information visit https://www.leatherworkinggroup.com/.

The main objective of the *LWG* is to introduce, maintain and develop audit protocols with the aim of monitoring the compliance and the environmental and social performance of tanneries worldwide. By participating in the *Leather Working Group*, TOD'S undertakes to promote the involvement of the leather value chain in its sustainable projects and to declare the percentage of materials it sources from *LWG-certified* suppliers.

In 2023 the TOD'S Group renewed its participation, for 2024-2025, in the ***Monitor for Circular Fashion*** initiative. Involving leading fashion companies and members of the supply chain and the scientific contribution of the ***SDA Bocconi Sustainability Lab***, the initiative aims to spread good circular economy practices, enhancing technical, managerial and scientific skills with the goal of contributing to the transition towards circular business models.

The *Monitor for Circular Fashion* aims to:

- analyse the evolutionary dynamics of the sector and its main segments for the next decade;
- examine the impact of these dynamics and alignment with the Sustainable Development Goals, part of the UN 2030 Agenda;
- identify the main qualitative and quantitative indicators of circular fashion;
- give voice to the Italian fashion industry with the creation of the *Circular Fashion* Manifesto, to be presented to institutions and at national and international summits.

At a multistakeholder event held at SDA Bocconi in Milan on 11 October 2023, the TOD'S Group presented the "**Re-Gen H**" pilot project involving the HOGAN brand, which interpreted the principles of *ecodesign* through an open innovation and partnership approach to the supply chain.

In addition to this, the new working year of the *Monitor for Circular Fashion* was officially launched on 2 February 2024 at SDA Bocconi in Milan with the presentation event of the 2024 projects.

In 2023 TOD'S renewed its membership, as promoting partner, of the **RE.CREA Consortium**. Set up under the coordination of the **Italian National Chamber of Fashion**, the Consortium aims to organise the management of end-of-life textile and fashion products and to promote research and development into innovative recycling solutions. Participating brands interact and collaborate in order to reduce waste production along the supply chain and optimise waste management, promote *ecodesign* practices, improve the environmental performance of products in the last stages of their life cycle and work on the correct and effective communication of the issues in question.

In 2023 the TOD'S brand announced that it had joined the **Aura *Blockchain* Consortium**, a non-profit organisation that offers blockchain agnostic solutions exclusively to luxury brands. The mission of the Aura *Blockchain Consortium* is to create the technological standard for the luxury industry and enhance the customer experience.

The technology offered by Aura *Blockchain* gives customers direct access to the history and proof of authenticity of products; customers can therefore easily and transparently trace the entire life cycle of products, from creation to distribution, and strengthen their relationship with their brands. Joining Aura is a unique example of collaboration with the most prestigious cutting-edge luxury brands in the field of innovation and the use of *blockchain* technology. TOD'S will contribute to the consortium's mission to raise industry standards in terms of **innovation, transparency and the sustainable sourcing of products**.

In order to further promote the fight against all forms of discrimination in the workplace while at the same time emphasising the value of diversity within the organisation, on 27 January 2023 TOD'S signed the **Charter for Equal Opportunities and Equality at Work**, sponsored by the **Italian Ministry of Labour and Social Policies**

and promoted by the **Sodalitas Foundation**, as a declaration of our commitment to adopting inclusive human resources policies.

As reported in the previous NFS, in January 2021 the Parent Company signed a **loan agreement linked to the achievement of specific ESG targets** *("Sustainability Linked Loan")*[9]. The loan includes incentives linked to the attainment of three specific ESG objectives, outlined in the TOD'S 2021-2023 Sustainability Plan and included in the updated 2023-2025 Sustainability Plan, relating to the following areas of strategic importance for the Group:

• **Development of the skills of TOD'S staff**, with the progressive increase in the number of hours of training *per capita* at Group level;

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

• **Support for local areas**, by allocating 1% of the Group's net profits to support initiatives benefitting local areas and communities.

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

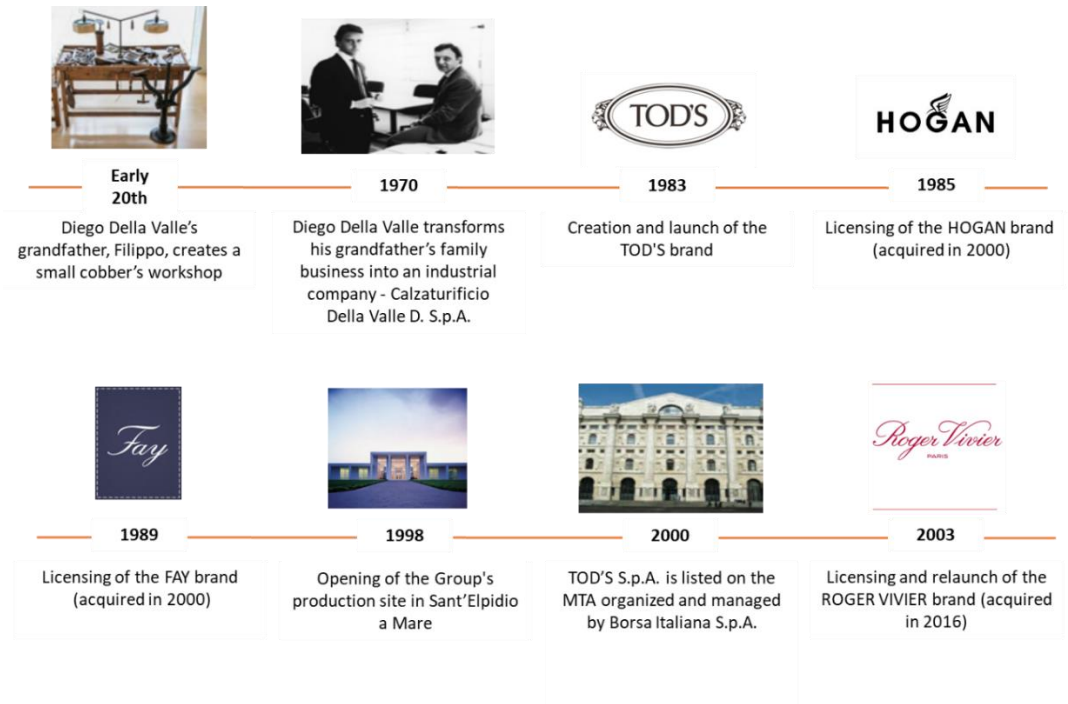
In 2023 TOD'S was awarded the following **prizes and awards for its commitment to sustainable development**:

- for the third year in a row, "Il Sole 24 Ore" named it as one of the **200 most responsible and sustainable Italian companies**. The analysis, carried out in collaboration with Statista, a leading market research company specialising in corporate rankings and data analysis, is based on *Corporate Social Responsibility* and takes account of three dimensions: environmental, social and corporate governance.
- first place in the "Leather & Hide" *cluster* of the "**Champions of Sustainability 2023/2024**" rankings by Affari & Finanza of La Repubblica and Istituto Tedesco Qualità e Finanza. The study involved 1750 companies and investigated 17 sustainability aspects.
- inclusion among the 20 European companies in the sector that make up the "***SE European Fashion & Luxury Index***", recording an E+ rating with a positive outlook.

[9]Loan agreement underwritten with a pool of banks coordinated by Intesa Sanpaolo S.p.A for a maximum overall sum of 500 million euro. The loan has a duration of five years (2021-25) and is split into a *Term Facility* of 250 million euro and a *Revolving Credit Facility* of another 250 million euro.

3. History of TOD'S Group

It all started at the beginning of the 20th century when Filippo Della Valle, grandfather of Diego Della Valle, opened a small cobbler's workshop. His work and his passion were inherited by his children, who launched the quality footwear business for which the Group has become famous.



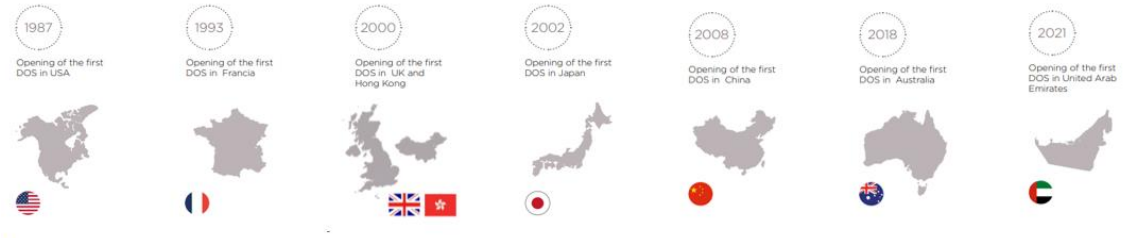
Although the TOD'S Group has expanded its product range over the years, also through the launch and acquisition of prestigious brands and its openness to innovation, its founding values have remained strong and constant, enabling it to establish itself as one of the leading players in the production and distribution of footwear, leather goods, clothing and luxury accessories.

Distribution network and international expansion

The prestige of the distributed brands and the expertise required to offer customers the best products makes it necessary to distribute products via a network of highly specialist stores. To this end, the Group mainly uses three channels: directly operated stores (DOS), single-brand *franchised* stores and a series of independent multi-brand stores selected on the basis of their consistency with the brands' positioning, their location and the

level of service they offer customers, as well as the visibility that they can guarantee the products (wholesale distribution). These are joined by the **e-commerce channel**, which has become increasingly important over the years both strategically and in terms of sales volumes.

The TOD'S Group began its international expansion in 1987 with the opening of its first direct store in the United States, in New York. The consolidation of its success in Italy and its increasing direct presence in strategic foreign markets have continued in parallel, from France, where the first boutique was opened in *Rue du Faubourg Saint Honoré* in Paris in 1993, to England, from 2000 onwards, and other European locations. Having consolidated its presence in the European markets, the Group began penetrating the Asian markets, opening its first stores in Hong Kong in 2000, in Japan in 2002 and in China in 2008. Its expansion into new markets has continued in recent years with the opening of directly operated stores in other strategic markets, such as Canada in 2019 and the United Arab Emirates in 2021.



As at 31 December 2023, the distribution network of single-branded stores consisted of 345 *DOS* and 99 ***franchised stores***, up slightly from the 333 *DOS* and 89 *franchised* stores as at 31 December 2022. In line with the rapid dynamics of the sector, the ***e-commerce*** channel has acquired an increasingly important role in the Group's distribution strategy; currently, the **e-commerce sites** of the Group's brands are active in *37 countries* around the world.

The TOD'S Group brands

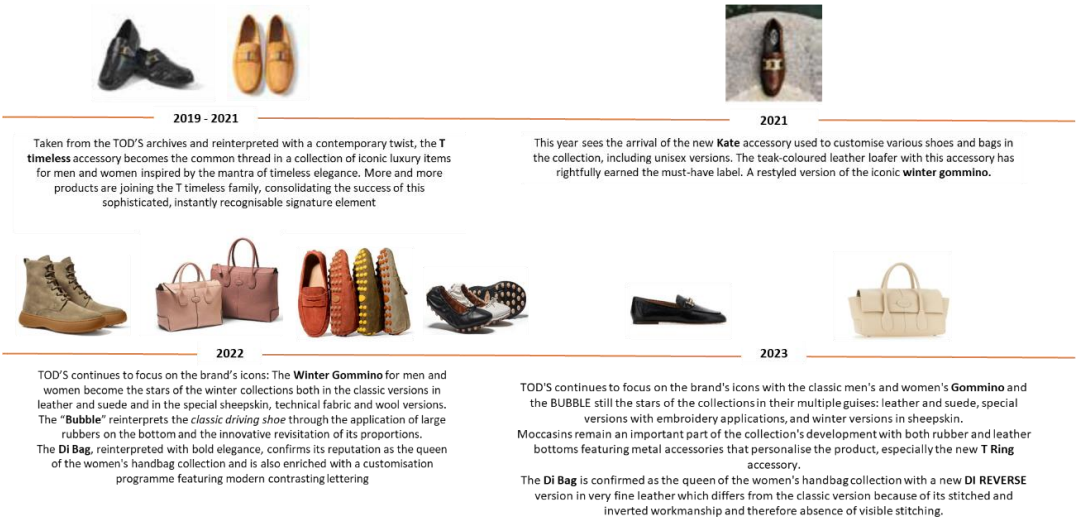
Today, TOD'S S.p.A. is an operating holding company of an internationally-renowned group that operates through the *TOD'S, ROGER VIVIER, HOGAN* and **FAY** brands. Though they have their own distinct identity, the Group's brands share the same philosophy based on a balanced mix of tradition and modernity, high quality, creative content and broad product usability.

TOD'S

Icon of Italian excellence, 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. Known worldwide for its unmistakable, discreet and sophisticated style, over the years TOD'S collections of footwear, leather goods and accessories for women and men have launched numerous models that have gone on to become true style icons of modern luxury. Most notably, the Gommino, in its various versions, the Di Bag and many others.

Every product is manufactured using the finest Italian craft techniques, resulting in extraordinary objects that are imitated and sought-after all over the planet. Through a meticulous series of checks and controls, every day TOD's creates exclusive products loved by celebrities and fashion leaders across the world.





TOD'S also celebrated its **passion for handcraftsmanship** and the **Italian artisan tradition** in 2023.

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

With this in mind, TOD'S has always sought to export "*Made in Italy*", **showcasing its craftsmanship through its people**, making them the protagonists of activities and events. In 2023 more than **50 *store days* were held around the world**, from Milan to Seoul, during which, thanks to the presence of the artisans, customers were able to witness the creation of the most iconic shoes and bags, such as the Gommino and the Di Bag, and to personalise certain products. Thanks to these initiatives, TOD'S is able to communicate its values in a direct and real way. In addition to these experiences in contact with our customers, the figure of the artisan was central to the brand's most important moments: the Women's fashion show and the presentation of the Men's Collection, when the world's attention was focused on Milan and its fashion week.

For the Women's Spring - Summer 2024 Collection, TOD'S chose the place that best typifies Italian master craftsmanship: the Scala Ansaldo Workshops, where set designers, sculptors and carpenters create the sets of Teatro alla Scala in the same way as the master artisans, present during the show, give life to collections of the highest quality. Immersed in the *mise en scène* of Don Carlos, TOD'S wanted to celebrate the excellence

of *Made in Italy*, which it has always promoted across the world, while at the same time trying to encourage young people to enter the world of quality craftsmanship.

For the event during Men's Fashion Week in June at Villa Necchi, two artisans were the centre of attention at the presentation, positioned in the middle of the Villa's garden. Once again, TOD'S wanted to emphasise how Italy's passion for handmade goods makes it unique in the world and how Italian craftsmanship and quality are the absolute protagonists of every collection.

To celebrate **traditional craftsmanship** and **Italian savoir faire**, TOD'S collaborated with internationally renowned photographer **Tim Walker** in ***The Art of Craftsmanship*** in 2023. Handcraftsmanship and the excellence of *Made in Italy* have always been the founding values of the brand, just as quality and attention to detail are expressions of great craftsmanship. From the meeting of Tim Walker's creativity and TOD'S craft tradition comes a story of images and videos which retraces, in an ironic and surreal way, the stages in the creation of the brand's icons, from the Di Bag to the Gommino. Using a contemporary language, the artist plays around with the expressive power of both the articles produced and the tools that accompany and represent the most important steps in the craft process: the cutting of the leather, stitching, brushing. Each of the images conveys a message of art and beauty, of knowledge and quality work, symbols of those authentic values that even the younger generations are rediscovering today and of which TOD'S is the spokesman. In "*The Art of Craftsmanship*", every image tells a story of quality and tradition, reminding us that, behind every product, there are the tools that make it and that, behind each of these, there are the hands and knowledge of those who use them.

"*The Art of Craftsmanship*" was presented to the general public at the Cavallerizze of the Leonardo Da Vinci National Museum of Science and Technology in Milan at the Fuori Salone during *Design Week* in April 2023. The opening event was attended by **around 1200 people** while on the following days, when the exhibition was open and free to all, **more than 1400 visits** were recorded. In the months following the launch event, the content of this project travelled the world through events, pop-ups and the windows of TOD'S boutiques everywhere from the US to Japan and South Korea.

The **J.P. TOD'S *Sartorial*** collection is both a tribute to TOD'S history and a modern reinterpretation of its classic designs. The *J.P.* TOD'S monogram defines an exclusive collection of men's shoes that can be customised with a choice of different leathers and with the application of the 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 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 product even more unique and personal.

With the support of two books dedicated to the process, customers can discover the various customisations possible: from one to four letters – with or without punctuation – stamped or painted in silver, to be applied to the upper, counter or insole of footwear and to the handles and binding of bags.

TOD'S FOR AUTOMOBILI LAMBORGHINI

The collaboration between **TOD'S** and **Lamborghini** was announced in 2023 and officially celebrated in Florence on 10 January 2024 at the historic Stazione Leopolda during Pitti Uomo, the unmissable men's fashion event. The stars of the installation are the TOD'S collection for Automobili Lamborghini and the Lamborghini Revuelto.

This collaboration showcases craftsmanship and innovation: qualities that have made the two companies leaders in their fields. Vision and passion, with an unwavering commitment to research and quality, are fundamental characteristics that unite TOD'S and Automobili Lamborghini. The epitome of design and the Italian manufacturing tradition and attention to detail are the core values which, through this collaboration, export the excellence of Italian know-how to the rest of the world. The project starts with the launch of a men's and women's footwear collection based on two models, the iconic Gommino and the *sneaker* in yellow, green and blue. The Gommino features a new line that echoes the livery of Lamborghini's super sports cars and tubular banding which enhances its aerodynamic appeal, adding dynamism and elegance. On the soles, the little rubber pebbles are oversized, matching the colour of the heel or upper. The leathers are sourced from the best tanneries and the production process requires a high level of craftsmanship, with the cutting of the leather cutting and the topstitching carried out by hand.The collection represents the first step of a project that will also include leather goods and clothing collections.

TOD'S offers a tailor-made experience to make some of its iconic products truly unique. The **Gommino moccasin** is one of the stars of the customisation service, available both in TOD'S boutiques and online. The "My Gommino" programme allows the customer to

create his or her own version from millions of possible combinations, choosing not only the material and colour but also details such as the stitching, the strap or the toecap; it is even possible to choose the colour of the rubber pebbles or add your 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.
In 2022 TOD'S launched **My Di Bag,** an exclusive customisation service to make the brand's iconic Di Bag even more special. Customers can choose the colours, the letters and the size of the bag to express their uniqueness through their bag. An elegant leather pendant completes the bag and bears a *QR Code* which, when scanned with a smartphone, enables customers to access the TOD'S Passport page on tods.com. A celebration of craftsmanship and creativity for the creation of a one-off piece.

The "***TOD'S x 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. Taking a fresh look at the classics, giving them a new twist, has always been at the heart of the Palm Angels creative process, like an unexpected photo that puts the subject in the foreground, adding a bold new element. The 2023 Autumn-Winter collection gave Francesco Ragazzi, Founder and Creative Director of Palm Angels, the opportunity to take such a transformative look at an iconic shoe, the TOD'S Tabs sneaker. The worlds of Palm Angels and TOD'S meet and find common ground: **shaping tradition and contemporary culture**, capturing the present in a timeless design.

ROGER VIVIER

Monsieur **ROGER VIVIER**, who created the first stiletto heel in the 1950s, designed extravagant and luxuriously embellished shoes which 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.
Today, 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 to include bags, small leather goods and jewellery. Today, the ROGER VIVIER woman is sophisticated and elegant, yet slightly eccentric: a woman who tries to express her timeless elegance through her clothes but without forgetting to add her own cheeky, extravagant touch.



With the innocence and enthusiasm that only the young possess, Marion Barbeau seems to be searching for her place in the world in a château. Actress and prima ballerina at the Paris Opera, she is the face of the **ROGER VIVIER 2024 Spring - Summer campaign "*La danseuse du château*"**, the perfect personality to embody and reflect the unbridled essence, refined taste and consummately French sophistication of the Maison. In the noble setting of the *Château de Champlâtreux*, an 18th-century manor house designed by architect Jean-Michel Chevotet just a stone's throw from the *Ville Lumière*, Marion tries to understand and find herself.

The unusual wide-angle perspectives and the veiled, almost blurred effect of the campaign shots give the typically French features of the protagonist a rebellious look. With that sometimes bored, often amused and ever so slightly mischievous air, the dancer daydreams and sees historical paintings come to life. She gets lost in the lush gardens surrounding the castle and is enchanted by the light that filters through the windows and the sumptuous Baroque and Rococo decorations. In the contrast between day and night, she goes in search of herself, in pursuit of her passions. Wearing Gherardo Felloni's unique creations with *joie de vivre*, enveloped in the impalpable aura of a pastel palette, she is filled with a happiness that shines through with the changing seasons. An icon of talent, passion and contemporary elegance, like all the ambassadors chosen by the creative director of VIVIER to narrate his vision, Marion fully represents the charm and class of the Parisian *femme*.

The unique viewpoints of the lens highlight the details of the Spring/Summer 2024 collection: the weaves and sweetheart cut of the I Love Vivier ballet flats and *pumps*, the iconic square buckles with sparkling *rhinestone* details on the *Flower Strass Jewel*

bags, the retro geometric profiles of the Belle Vivier line, the lilac, yellow, green and sky blue shades that look like clouds of candyfloss, all emblems of a style that is both bold and chic. Materials such as raffia, denim and leather with metallic finishes are joined by the soft draping and *puffy silhouette* of the iconic Viv' Choc or the cut-out detail created by the thin strap of Viv' Canard, a new interpretation of a shoe designed by *Monsieur* ROGER VIVIER himself and re-imagined with the typical *divertissement* of Gherardo Felloni. Not to mention the dazzling oversize necklaces, brooches and dangle earrings. From shoes to bags, jewellery to fine waistcoats and belts, nothing is missing from the ROGER VIVIER wardrobe.

HOGAN

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 the “Interactive” sneaker: this icon is still one of the most imitated HOGAN models, an innovative design which has made the distinctive “H” motif 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, a combination that 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.



FAY

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, specialized in technical clothing for fishermen and firefighters, introducing it in Italy with a clear goal: 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.



On 14 March 2023, the PAC - Pavilion of Contemporary Art of Milan - opened the photographic exhibition: "**TESTERS - Travelling with FAY Archive**", a story in pictures of the adventures that British photographer James Mollison - together with the FAY Archive team - experienced between 2021 and 2023 in the world's most inhospitable places.

The exhibition project retraced some of the most significant moments on the British photographer's journey to the four corners of the planet - Iceland, Chile, Alaska and Nepal - to meet people that choose to work in some of the most unforgiving and inaccessible natural environments on Earth.

These trips enabled the **FAY Archive** team to live alongside a shepherd in the Himalayan highlands (the place is so isolated that it doesn't even have a name), keep company with the blacksmith who forges knives from the wood of the Araucaria tree in Chile, work with the polar bear warden in the far northern village of Barrow, northern Alaska, climb a volcano with a volcanologist in Iceland, and study with a researcher at the University of Kathmandu who is involved in protecting the *Red Panda*, a very rare species found in a few remote areas between Nepal and India.

The exhibition illustrated - through photographs and videos - the team's encounters and adventures on these difficult journeys to discover the extraordinary people and cultures that make this planet of ours so wonderful.

The **Limited Edition 4 Ganci in Denim**, presented on 24 October 2023 in the Antonia boutique (in the Portrait space in the former seminary of the Archdiocese of Milan) is a

project steeped in history and a tribute to the world's most important work fabric, "Genoa cloth". A selection of images taken for FAY Archive on the peninsula of Newfoundland, Canada, populated the spacious arcade in front of the boutique, while limited edition garments immersed in blocks of ice completed the set for the evening.

The event was also a way of retracing the history of denim: in 1853, with the gold rush about to begin in California, prospectors of this precious metal needed practical and durable garments. From 1890 jeans were synonymous with "workwear" and the fabric from which they were made became known as denim.

If until the Second World War jeans remained a symbol of the work clothes used by gold diggers, miners, cowboys and factory workers, in the post-war period - particularly from the 1950s onwards - they were transformed into leisure garments. American cinema took possession of them: the trousers worn by James Dean in "Rebel Without a Cause" and by Elvis Presley and, later, Bob Dylan at their concerts, were indigo.

In 1957, at the International Festival of Youth and Students in Moscow, jeans arrived in Russia as a symbol of freedom and rebellion: the country's government banned them, but this only increased their popularity and desirability among young people in Eastern Europe. At the end of the 1960s, during the period of global demonstrations and student revolts, jeans became a symbol of "anti-fashion" and the rejection of social conventions and formal attire.

As a tribute to this rich history of social evolution - linked to work and freedom - FAY Archive underlines its original and gritty "*workwear*" DNA by offering the public a limited number of denim winter jackets with faux fur lining, large gusseted pockets and its four typical steel-coloured satin metal hooks.

Another garment of undisputed iconic value is the ***Double Coat***, which celebrates its 25th anniversary in 2024. The origins of this garment can be traced to the keen observational skills of Andrea Della Valle who noticed, when moving from California to New York in the late 1980s, how people preferred a formal but relaxed look consisting of practical and functional garments which allowed them to experience the city in a more easy-going manner, seamlessly moving from business appointments to evening cocktails. This philosophy was the inspiration for the *Double Coat*, the coat with detachable padded inside waistcoat: more formal on the outside, more sporty on the inside. The perfect blend of efficiency and style, a combination that stands up to the most extreme of weather conditions or a scooter ride. Over the years, the *Double Coat* has been made of different fibres depending on the latest trends: from drip-proof herringbone wool to Prince of Wales, from cloth, corduroy and boiled wool to the more high-performance

matt nylon; a thousand combinations that have written a different story each time and made this garment one of the most imitated items of recent years. Twenty-five years ago and without realising it, FAY was a pioneer of the "*quiet luxury*" that everybody talks about so much today. Since the first advertising campaign, shot by Peter Lindbergh in 1999, many stars of the showbiz world have fallen under its spell: in addition to Keanu Reeves, Ben Affleck, Kevin Costner and Pierce Brosnan, thousands of people regard the *Double Coat* as a faithful life companion and, wearing it on the streets of Milan, Rome, London and Paris, have contributed to its unparalleled success.

Customers increasingly important in the TOD'S Group brand experience

One of the TOD'S Group's most important stakeholders is the customer: understanding their expectations, from the most obvious to the unexpressed, ensuring their satisfaction and building lasting and trusting relationships with them are essential objectives for the Group. The **central importance** of customers, which underpins the company's approach, is evident in all forms of interaction between them and the TOD'S Group, from the selling ceremony in boutiques to the shopping experience on the e-commerce platform, from digital communications to after-sales and product customisation services and through to the creation of content on social media, to create unique moments of quality.

In order to maximise the benefits of the interaction between the Group and its customers, it is essential to implement an effective and planned contact strategy, within which to carry out initiatives aimed at the Group's premium customers, such as the exclusive possibility of purchasing new items before they go on general sale, private appointments also outside of opening hours, personalisation services and dedicated customer services.

Brands and customer experience: diversification on the basis of clientele

Confirming the emphasis that the TOD'S Group places on the shopping experience, all brands offer *customer experiences* that put the customer at the centre.

The Group enhances the role of sales staff who, as *Client Advisors*, become genuine consultants that are able to provide the customer with interesting insights.

All of the brands also showcase their own special characteristics:

- **TOD'S** emphasises the quality that has always been part of the brand's DNA, promoting the Italian lifestyle and craft excellence;
- **ROGER VIVIER** emphasises its French roots and timeless Parisian-inspired elegance;
- **HOGAN** accompanies customers on their shopping experience, treating them as guests and making them feel at home;
- **FAY** guarantees the customer a dynamic shopping experience, emphasising the brand's main traits, such as versatility and superior quality.

With a view to continuously improving the customer experience, the Group assesses the level of assistance provided in its boutiques through Mystery Shopping surveys focused on ***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 **5,600 visits** have been carried out in the **last seven years** and the results of the surveys have allowed the Group to develop the customer experience in the best possible way, diversifying it for the different brands in order to enhance the distinctive characteristics of each one.

The Group has set itself the goal of increasing customer engagement with the brand/store by determining the customer's overall experience and level of satisfaction via the *Ambassador & Advocate index.*

The Group also continues to support the development of digital technologies and omnichannel and "*customer-centric*" approaches within its strategies, reducing physical distances in its interaction with customers so they feel closer to the core of the brand's initiatives. The e-commerce channel is constantly renewed for each brand and perfectly combines brand storytelling with the presentation of the products from the latest collections.

The new HOGAN website, the TOD'S "*Virtual Try On*", "*Shop By Look*" and "*Similar Products*" functionalities, the "*Notify me*" service and customised product recommendations, the new payment methods and the chat with Client Advisors to

support the purchasing process and provide style advice for all of the Group's brands, are just some of the new features designed to make the user experience more satisfying and engaging.

In 2023 the Group's existing *omnichannel capabilities* were further enhanced with the improvement of *cross-channel operations*, the extension of product availability and the development of new functionalities, such as the *Gift Card* that can be used in both physical and digital channels.

The *customer-centricity* approach is supported by projects aimed at exploiting new technologies to ensure a better understanding of consumer behaviour with the goal of developing and maintaining relevant relationships with customers, and maximising customer retention and lifecycle value.

These include the use of increasingly evolved *advanced analytics*, *AI* and *marketing automation* tools, which have made it possible to develop digital communications and a brand experience that is increasingly tailored to individual users and customers. During the year the investments in *Clienteling* tools, made available to all staff in stores and designed to support e-commerce, continued.

Customer feedback remains key to the development of *Customer Relationship Management* (*CRM*) strategies. In fact, a new programme to **monitor customer satisfaction** following the purchasing process has been implemented across all Group brands *(NPS-Net Promoter Score*).

With a view to becoming increasingly relevant and exceeding the expectations of a more demanding customer base, the Group also supported the development of a series of digital innovation initiatives. First and foremost by introducing new ways of narrating the brands and collections using innovative channels and formats (e.g. *Connected TV, Digital Out of Home*, Augmented Reality, *Creators Solutions*), but also in the area of *digital advertising* and through the publication of three case studies in partnership with some of the major digital players (Google, Tik Tok, Amazon).

At the same time, a process to enhance the sophistication of the techniques used to measure and activate digital advertising campaigns was launched in order to improve the accuracy and effectiveness of brand storytelling.

In 2023 the websites of the four Group brands were further enriched with solutions and functionalities aimed at improving the customer experience, as described below.

TOD'S

Product presentation has been improved on the new Tods.com website, adding emotional videos to support the already numerous product photos. In addition, the size guide has been revamped to make it easier for customers to find the right product.

In the second half of the year, product suggestions and proposals were introduced to enable customers to browse the TOD'S catalogue more easily, displaying products similar to those they are viewing or presenting ideas to complete their look. Artificial Intelligence has been hugely important in this area, using visual recognition or browsing analysis algorithms to present customers with the product most in line with their needs. Particular emphasis was placed on technological innovation with the launch of a *Virtual Try on* service which allows customers see what the shoes look like on their feet on their smartphones without actually physically putting them on.

Customisation continued to represent a real strength. Thanks to the possibility of customising many of the products available, TOD'S iconic products become true one-off pieces. In addition, thanks to Aura Blockchain technology and the *NFC tag* that guarantees authenticity and traceability, from this year you can also view the TOD'S *Passport* of your customised Di Bag on your smartphone.

ROGER VIVIER

Rethinking its digital experience, the ROGER VIVIER brand has fine-tuned its e-commerce platform with major new enhancements to sustain its growth in its core markets and offer the best possible customer experience. During the year, it enhanced its omnichannel services to facilitate stock sharing between retail outlets and the online site at national level. Sections of the site with greater visibility were revamped with the aim of improving browsing and optimising the *customer journey* and new payment methods and functions were introduced to make the purchasing process more agile and satisfying for the customer.

HOGAN

The HOGAN brand continues to follow the strategy pursued in recent seasons, adopting a more digital approach with a focus on improving the customer experience and providing content and services that reflect the new *omnichannel* approach.

The Hogan.com website is a flexible and versatile virtual showcase for the brand as well as a communication channel for engaging users through *storytelling*. Thanks to the adoption of new technological solutions and with a view to constantly improving the user

experience, the HOGAN brand - in collaboration with web design agency Playground - worked on redesigning the new website, which was launched in December 2023. The new site has been revamped not only to improve the browsing and shopping experience but also to give it a more modern feel, in line with the brand's new creative approach.

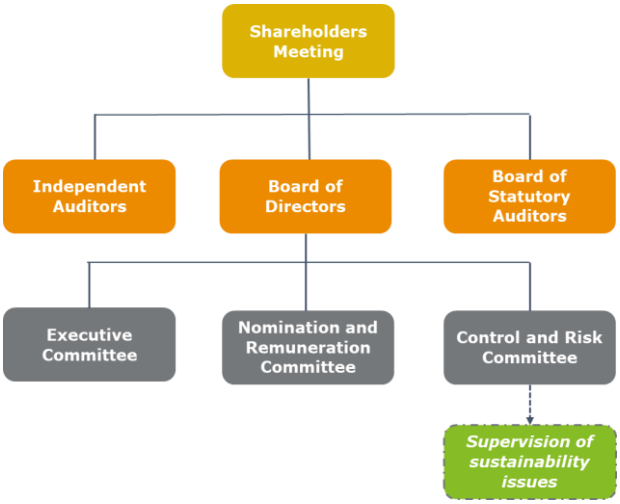
FAY

The work continued on Fay.com in 2023 in order to improve the conversion rate and adjust the brand's positioning. To this end, the menu has been streamlined, with further work planned for 2024, and new *product listing pages* have been created to improve consumer browsing and provide more details on the products.
Gift cards were introduced in the latter part of the year as an important purchasing alternative particularly during the holiday season.

4. *Governance*

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 39/2010 requires the Board of Statutory Auditors to monitor 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 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;

• **The 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, with the relevant role and powers as per the Regulation on Related Party Transactions - "OPC Regulation", adopted by Consob with Resolution no. 17221/2010 of 12 March 2010, as amended - and the Procedure on Related Party Transactions of TOD'S S.p.A. - "RPT Procedure", adopted by the Company with resolution of 12 May 2021. The CCR is therefore 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**. The CCR therefore:

- 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 the 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 Board of Directors 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 2023** is reported 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					6
Andrea Della Valle	*Vice Chairman*	1965	05/08/2000					5
Luigi Abete	*Director*	1947	07/10/2000					5
Marilù Capparelli	*Director*	1974	19/04/2018					-
Luca Cordero di Montezemolo	*Director*	1947	21/04/2021					1
Sveva Dalmasso	*Director*	1956	22/04/2015					-
Chiara Ferragni	*Director*	1987	21/04/2021					2
Romina Guglielmetti	*Director*	1973	22/04/2015					4
Emilio Macellari	*Director*	1958	05/08/2000					8
Vincenzo Manes	*Director*	1960	22/04/2015					4
Cinzia Oglio	*Director*	1970	22/04/2015					-
Emanuela Prandelli	*Director*	1970	19/04/2018					4
Pierfrancesco Saviotti	*Director*	1942	07/10/2000					-
Michele Scannavini	*Director*	1959	07/06/2021					1

* Independent pursuant to Corporate Governance Code.
** Independent pursuant to Consolidated Finance Act (Testo Unico della Finanza, TUF).
*** This column shows the number of director or auditor roles held by the person concerned in other listed or large companies. The roles are listed in full in the *Corporate Governance* Report.

The Board of Directors, in office until the Shareholders' Meeting to approve the financial statements as at 31 December 2023, was appointed by the Shareholders' Meeting of 21 April 2021 on the basis of the only list submitted by majority shareholder Di.Vi. Finanziaria di Diego Della Valle & C. S.r.l. and was subsequently modified by the Shareholders' Meeting of 27 April 2022.

All the members of the Company's Board of Directors have acquired specific expertise in Environmental, Social and Governance (*ESG*) topics and, more generally, in sustainability issues with specific reference to the fashion & luxury sector. For a more detailed description of the experience and expertise of each member of the Board of Directors see their CVs, which can be viewed on the Company website, an updated extract of which is contained in the Corporate Governance and Ownership Structure Report, drafted pursuant to Article 123-bis of the Consolidated Finance Act for the year 2023 and published together with this Report.

The current composition of the Board of Directors ensures gender balance in compliance with (i) Law 160/2019 (known as the "Legge di bilancio 2020")[10] . With regard to the other diversity criteria, and without prejudice to the fundamental requisites of competence and professionalism on the part of directors, the Company – aware that the **promotion of diversity and inclusion** as a fundamental aspect of the medium to long-term sustainability of our business activity constitutes a reference standard for employees

[10] Law 160/2019 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 no. 58 of 24 February 1998, ("CFA") and (ii) Article 17 of the Articles of Association, last amended with the board resolution of 11 November 2020.

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. The Company undertook to pursue these goals by adopting a "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 benefit from the contribution of a variety of qualified and diverse points of view, capable of examining the issues under discussion from different perspectives.

Finally, in implementing Recommendation no. 3 of the Code, the Company adopted a "**Policy for the management of dialogue with Tod's S.p.A. shareholders**" with the aim of regulating the methods of engagement and communication with the Company's current and potential Shareholders in order, among other things, to improve the exchange of information regarding 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 facilitating value creation in the medium to long term.

For further information on Corporate Governance and on the Company's implementation of the recommendations contained in the Code, see the "Corporate Governance and Ownership Structure Report" prepared pursuant to Article 123-bis of the CFA, relating to the 2023 financial year, approved by the Board of Directors in the meeting of 12 March 2024. 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, can be viewed in the *Corporate Governance* section of www.todsgroup.com. 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.

Also on 12 March 2024, the Board of Directors of TOD'S S.p.A. approved the Report on remuneration policies and compensation in 2023 (the "Remuneration Report")[11]. This Report has two sections: (i) the first is dedicated to offering a clear, comprehensible

[11] Pursuant to Article 123-ter of the Consolidated Finance Act and Article 84-quater of Consob Resolution no. 11971/99 (the "Issuers' Regulation"), as amended.

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 2023 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 24 April 2024 and available at the Company's legal headquarters and on *www.todsgroup.com*. In particular, pursuant to Article 123-ter, paragraphs 3-bis and 6, of the Consolidated Finance Act, the Shareholders' Meeting convened for 24 April 2024 will be called to deliberate, among other things: (i) on the approval of the remuneration policy set forth in the first section of the Remuneration Report; this resolution will be binding pursuant to Article 123-ter, paragraph 3-ter, of the Consolidated Finance Act; (ii) on the second section of the Remuneration Report; this resolution will not be binding pursuant to Article 123-ter, paragraph 6, of the Consolidated Finance Act.

Although it is not included under the FTSE-Mib index, pursuant to Board resolution of 24 October 2016 the Company also voluntarily introduced, as part of its internal control and risk management system, an internal reporting ("**whistleblowing**") system to be used by staff for reporting any irregularities or violations of applicable regulations and internal procedures, therefore guaranteeing a specific and confidential information channel, as well as the privacy of the whistleblower. The whistleblowing system was promptly implemented and subsequently updated following the amendments introduced by Legislative Decree no. 24 of 10 March 2023 ("Whistleblowing Decree"), which implemented EU Directive 2019/1937 of the European Parliament and of the Council of 23 October 2019 regarding the protection of persons who report breaches of European Union law and including provisions on the protection of persons who report breaches of national laws.

Ethical and responsible business management

Conscious of the important role it plays in the communities in which it operates, the TOD'S Group is determined to ensure that its activities are conducted with the utmost integrity and to construct and maintain relationships of trust with its internal and external stakeholders.

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

- compliance with applicable laws and regulations in all countries in which Group companies operate and observance of the most stringent codes of conduct, particularly in relations with public authorities;
- equal and impartial treatment of employees, associates and customers;
- transparency and reliability;
- honesty, correctness and good faith;
- confidentiality;
- protection of the value of people and human resources.

Since 2008, these principles, which inspire our business conduct, have been formalised in the **Group Code of Ethics**, which was most recently updated by the Board resolution of 13 March 2023 in order to align its content with international best practices and further integrate **corporate social responsibility issues.**

In order to concretely implement the guiding principles contained in the Code of Ethics, the Group promotes awareness of these principles and their dissemination through the publication of the Code on the corporate website and provides 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. 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.

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 [12]. The adoption of the

[12] In 2018 the company Roger Vivier S.p.A. adopted its own Organisational Model pursuant to Legislative Decree 231/2001, also establishing its own Supervisory Board. The most recent update of the Model was approved by the resolution of the Board of Directors of 5 September 2023.

Organisational Model and the Code of Ethics is another effective tool for regulating the relations between all employees and collaborators of the Group and its stakeholders, preventing the risk of the offences outlined in Legislative Decree 231/2001 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.

In order to ensure the correct implementation and observance of the Model, as well as to suggest any updates, the **Supervisory Board**, a body with independent decision-making and control powers, was last reappointed by the resolution of 21 April 2021. Currently, this Board has three members: an independent director (who holds the role of the Chairman), an external member and the Head of the *Internal Audit* Department.

Every half year the Supervisory Board submits a report to the Board of Directors on the audit work it carried out in reporting period. Moreover, the Board assists other departments/functions with supervisory duties to observe the rules of conduct included in the Code of Ethics and the Organisational Model.

In order to strengthen the corporate culture of integrity and *compliance*, supervising company operations, procedures and interactions with third parties and combating potential corrupt practices, in 2019 the TOD'S Group adopted an **Anti-Corruption Policy**, the most recent update to which was approved with the resolution of the Board of Directors of Parent Company TOD'S S.p.A. on 13 March 2023. Recipients must report any suspected violation of the Anti-Corruption Policy or any behaviour that does not comply with the code of conduct adopted by the Group Companies via the dedicated online platform, as outlined in the "Report Management (*Whistleblowing* Channel)" procedure, updated on 13 July 2023. Finally, in 2023 TOD'S continued its e-learning training activities on Anti-Corruption, involving over **1,000 employees**.

The Group has also adopted the "**Guidelines for Compliance with Regulations on the Administrative Responsibility of Entities and Anti-Corruption for International TOD'S Group Companies**" (approved by the Board of Directors of TOD'S S.p.A. on 13 March 2023) in order to define, implement and further disseminate the tools that international Group Companies must adopt to strengthen, where appropriate, their organisational,

management and control measures for the prevention of "compliance risk", with particular reference to the areas set forth in the Anti-Corruption Laws and Legislative Decree 231/2001 "Administrative liability of entities arising from offences".

In addition, in 2019 the TOD'S Group adopted the **Supplier Code of Conduct** (the most recent update to which was approved by the Board resolution of 13 March 2023) which defines the principles and codes 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.

The aforementioned Policies and Codes can be viewed at the following *link* https://www.todsgroup.com/it/sostenibilita.

Integrated risk and impact management

The TOD'S Group has adopted a **risk management system** in order to guarantee that the risks to which the issuer and its subsidiaries are exposed are correctly identified, adequately measured, managed and monitored, and to determine the degree to which these risks are in line with a company management approach consistent with the identified strategic objectives.

The Group uses the ***CoSO Report*** as a reference framework for the implementation, analysis and evaluation of its internal control and risk management system.

At least once a year the Director in charge of the Internal Control and Risk Management System **identifies the main business risks**, taking into account the characteristics of the activities of the Company and its subsidiaries, and submits these for examination by the Control and Risk Committee and the Board of Directors. The risk identification process is carried out through Control and Risk Self Assessment interviews in order to obtain a comprehensive overview of the main types of risks potentially applicable, also benefitting from the results of internal audits of company processes. The risk assessment process is carried out downstream of the risk identification activities, streamlining internal and external information so the Management can take appropriate action. Risks are evaluated by means of an assessment process that terminates with the assignment of qualitative and quantitative ratings which associate each risk with the probability of the event occurring, as well as its impact. 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 structured into the following categories:

- **External**: risks that fall outside of the company's sphere of influence. As well as some strategic risks relating to demand, competition and innovation, this macro category includes 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 around human rights and working practices, the environment and business ethics.

Given that the TOD'S Group operates in various countries, the Group ensures compliance with local and international regulations and also plays an increasingly active role in ensuring responsible and sustainable business management. This includes a particular

focus on respect for people and human rights, protecting the environment and ethical business management, both within the organisation and throughout the entire upstream and downstream value chain, undertaking to implement all necessary policies and guidelines to this end.

In order to minimise the likelihood of potential risks related to **relevant sustainability issues**, the Group has strengthened, extended and supplemented the sustainability requirements of its business model. More specifically, as reported in the previous editions of the NFS, in 2018 the Group's **Sustainability Policy** and **Sustainability Plan** (updated on 6 March 2023) were formalised and approved with the aim of promoting the dissemination of social and environmental sustainability principles. Also on 6 March 2023, the Board of Directors approved the **Materiality Matrix,** integrated in the risk management processes, which identifies the areas in which the most significant impacts are generated on the economy, environment and people, including human rights. Finally, in January 2023 the TOD'S Group joined the **UN Global Compact**, the world's largest strategic sustainability and corporate citizenship initiative.

Social responsibility - Human rights

The TOD'S has adopted numerous control tools **related to respect for human rights and the dissemination of responsible procurement practices along the supply chain**.

In order to monitor the correct application of the principles contained in the **Supplier Code of Conduct** (adopted in 2019), in 2023 TOD'S continued its on-site audit of environmental and social issues, human rights, occupational health and safety and ethical principles in the production supply chains.

Lastly, the Group has adopted a **Policy for the Protection of Human Rights** (approved by the Board of Directors of TOD'S S.p.A. on 6 September 2023), developed with the aim of fostering the promotion and dissemination of fundamental human rights and with a commitment to supporting and adopting responsible business management at all levels of the value chain, respecting and contributing to the protection of individual rights, health and safety and the wellbeing of people.

Social responsibility - Diversity, equity and inclusion and promotion of human resources

TOD'S adopted the **Diversity, Equity and Inclusion Protection Policy** (updated with board resolution of 24 January 2024) with the aim of formalising the Group's commitment to promoting the values of inclusion and equality among people, fostering the development, expression and enhancement of the potential of its employees. This approach is reflected

in the Group's **Management Model**, based on the values of Passion, Excellence, Integrity & Respect, Collaboration & Empathy, Courage & Innovation.
TOD'S also signed, on 27 January 2023, the **Charter for Equal Opportunities and Equality at Work**, sponsored by the Italian Ministry of Labour and Social Policies and promoted by the Sodalitas Foundation, and on 1 February 2024 the ***Women's Empowerment Principles (WEPs***) promoted by ***UN Women*** and the **UN *Global Compact***.
Lastly, on 15 February 2024 it obtained **Gender Equality Certification pursuant to the Uni PdR 125/2022 standard** for the entire Italian perimeter.

Social responsibility - Product safety and uniqueness

Social risks include those 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 abide by the guidelines contained in the *Restricted Substances List (RSL)*, which defines restrictions on the use of certain substances, the permitted limits of detection of said substances or their complete ban, and methodologies for analysing materials by means of certified laboratory tests carried out at specialized third-party laboratories and/or by TOD'S itself.
With a view to improving customer protection and preserving **the exceptional quality and uniqueness of its products**, the TOD'S Group has always been committed to combating the phenomenon of offline and online counterfeiting[13].

Environmental responsibility

TOD'S pays particular attention to **environmental aspects**, recognising that its most significant environmental impacts are in fact indirect. As such, the Group has created rules, processes and control activities in order to prevent and manage potential environmental risks deriving from its external workshops and from suppliers of 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, in 2019 TOD'S produced

[13] For more details on the initiatives and the management and prevention tools implemented by the Group, see the section on the "*Protection and authenticity of products*".

an **Environmental Policy** which sets out the Group's environmental guidelines, principles and commitments. In relation to its **Environmental Management System** and in accordance with the **UNI EN ISO 14001:2015** standard, in November 2023 TOD'S successfully passed:

- the audit to renew the certification for the "Brancadoro" complex (headquarters, production plant, raw materials warehouse and outlet), obtained in December 2020;
- the certification audit of the Tolentino production site dedicated to the production of bags and leather goods.

Throughout 2023, TOD'S also continued to carry out training, engagement and awareness raising activities on environmental and sustainable development issues among its employees.

Finally, in 2024, the Group launched a **Project for the mapping and financial quantification of climate risks and opportunities**, with the specialist support of a consulting firm, in order to acquire a comprehensive overview of possible threats and project opportunities related to climate change. The primary objective is to clearly identify climate risk areas, facilitating the adoption of proactive strategies to mitigate possible negative effects on the business, but also to take advantage of opportunities that may emerge from the evolution of the external environment, making it possible to develop innovative solutions and improve efficiency. The project, which started in January 2024, will therefore contribute to mitigating the environmental risks faced by the TOD'S Group and promoting corporate resilience in the face of evolving climate challenges.

Two categories of risks and opportunities related to climate change have been identified:

• **Strategic**: typical risks of the business (such as for example risks connected to the demand dynamics of the "luxury goods" sector and the risks inherent in the localisation of reference markets), the correct management of which constitutes a competitive advantage or, conversely, a reason for the failure to achieve the company's medium to long-term objectives.

• **Operational**: the risk of losses due to the inadequacy or inefficiency of processes, persons or internal systems or the result of external events (such as the promptness of supplies, the concentration of suppliers, the handling of contractors/*façons*, the security and confidentiality of company information, the risk of fraud, etc.).

Cyber security

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. The potential effects of such risks are evident, such as reputational damage, the loss or theft of information and the disruption of information systems with possible impacts on sales, as well as on industrial and logistics cycles. The Group *Cyber Security* Department, which reports directly to the *Chief Information Officer*, is focused on prevention, detection and possible responses to cyber risk threats and aims to take effective action to minimise the probability of cyber attacks and their possible impacts on the business.

The Group has also adopted a framework of *Privacy & Data Protection* procedures accessible to employees via the company 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, and to pursue corporate security objectives, preventing IT risks in order to protect business processes and information.

In 2023 the TOD'S Group continued the remediation activities defined in the cyber security programme, which consists of seven control objectives pertaining to four macro-areas.

As part of the "*Cyber Security Culture*" Programme, during the year TOD'S continued to provide specific training courses via an e-learning platform in order to raise awareness and sensitivity around the subject at all levels of the company. In addition, several *phishing* campaign simulations were conducted in order to monitor employee behaviour regarding potential forms of attacks via e-mail; if the level reached was found to be inadequate, training materials were provided in order to raise awareness and generate virtuous behaviour. The Group has also dedicated a section of the intranet to cyber security issues, enabling employees to access up-to-date news on major cyber breaches.

In order to enable the continuous monitoring of suspicious e-mails or potential abnormal cyber security behaviour, a reporting system consisting of a specific e-mail account managed by the *Cyber Security* Department has been set up.

In the "*Ransomware Protection*" macro-area - which aims to increase the organisation's security protection by implementing preventive IT security measures for Ransomware attacks - TOD'S continued to implement modern *Backup & Restore Security* logic and planned project activities for the definition of a *Crisis Management* framework.

The "Exposed Web Services" macro-area, which aims to increase security posture, saw TOD'S engaged, through the involvement of external IT service providers, in vulnerability assessments, penetration testing and attack surface activities to assess the security

status of its public attack surface, exposed on the Internet, identify areas of weakness and define the necessary remediation actions.
In the "Technological Refresh" macro-area, which aims to modernise the IT environments, TOD'S continued its technological replacement activity in the network, client, server and application areas in order to mitigate evolving vulnerabilities and equip itself with tools with modern security features, some of which use Machine Learning and Artificial Intelligence engines.
In addition, to supplement the activities of the cyber security programme and get an independent overview, the TOD'S Group underwent a *Cyber Maturity Assessment* by a leading consulting firm aimed at assessing its maturity level and security posture on the basis of a proprietary reference framework. The assessment was completed with a determination of its relative positioning against a reference market benchmark.

Fraud risk

In terms of operational risks, risks relating to potential internal and/or external fraud are also identified. The fraud risk assessment should be supplemented, where relevant, with any reports submitted on 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.

Financial Risks

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.
***Compliance/Regulatory* risks**: risks connected with the failure to comply with laws, regulations or provisions of the law and/or the regulatory and control authorities and unfavourable amendments to the regulatory environment (such as, potentially, privacy laws or laws applicable to importing and exporting, commercial and distribution laws in target markets, occupational health and safety laws).

Privacy

The compliance macro-category encompasses issues and potential risks related to privacy (such as, for example, and in purely potential terms, the 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). The TOD'S Group oversees issues relating to privacy in a systematic and structured manner and has adopted suitable organisational, operational and technological measures to ensure its compliance with the provisions of the European Regulation on the protection of personal data (*G.D.P.R. - General Data Protection Regulation 679/2016*) and all other privacy regulations in force, based on the territorial and *extraterritorial* applicability of each one.

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.

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-access web links (links or QR codes)[14].

Where envisaged 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 said Authorities.

During 2023, the delivery of the privacy training course, launched in 2018, continued. Complementing 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 (art. 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 the risk factors inherent in the processing activities performed by the organisation. Senior

[14] With particular reference to customer information, in line with the provisions of the applicable privacy law TOD'S 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 purpose of processing, about the retention period of personal data (or - if this is not possible - about the criteria used to determine the retention period), about the ways in which the information collected is protected (with varying degrees of detail according to the applicable privacy legislation), and about the policies for disclosing personal data to third parties (private individuals and public bodies). For further details see also the *Corporate* website (https://www.todsgroup.com/it/privacy) and the e-commerce sites of the four Group brands (https://www.tods.com/it-it/privacy-policy/,https://www.hogan.com/it-it/legal-area/privacy/, https://www.rogervivier.com/it-it/company/privacy-policy/,https://www.fay.com/it-it/company/privacy-policy/).

individuals, generally identified as the heads of company functions/departments, which carry out relevant personal data processing activities, have been identified and formally entrusted with the task of overseeing and ensuring 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 to the position of Data Processor of every worker who, in the performance of their role, is in a position to process personal data, providing them with the necessary instructions to ensure the correct processing of personal data.

Occupational Health and Safety

All the risks included in the "health and safety at the workplace" risk category are identified and analysed by management, through preparation of the Risk Evaluation Documents by management pursuant to Legislative Decree In this area all risks are identified and analysed through the preparation of the Risk Assessment Documents, by company figures appointed pursuant to Legislative Decree 81/08, which include the assessment sheets for each role/work activity carried out, the actions put in place to implement a prevention and protection system, and the procedures for responding to emergency and first aid situations. The control activities carried out by the statutory organisational figures also include specific monitoring activities carried out by the Supervisory Board pursuant to Legislative Decree 231/2001. The adequacy of working conditions at its sites is therefore constantly monitored and assessed by the Group.

In 2021 the Group adopted an **Occupational Health and Safety Policy** which promotes the dissemination of a health and safety culture with the aim of fostering the wellbeing of people in the workplace and ensuring that the highest working standards are met.

In 2022 the "Brancadoro Complex" (headquarters, production plant, raw materials warehouse and outlet) was awarded **UNI ISO 45001:2018 certification for its health and safety management system.** In 2023 the scope of the certification was extended to the Tolentino production site dedicated to the production of bags and leather goods. In 2023 TOD'S also continued to educate, engage and raise awareness among its employees on occupational health and safety.

Additional *ESG (Environmental, Social and Governance*) risk issues

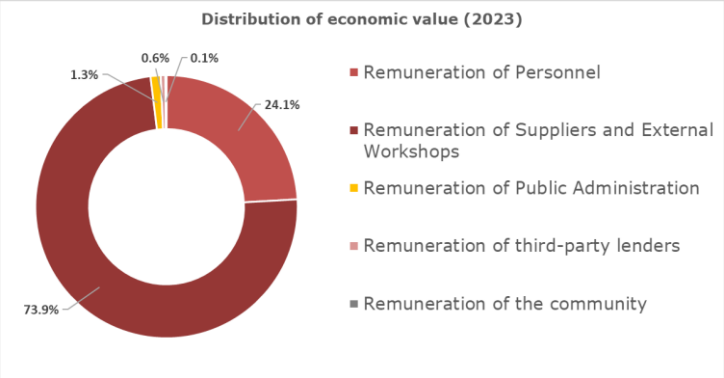
Aware that the management of *ESG* issues is becoming an increasingly integral part of its business system, necessary for creating value over time and ensuring the ethical, responsible and transparent management of its activities, the TOD'S Group has analysed:

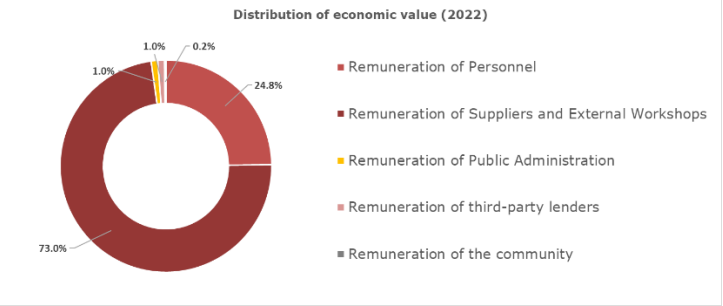
- **the correlation of the major "material issues"** (in economic, social and environmental terms), whether for the Group or for its stakeholders, with the corresponding risk factors identified by its risk assessment activity;
- **the risk factors with the biggest "reputation impact"** in order to verify the location 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 theoretically applicable were mapped as part of the assessment activities performed pursuant to Legislative Decree 231/2001, as well as in projects aimed at adopting, disseminating and implementing the Group Anti-Corruption Policy, the Supplier Code of Conduct and the guidelines for compliance with legislation on the administrative responsibility of entities and anti-corruption for the international Group Companies. These are connected with the following company areas and processes: activities connected with the procurement of goods and services and the management and development of real estate assets in regard to relations with public entities, local authorities for applications for permits, authorisations and measures.

Creation of 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 2023, the **economic value generated** by the Group was 1,161.9 million euros. This value is **up by approximately 15%** compared to the economic value generated in 2022 of 1013.6 million euro thanks to the improvement of the Group's performances compared to last year. Meanwhile, the **economic value distributed** increased from 989.5 million euro in 2022 to 1101.8 million euro in 2023. Specifically, approximately 94.8% of the economic value created by the TOD'S Group was distributed to stakeholders, both internal and external, while the remaining 5.2% was kept within the Group. Among the stakeholders, in 2023 the Suppliers and External Workshops was the group to which the largest portion of the economic value was distributed (73.9% of the total value); this value was slightly higher than the 73.0% recorded in 2022. In addition to Suppliers and External Laboratories, 24.1% of the economic value generated was distributed to staff in 2023, down slightly from 24.8% in 2022. None of the economic value generated was distributed to shareholders in 2023, as in 2022.





EU Taxonomy

Regulatory framework

As part of the strategic initiatives established by the European Union to foster the ecological transition and achieve, among others, the goal of carbon neutrality by 2050, EU Regulation no. 2020/852 of 18 June 2020 (hereinafter also referred to as the "Regulation" or "EU Taxonomy") was introduced with the aim of defining the taxonomy of economic activities that can be considered environmentally sustainable, i.e. a unified system for the classification of activities that can contribute to at least 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;[15]
    - does not significantly undermine any of the remaining environmental goals;
    - is carried out in compliance with minimum safeguards;
    - complies with technical screening criteria set by the Commission.

In June 2021, the European Commission officially adopted the *"Climate Delegated Act"* which outlines the economic sectors and activities included in the Taxonomy together with the technical criteria used to assess their contribution to achieving the environmental goals of climate change mitigation and adaptation.

As of 1 January 2023, for reporting year 2022, companies subject to European Directive 2014/95/EU (*Non Financial Reporting Directive - NFRD*) have had to verify, through the Delegated Regulations, that their activities are *"aligned"*, i.e. compliant with the technical screening criteria described in the Delegated Regulations, do not cause significant harm to any of the other environmental goals *(Does Not Significant Harm - DNSH)*, and are carried out in compliance with Minimum Safeguards.

Finally, as of June 2023, the European Commission has adopted further Delegated Regulations that supplement the previous ones, providing for additional activities relating to the previously defined goals (climate change mitigation and adaptation) and introducing economic activities and related technical screening criteria to verify the substantial contribution to the achievement of the four additional goals: sustainable use and protection of water and marine resources, transition to a circular economy, pollution

[15] 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.

prevention and reduction, and protection and restoration of biodiversity and ecosystems. The evaluation of the alignment of these activities with the EU Taxonomy has not yet been envisaged, only their possible eligibility.

Reporting obligations and definition of KPIs

Article 8 of EU Regulation 2020/852 sets out the reporting obligations relating to the Taxonomy, explaining that these obligations apply to all companies subject to the publication of non-financial information pursuant to Article 19a or Article 29a of Directive 2013/34/EU. As of 1 January 2023, these companies must include information in their non-financial statements (or in the consolidated non-financial statement) regarding the degree to which their activities are aligned with the economic activities that are considered sustainable according to the aforementioned Regulation.

For non-financial corporations, reporting mainly concerns three KPIs:

a) the percentage of turnover deriving from products or services associated with economic activities that are considered environmentally sustainable;

b) the percentage of capital expenditure related to activities or processes associated with economic activities that are considered environmentally sustainable;

c) the percentage of operating expenses related to activities or processes associated with economic activities that are considered environmentally sustainable.

EU Regulation 2021/2178 was published in July 2021, supplementing Article 8 of EU Regulation 2020/852 and further specifying the content and presentation of these KPIs, as well as the methodology for their measurement and the qualitative information to be included in reporting. In 2023, this Regulation was amended by Annex V of Regulation 2023/2486, which provides specific guidance on KPI reporting templates.

Non-financial companies are therefore required to determine KPIs by ensuring general consistency with financial information and using the same currency as that used for the annual or consolidated financial statements. In addition, references to budget items related to these KPIs must be included in the non-financial statement.

The Taxonomy of the TOD'S Group

Pending further developments, the Group has initiated the necessary procedures to ensure complete and accurate reporting in accordance with the requirements of current regulations.

For the year 2023, therefore, TOD'S continued to assess "aligned" activities based on the criteria defined in Delegated Regulation 2139/2021 with reference to the goal of Climate Change Mitigation. At the same time, it analysed the new activities introduced by Delegated Regulation (EU) 2023/2485 for the Climate Change Mitigation and Adaptation

goals, and the activities defined by Delegated Regulation 2023/2486 for the remaining four environmental goals, resulting in the extension, compared to 2022, of Group activities that can be considered "eligible" under the Taxonomy. For the calculation of KPIs and value shares in the consolidated financial statements, turnover, operating expenditure and capital expenditure data related to eligible activities and Taxonomy-aligned activities were acquired, for the Group's consolidated companies, from the accounting and management systems used for the preparation of the financial statements, prepared in accordance with the *IFRS*. The data used to calculate the KPIs for the activities aligned with and eligible for the Taxonomy is, therefore, the same data used in the preparation of the Group's consolidated financial statements, thus reducing the potential risk of duplication in the accounts.

The following paragraphs show how the Group assessed compliance with EU Regulation 2020/852 and the table with the required quantitative KPIs[16], on the basis of the requirements applicable to date.

Eligible economic activities

To determine the eligibility of its economic activities, in line with the 2022 report TOD'S compared the economic activities as described in the Annexes[17] 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 fully included in the Annexes to date. Following the new provisions introduced by the recent Delegated Regulation 2023/2486, in 2023 TOD'S identified an eligible revenue share of 31,177 euro related to the product repair service provided to customers, in accordance with Activity 5.1 Repair, Refurbishment and Remanufacturing of the Transition to a Circular Economy goal.

In addition to this, the assessment of eligibility then looked at revenues, capital expenditures and operating expenses that are attributable to economic activities defined pursuant to the EU Taxonomy but which are not strictly part of TOD'S business. In this regard, the revenues, *CapEx* and *OpEx* made during the year were analysed to identify those eligible for the purposes of the Taxonomy.

More specifically, a number of initiatives related to the following goals are eligible:

- Climate Change Mitigation
- Sustainable Use and Protection of Water and Marine Resources

[16] 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.

[17] See previous note.

- Transition to a Circular Economy

Aligned economic activities

The TOD'S Group assessed the environmental sustainability of eligible activities pursuant to Article 3 of Regulation (EU) 2020/852 as supplemented by Commission Delegated Regulation (EU) 2021/2139.

Notably, as in 2022, TOD'S did not engage in activities in accordance with the climate change adaptation objective, which was therefore only considered for the purpose of verifying the *DNSH* criteria of the Taxonomy. Therefore, the alignment of activities to the Taxonomy was assessed on the basis of whether the activity made a substantial contribution to the achievement of the climate change mitigation objective, as outlined in the technical screening criteria for the substantial contribution of each activity, and by verifying that the activity itself does not cause any significant harm to other environmental goals and is conducted in compliance with the minimum safeguards.

It should be noted that, at present, none of the TOD'S Group's activities is aligned with more than one environmental objective; as such, there is no risk of potential double counting related to such circumstances.

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

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

2) For each eligible activity, under the Climate Change Mitigation goal and in accordance with the methodology analysed in the previous paragraph, preparation of data collection forms aimed at verifying the associated technical screening criteria (i.e. substantial contribution and *DNSH* criteria);

3) Identification of activities aligned with the Taxonomy, extrapolation of the same from the accounts in order to associate each individual activity with the relative economic values generated in 2023 with reference to *CapEx* and *OpEx* that contribute to preserving or increasing the useful life of the tangible or intangible assets concerned. These three activities went hand in hand with the verification of compliance with the *Minimum Safeguards*.

Turnover KPI

The share of turnover is calculated as the ratio of net revenue obtained from products or services, also intangible, associated with economic activities aligned with the taxonomy, to net revenue pursuant to Article 2(5) of Directive 2013/34/EU.

In 2023, the TOD'S Group recognised a minimum share of revenues eligible for the activities envisaged in Delegated Regulation 2486/2023 regarding the Circular Economy goal. However, as explained above, there is no assessment of the relative degree of alignment in this reporting year. Under the Climate Change Mitigation objective, the share of eligible and aligned turnover is zero.

The total turnover of 1,126,688,500.89 euro refers to the consolidated amount that can be found in the income statement under the heading "Sales revenue".

KPI* related to capital expenditure *(CapEx)

The share 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 and the 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, the *CapEx* KPI refers to the percentage of investments aligned to taxonomic demands that meet the relevant technical screening criteria and *DNSH* ("Do no significant harm") requirements

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

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 section "Aligned economic activities" and associating the individual activities identified as aligned with the relevant economic values. In the case of the TOD'S Group, investments related to the construction of new buildings and energy efficiency measures, including installation, maintenance and repair of energy efficiency devices, were principally considered. The denominator was calculated considering increases in 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).

As such, the **share of capital expenditure considered to be "aligned**" is approximately 2.745% and concerns the activities of construction of new buildings, renovation of existing buildings, installation, maintenance and repair of energy efficiency devices and installation, maintenance and repair of renewable energy technologies.

KPI* related to operating expenses *(OpEx)

The share of operating expenses is calculated as the ratio of expenses related to activities 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 connected with taxonomy-aligned economic activities.

$$OpEx\text{-}KPI = \frac{\text{Taxonomy aligned operating expenses}}{\text{OpEx according to the European Taxonomy}}$$

The numerator corresponds to the portion of operating expenses included in the denominator related to activities or processes associated with economic activities aligned with the taxonomy, and was calculated considering the economic value of the *taxonomic Opex* aligned according to the methodology described in the section "Aligned economic activities". In the case of the TOD'S Group, investments in energy efficiency measures, including installation, maintenance and repair of energy efficiency devices, were principally considered. The denominator was calculated considering 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, plants and equipment such as raw materials, cost of employees using the machinery, electricity or fluids needed to operate these assets were excluded. As such, **the share of operational expenditure considered to be "aligned"** is 0,536% and concerns the activities the renovation of existing buildings, installation, maintenance and repair of energy efficiency devices and installation, maintenance and repair of renewable energy technologies.

Finally, with reference to the disclosure pursuant to Article 8, paragraphs 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-related activities, only Template 1 has been reported, as TOD'S has no activities related to this area. For more information, see the table in the Annex.

For a better understanding of the underlying activities of the individual *KPIs* see the tables which detail the activities mapped according to the requirements of Commission Delegated Regulation (EU) 2021/2178 of 6 July 2021.

Minimum Safeguards

Article 18.1 of the EU Taxonomy Regulation describes the *Minimum Safeguards* as the procedures adopted by a company to ensure that its business activities comply with the international principles defined in the OECD Guidelines for Multinational Enterprises and the United Nations Guiding Principles on Business and Human Rights (UNGP).

In order to identify, manage and mitigate the risks set forth in the aforementioned documents, the TOD'S Group has put robust controls in place. Namely:

Human Rights: TOD'S adopts appropriate measures to identify, prevent and mitigate any negative impacts on Human Rights, such as the Code of Ethics and the Supplier Code of Conduct, respecting all internationally recognised rights. During the year TOD'S continued its production chain audits on *ESG* topics, focusing particularly on human rights, health and safety and respect for ethics principles. In 2023, the Group also introduced a Human Rights Policy, pledging to support and adopt responsible business management practices at all levels of the value chain, respecting and contributing to the protection of individual rights, health and safety, and people's wellbeing. Finally, the TOD'S Group joined the *UN Global Compact* on 16 January 2023. For more information see the chapters "*Governance*" and "*Traceability and sustainable supply chain*".

Employment: TOD'S is committed to promoting a corporate culture that respects the rights of workers, aware that every individual involved should be treated with dignity and respect. This translates into ensuring safe working conditions, fair pay and professional development opportunities for all employees. In addition, TOD'S offers salaries in line or above the minimums set out by law or collective bargaining agreements, both for men and women. For more information on employees covered by collective bargaining agreements, see the "*Appendix*".

Environment: Over time, TOD'S has defined concrete commitments and projects to measure and progressively reduce its environmental footprint. In 2022 the Group began mapping indirect Scope 3 emissions in order to identify the biggest emission sources and take action to reduce their impacts. Furthermore, in January 2024, TOD'S launched two important projects in the area of *Climate Change*: the Group signed up to the *Science-Based Targets* initiative to reduce emissions, in accordance with current international scientific protocols, and began a process of Mapping and Financial Quantification of

Climate Risks and Opportunities. For more information see the chapter "*Protection of the environment and ecosystems*".

Corruption: TOD'S is committed to combating corruption and to preventing the risks of illegal practices, at every working level and in every geographical area in which it operates, adopting measures to prevent, detect and adequately address this phenomenon. In fact, the Group has adopted an Anti-Corruption Policy and Guidelines for compliance with legislation on the administrative responsibility of entities and anti-corruption for the international Group Companies. In 2023 it also updated the "Report Management Procedure (Whistleblowing Channel)", which enables people to report acts or incidents that may constitute a violation of applicable legislation and internal procedures. For more information see the chapter "*Governance*".

Consumer: TOD'S guarantees its customers high quality standards through structured process controls and systematic product quality checks. This is also reflected in the chemical safety of the Group's products, aimed above all at guaranteeing the wellbeing of customers. The Group therefore monitors substances deemed dangerous for workers and/or the end user as well as harmful for the environment, putting environmental sustainability at the heart of its production processes. In addition, TOD'S requires its suppliers to sign and comply with the *RSL* and performs sample testing plans on the materials supplied. For more information see the chapter "*Traceability and sustainable supply chain*".

Competition: the companies of the TOD'S Group, aware that a healthy and correct system of competition contributes to the best development of its corporate mission, scrupulously comply with current regulations on competition and refrain from adopting and/or encouraging conduct that might involve forms of unfair competition. Therefore, all employees and other individuals who are involved in the operations of the 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. For more information see the chapter "*Governance*".

Taxation: The company is committed to scrupulously complying with the current tax regulations of the countries in which it operates, maintaining constant dialogue and cooperation with the relevant authorities. In accordance with the provisions of the Corporate Governance Code for Listed Companies, the Group has established a surveillance system to identify and manage financial risks in order to anticipate and assess any negative impacts and take the necessary corrective actions to mitigate them. This process ensures proactive financial risk management, allowing the Group to

maintain solid control over its exposure and protect the value of its investments. For more information, please see the chapter "Governance" and the section "*Financial risk management*" in the Annual Financial Report.

Science, Technology and Innovation: As in the past, in 2023 TOD'S also launched numerous initiatives around product innovation and strengthening the customer experience, as well as projects with schools, universities and research and design institutes. For more information see the relevant chapters.

Fiscal transparency

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

TOD'S operates with the aim of ensuring consistent 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 managing 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 Leg 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 harmonisation of existing tax processes and control measures also through the use and adoption 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 obtaining a true and fair representation of the financial statements, in accordance with the relevant accounting standards.

The TOD'S Group acts in full compliance with the tax rules in the countries in which it operates, ensuring consistency between the place of production of value and the place of taxation, and maintaining a collaborative, transparent approach with the tax authorities in the various countries, in accordance with the principles and guidance set out in the OECD's *Transfer Pricing Guidelines*.

On 22 September 2021, TOD'S S.p.A. obtained **AEOF** (Authorised Economic Operator) **authorisation**[18] no. IT AEOF 21 1843 from the European Commission through the Central Customs and Monopolies Directorate, AEO Office, Compliance and Large Enterprises.

Finally, TOD'S has introduced a whistleblowing system that makes it possible report acts or incidents that may constitute irregularities or violations of applicable legislation and internal procedures, as regulated by the "Report Management (Whistleblowing Channel)" Procedure.

For a comprehensive overview of the legal entities included in the scope of consolidation of TOD'S Group, please consult the "Group Composition" and "Group Organisational Chart" sections of the Annual Financial Report as at 31 December 2023.

[18] AEOF Authorisation (Full), as outlined in the Union Customs Code, is recognition of the trustworthiness of entities that meet specific requirements in terms of customs risk control and management, that have pre-emptively adopted and effectively implemented appropriate organisational and management models for preventing offences (Legislative Decree 231/01), and that have implemented a series of procedures and behaviours aimed at strengthening the security of the international supply chain and preventing unlawful intrusion (Security).

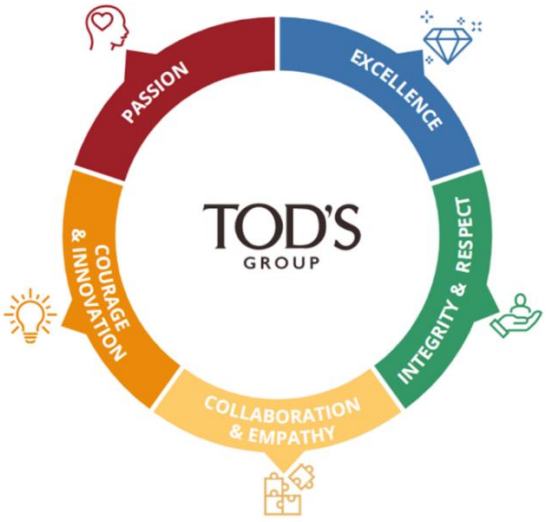
5. Welfare, protection and promotion of people and their uniqueness

Our people are our most precious resource and we are committed to looking after their safety, wellbeing and "know-how".

Our values

The TOD'S Group is aware that the most important success factor of any business is its 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.

For this reason, the Group shares its **Management Model**, i.e. the set of Values and related organisational behaviours that guide people's activities both in the achievement of the business goals and 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 2023, the TOD'S Group had **5,211 employees**, **around 6% up** compared with the previous year. The percentage of employees based in Italy was **45.4%**, confirming the Group's strong bond with Italy.

TOD'S Group employees divided by Region

No. of employees per	12.31.23				12.31.22			
Region	Men	Women	Total	Percentage	Men	Women	Total	Percentage
Italy	1,024	1,342	**2,366**	**45.4**	972	1,241	**2,213**	**44.9**
Europe	255	694	**949**	**18.2**	240	644	**884**	**17.9**
Americas	84	100	**184**	**3.5**	92	91	**183**	**3.7**
Greater China	220	830	**1,050**	**20.1**	235	783	**1,018**	**20.7**
Rest of the World	152	510	**662**	**12.7**	124	503	**627**	**12.7**
Total	**1,735**	**3,476**	**5,211**	**100.0**	**1,663**	**3,262**	**4,925**	**100.0**

Given the breadth of the Group's network of stores, the percentage of employees working in retail activities stood at around 48% of the total at the end of 2023.

Women represent 66.7% of the total workforce (66.2% in 2022), generally outnumbering men in almost all professional categories.

The professional category of "**white-collar workers**" has the largest number of staff members (3,344), followed by **blue-collar workers** (1,430), figures in keeping with the sector in which the Group operates.

The age group with the largest number of employees is the **30-50 year old age group**, representing **64%** of the total workforce, and is followed by the **<30** and **>50** age groups, which account for 19% and 17% respectively.

Attracting talent

Attracting talent is a key objective for the TOD'S Group, enabling it to ensure that the standards of the company's day-to-day activities are 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.

In 2023, 1,729 new employees **joined the Group**, around **43.5% of whom under the age of 30** (in line with 2022).

A total of 1,443 employees left the Group, meanwhile, equating to an outgoing turnover of 27.7% (slightly down from the 28.9% in 2022). Outgoing turnover was 53.3% among employees in the 30-50 age group (down from 57.8% in 2022). In terms of outgoing staff members, there were 851 **voluntary resignations** in 2023, equating to a resignation rate of **16.8%** (in line with last year). The size of these percentages is largely attributable to the turnover among retail staff, an inevitable part of company life given the sector in which the Group operates.

Recruitment and departures of TOD'S Group staff - 2023

Gender	Incoming employees 2023				Outgoing employees 2023			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Men	234	256	21	**511**	177	225	23	**425**
Women	518	631	69	**1,218**	389	544	85	**1,018**
Total	**752**	**887**	**90**	**1,729**	**566**	**769**	**108**	**1,443**
%	**43.5**	**51.3**	**5.2**	**100**	**39.2**	**53.3**	**7.5**	**100**

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

In line with the strategic goals, the Sustainability Plan and the new Management Model introduced in 2023, the company management considers **ongoing collaboration with training institutions** of potential interest, both nationally and internationally, to be of fundamental importance.

These relationships are expressed through different methodologies and approaches depending on the target group of students/teachers and the teaching topics covered.

Our historic partners include:

- professional and technical institutes that reside in areas adjacent to our production plants. Our partnerships take the form of "Courses for Transversal Skills and Guidance" ('Percorsi per le Competenze Trasversali e per l'Orientamento', PCTO), company visits by students and teachers, testimonies by company managers on topics of interest to the course of study, or specific projects for fourth/fifth-year students who have reached the age of majority, throu\gh company internships with the support of a tutor. In 2023, the Human Resources Department (hereinafter also *HR*) joined the Technical Scientific Committee of the "Renzo Frau" technical school, sharing its goals and objectives with the aim of promoting the local area and enriching the educational topics covered, potentially bringing them more into line with the needs of our Group;
- universities, including: Luigi Bocconi University of Milan, Marche Polytechnic, University of Camerino, University of Macerata, Alma Mater Studiorum of Bologna, Università Cattolica del Sacro Cuore, Luiss University of Rome;
- other training institutions focused on creativity in the fashion-luxury field, such as: Polimoda, Poliarte Academy, Marangoni Institute, IAAD - Institute of Applied Art and Design of Bologna, MFI - Milano Fashion Institute, Nuova Accademia di Belle Arti (NABA), Accademia del Lusso, Istao.

The *HR* Department planned multiple activities with these institutions in 2023, actively participating in career days, job fairs and recruiting days dedicated to the sector, with specific targets, which help us both in our *employer branding* activities and in finding potential candidates for our recruitment activities.

The most relevant projects include one with **Bocconi University**, long-standing partner of the Group, which has made it possible to set up a fund to support students on Master's degree courses, providing them with a full grant - based on income - or partial grant - based on merit - to enrol on the *Fashion, Experience & Design Management* (MAFED) Master's degree at SDA Bocconi, leading training institute in the sector. With the involvement of about 15 MAFED students we created a *Young Committee*, which enabled us to set up a "*Young Force*" to support senior executives, involving them in strategic decisions and innovation activities to draw attention to the needs and expectations of younger customers. This project produced excellent results in terms of *reverse mentoring*, offering opportunities to young participants and the TOD'S Group management with co-learning and mutual exchange dynamics. The *Young Committee* provided participants with a privileged window into the working world, offering them the chance to contribute, with their valuable perspectives, to the balanced coexistence of different generations within the Group culture. The collaboration focused on two different field projects. The first group carried out the "*Omnichannel Customer Journey*" in the *fashion & luxury* sector, analysing how TOD'S Group brands compare with their competitors on this aspect; the second group worked on a *digital strategy* project, which will end in spring 2024, aimed at attracting a younger target audience through the collaboration of different generations, providing feedback on the product and its development, on marketing and on the digital experience, helping to manage the cultural change and the digital transformation of the organisation.

Another consolidated project with Bocconi University is the "in-company training", which allows us to identify a target group of students, according to characteristics predefined by our company, and involve them in company visits, direct testimonials from managers and project work. This year 20 students in Italy were involved, under the supervision of the *Customer Excellence* division, in a project on the "*Customer Centric* Approach" in the luxury market, aimed at developing initiatives and ideas to implement for the TOD'S Group brands. The team was divided into 4 groups and each one developed an analysis on a corporate brand, comparing it with the main competitors and analysing the customer experience from different points of view, finally proposing solutions that could bring the brand closer to the Z generation customer target. Another group of 15 students travelled

to New York to get to know some Italian brands present on the American market; we had the opportunity to host them in our offices and give them a closer insight into the local context in terms of brands present, points of sale and local strategies for strengthening our presence on the American market.

2023 was also the third year of our sponsorship agreement with **Polimoda**: we collaborated on the "*Bag Designers*" Master's course, working on a *challenge* entitled "***Roger Vivier Daily bag***" involving the brand and the creative direction of Roger Vivier. Seven international students were selected by the school to take part, developing a project that sought to reinterpret and update the brand's stylistic canons from a "Generation Z" perspective and apply them to a new bag concept. The project lasted about six months and was supported by meetings and design reviews, replicating the same creative process that takes place in the company at each collection presentation. In order to promote the students' technical skills, we organized some visits to our production plants and most representative shops, involving them in meetings with a number of suppliers and façonists. The project concluded in July with a final presentation of the work at the Group's HQ in the presence of an internal jury consisting of the brand's Creative Director Gherardo Felloni and a number of designers, who announced a student from South Korea as the winner.

Another project was developed with **IULM** in Milan for students in the third year of the three-year degree course in *"Corporate Communication and Public Relations",* providing training on *"Creativity and Advertising"* via two workshops, one of which involving TOD'S. In this case, the project work involved 30 students divided into 6 teams who produced a presentation entitled *"The TOD'S World: brand contents to achieve the digital natives (Gen Z)"* with the involvement of a team of TOD'S brand managers and the participation of the General Manager and the Marketing division, to whom the final works were presented.

A similar activity was carried out with the students of the Master's course in *"Luxury Fashion Branding"* at the **Marangoni Institute** in Florence, who had the opportunity to immerse themselves in our brand Customer Experience, making visits, receiving information on the most representative collections and product categories, and analysing the best-selling products of the Group's brands.

Together with **Luiss University of Rome**, TOD'S organized a company visit to the Marche region, involving more than 30 students from a number of 1st and 2nd year degree courses, including Administration Finance and Control, Marketing, Strategic Management Corporate Finance, Management and Data Science & Management, in order to bring the

corporate world closer to the academic world and encourage a productive exchange and dialogue.

With a view to promoting the areas in which the Group operates, we extended our partnerships with the **University of Macerata**, the **Poliarte Academy** and **ISTAO - Adriano Olivetti Institute of** Ancona also in 2023**.** In the first case, we involved around 20 students from the Master's course in "Communication Science", selected on the basis of the topics they covered in their dissertations, particularly those related to the topic of Artificial Intelligence.

In collaboration with the Poliarte Academy in Ancona, we hosted over 30 students from the Fashion Design course with the aim of giving them a taste of a real business environment and the creative processes that lead to the creation of a collection and its presentation.

The TOD'S Group continues to be a partner and has one of its members on the Board of Directors of ISTAO, continuing its long-term partnership in 2023. This collaboration involves the promotion of training programmes such as postgraduate Master's courses - for example "Strategies and Management for Small and Medium Enterprises" and "Management and Planning of Health Services" - to which TOD'S contributed in 2023 through 2 scholarships to finance the entire training course for deserving but less well-off students.

TOD'S, together with other major companies in the district, held seminars and workshops with students and professors in order to broaden theoretical knowledge of the roots of Italian design and its contemporary evolution, understand how to apply creative methods and experiment with new approaches to design, and provide an authentic and practical design experience in direct contact with companies, developing the ability to create a project in line with customer and market demands and acquiring the skills to deal with complex challenges and issues, for the professional, human, cultural and social growth of the students involved.

Given the complexity that has emerged in finding certain technical profiles, during 2023 we played an active role in the projects developed with technical high schools, in particular with Randstad in Milan, taking part in lessons with some company managers and producing two pieces of project work to which the students were able to contribute in person right through to their presentation to the Management, which was able to provide feedback and suggestions.

The Talent Acquisition area works every day to maintain strategic relationships and partnerships with the academic world and the main social media and web recruiting

platforms with the aim of constantly updating the strategic role pipelines for business development and anticipating any organisational needs. During the year we participated in more than 20 physical and virtual events organized by schools and universities.

Diversity, equity, inclusion and non-discrimination

The Group manages its people according to 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 **international and inclusive organisation** like TOD'S Group. As well as being referred to in the Code of Ethics and the Sustainability Policy, these principles are formalised in the **Diversity, Equity and Inclusion Protection Policy** (the most recent update to which was approved by the Board of Directors of TOD'S S.p.A. on 24 January 2024). Through this Policy, which can be viewed in full at the following *link* (https://www.todsgroup.com/it/sostenibilita), the TOD'S Group undertakes to:

- promote equality, combating any kind of discrimination based on age, ethnicity, nationality, political and trade union views, religion, sexual orientation, gender identity, disability 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 encourage gender balance, facilitating the work-life balance;
- 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;
- promote and foster equal gender representation on panels of speakers at roundtables, events, conferences or other events, including those of a technical-scientific nature;
- support multiculturalism in all company activities and business contexts.

In order to reiterate its commitment to combating all forms of discrimination in the workplace and promoting diversity within the organisation, on 17 January 2023 TOD'S signed the **Charter for Equal Opportunities and Equality at Work**, sponsored by the Italian Ministry of Labour and Social Policies and promoted by the Sodalitas Foundation, as a **declaration of its commitment to adopting inclusive human resources policies.**

Confirming its dedication to promoting gender equality inside and outside the organisation, TOD'S achieved an important milestone by obtaining, on a voluntary basis, **Gender Equality Certification pursuant to UNI PdR 125/2022**, introduced by the Italian government's National Recovery and Resilience Plan (NRRP), for the entire Italian perimeter.

This certification was acquired thanks to a proactive commitment to promoting diversity, equity and inclusion, values that underpin the Group's Sustainability Plan. The audit process, conducted by certification body Bureau Veritas, was based on six key indicators: culture and strategy, governance, human resources processes, opportunities for the growth and inclusion of women, equal pay and the protection of parenting and the work-life balance.

Furthermore, in line with its commitment to inclusion and respect for the principles of equality and equal opportunities, on 1 February 2024 the Group signed the ***Women's Empowerment Principles*** (***WEPs***) promoted by **UN Women** and the **UN Global Compact**. The seven *WEPs* [19] are inspired by real business practices with the aim of advancing equality for women in the workplace and community. The company profile of the TOD'S Group can be viewed here: https://www.weps.org/company/tods-group.

In support of

WOMEN'S EMPOWERMENT PRINCIPLES

Established by UN Women and the UN Global Compact Office

As of 31 December 2023, **women** accounted for **66.7% of the overall workforce** of the Group, a slight increase on the figure of 66.2% the previous year. This strong female presence is seen in all regions in which the Group operates. In the most senior roles (**executives and managers**), the split between men and women is equal with slightly more women than men (**58.1%**, in line with the previous year).

As shown in the tables below, the number of **women** with senior roles **(Executives and Managers**) in the ***STEM* Functions** [20] and ***Business* Functions** as at 31 December 2023 came to **34%** and **63%** respectively (39% and 63% as at 31 December 2022).

Breakdown of management in STEM-related positions

No. of employees	12.31.23			12.31.22		
	Men	Women	Total	Men	Women	Total
Executives and Managers	27	14	41	23	15	38
Percentage	66%	34%	100%	61%	39%	100%

[19] Principles: 1. Create a management culture that promotes equality; 2 - Treat all men and women fairly at work - respect and promotion of human rights and non-discrimination; 3. Employee health, safety and wellbeing; 4. Promote women's education, training and professional development; 5. Promote female enterprise, strengthen the role of women in the procurement market, respect their dignity in all marketing activities; 6. Promote equality through community initiatives and lobbying; 7. Measurement and reporting of progress in the field of gender equality.

[20] *STEM* stands for *Science, Technology, Engineering, Mathematics*.

Beakdown of management positions in business roles

No. of employees	12.31.23			12.31.22		
	Men	Women	Total	Men	Women	Total
Executive and Manager	125	215	340	122	207	329
Percentage	37%	63%	100%	37%	63%	100%

However, considering all professional categories, the number of **women in the *STEM* Functions** came to **24%** as at 31 December 2023 (down from 28% last year). With regard to part-time contracts, as at 31 December 2023, 5.8% of the Group's employees were on such contracts, 84% of whom women.

Moreover, the Group offers its employees the chance to take **parental leave**, in accordance with the laws and regulations in the various countries. Below is a breakdown of **family leave**[21] by gender.

Group family related leave

Employees	2023		
	Men	Women	Total
% of employees entitled to take family-related leave	99.0%	99.3%	99.2%
% of entitled employees that took family-related leave	10.3%	10.4%	10.4%

As an international company, TOD'S has a large number of **employees of different nationalities**. Specifically, Italian employees accounted for 43.9% of the total as at 31 December 2023 (slightly up from last year), followed by Chinese and Korean employees, accounting for 19% and 5.3% respectively.

Breakdown of employees by nationality

Nationalities	12.31.23		12.31.22	
	Total	Executives & Managers	Total	Executives & Managers
Italians	43.9%	41.0%	43.5%	38.5%
Chinese	19.0%	21.7%	19.1%	23.4%
Koreans	5.3%	13.3%	5.6%	13.1%
Americans	3.0%	4.1%	3.2%	6.3%
Other nationalities	28.9%	19.9%	28.6%	18.7%
Total	100%	100%	100%	100%

Finally, the number of Group employees belonging to **legally protected categories** was 134 as of 31 December 2023 (127 as of 31 December 2022). The Group has signed a

[21] Family leave includes maternity leave, paternity leave, parental leave and caregiver leave provided for by national laws or collective agreements.

number of agreements with Employment Centres in order to progressively incorporate these people into the Group's companies.

Remuneration and benefits

The TOD'S Group remuneration policies are centred around the **values of equal opportunities and equity** and designed to promote the skills of every 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. These 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.While there are some anomalies at regional level in terms of base and overall remuneration, the reports for 2022 and 2023 reveal no particular disparity between men and women.

Finally, as regards the **benefits offered**, the Group strives to minimise inequality and standardise its offering for all staff members, regardless of contract type and professional level. The main benefits provided by the Group include 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 cover approximately 64% of the Group's employees (in line with last year), the main benefits, where present, are granted to all employees, regardless of their contractual and professional status. 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.[22]

[22] The companies TOD'S Korea and ROGER VIVIER Korea offer the benefits to all employees; the companies ROGER VIVIER HK Limited, TOD'S Hong Kong Ltd, ROGER VIVIER Macao LTD and TOD'S Macao LDA offer disability insurance to all employees.

Talent development

In 2023 the *Corporate Training* department created a physical and digital training catalogue on all core topics deemed strategic by the business. The training topics covered soft skills, compliance and technical-specialist aspects.

The training delivered took account of the indications resulting from the mapping of training needs as well as the main industry macro-trends in order to strengthen the learning agility of employees[23].

Working groups and training on sustainable development

In March 2023, the *"**TOD'S Sustainability Change Management Executive Programme**"* training project came to an end. The training course was divided into several modules, including: the reduction of environmental impacts along the value chain, from raw material sourcing to product end-of-life; sustainability communication; traceability from supply chain to product; ecodesign and circular creativity; and the selection of sustainable materials. The training programme involved the Group Management for a total of **around 560 hours** of training delivered (of which around 230 hours in 2023).

As part of the *"Accelerators"* programme promoted by the **United Nations Global Compact**, the TOD'S Group participated in the 6-month "***Climate Ambition Accelerator***" in 2023 which provided participating companies with the know-how to set emission reduction targets in accordance with science-based protocols and the opportunity to share best practices in order to accelerate progress towards a net-zero economy by 2050. In February 2024 we joined the "***Business & Human Rights Accelerator***" which aims to support companies in setting and achieving ambitious goals for the promotion and protection of human rights along the supply chain through effective due diligence processes.

During the year, TOD'S launched multiple ***Diversity, Equity & Inclusion*** training initiatives with a focus on the themes of gender equality, women's empowerment and overcoming gender bias, for a total of approximately **600 hours of training** delivered.

TOD'S actively participates in the **Sustainability Working Groups** 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 along the entire value chain. In December 2023 TOD'S joined a small working group

[23] Within the perimeter of the Italian companies, TOD'S has benefited from various professional funds as well as from opportunities provided through European, national or regional calls for tenders. These resources were used to achieve the targets of a wide range of our employees.

involving a number of brands in the sector with the aim of defining, for certain product categories, the average and expected life cycle of products, considering quality testing, intended use and the customer's perception of the intrinsic and emotional durability of the product itself.
Lastly, between November and December 2023, the *Corporate Social Responsibility* function carried out a training course on sustainability issues and the main *ESG* initiatives launched by the Group. Structured over three sessions, the course was attended by around 50 apprentices from the Group's Marche production sites, for a total of **about 100 hours of training delivered**.

In 2023, the company continued to provide training via the "**Bottega dei Mestieri**" Academy which aims to attract, select and train young workers, mainly under the age of 30, by immersing them in the world of crafts and *Made in Italy* and familiarising them with the main shoe and leather goods manufacturing processes in the Group's production sites, facilitating generational turnover. **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.
The programme has accelerated considerably in the last three years, also because of the Group's growing production and industrial needs, resulting in an additional **146 apprenticeships** of an average term of 6 months. Around **60%** of these have already been transformed into permanent contracts. In 2023 alone, around 25 young people who started training the previous year were hired and around 50 new apprenticeships begun (of which about half were transformed into a permanent employment contracts).
Tutor training also continued during the year through the *"train the trainer"* training module, focusing on empathy, generational interaction and communication and team building issues.
Training on the new Management Model continued with ad hoc training sessions for new recruits, delivered through videoclips, with the aim of driving up awareness and engagement on the new values at all organisational levels in the *corporate* and *retail* sectors.
As far as technical and specialist training is concerned, training courses were held to support the evolution of the organisation, efficiency and the digitalisation of certain

processes, such as the "cycles project" and the virtualisation of some phases of the creative process with 3D logic, with the aim of driving up optimisation and the sustainable use of materials.

In addition, a number of training projects related to team management and related staff assessment and development processes were promoted through initiatives such as the "assessment interview" and "feedback management", which took account of the points of view of both the assessor and the person under assessment. In 2023, the TOD'S Group delivered approximately **81,200 hours of training**, continuing the very positive trend of recent years and with **a further increase of about 26% compared with the previous year**. Of the total number of hours delivered, around 34% was corporate training and 66% retail training. As such, in 2023 the TOD'S Group delivered an average of **15.6 hours of training per capita** (up from 13.1 hours in 2022).

Hours of training delivered, by employee gender and type of training (corporate / retail) 2023 and 2022

No. of Hours	2023			2022		
	Men	Women	Total	Men	Women	Total
Corporate	11,397	15,930	**27,327**	9,195	10,643	**19,838**
Retail	18,782	35,080	**53,862**	15,482	29,079	**44,562**
Total	**30,180**	**51,010**	**81,190**	**24,678**	**39,722**	**64,399**

In 2023, the TOD'S Group allocated a total of around 730,000 euro for training activities with a cost *per FTE* of approximately 143 euro.

In the retail world, the Group periodically develops training modules to **align the skills and aptitudes of its sales staff with the spirit and exclusivity of its brands.** In recent years there has been a significant increase in digital training, which has led to the creation of new digital newsletters within the *News Factory* Project. This project has made it possible to keep the *retail network* up to date on issues of importance to the Group and Brand news in an interactive, fun way.

The innovative BTOD'S training project continued in 2023, drawing on elements of neuroscience to skilfully bring together a range of different approaches and methodologies to help sales staff analyse the psychometric profile of their customers during the purchasing process and maximise sales and customer loyalty. The Group also continued to deliver its *Clienteling* and *CRM* training courses, providing coaching for strategic figures with the objective of boosting the efficacy of the sales process.

During the year, the "*Digital Knowledge*" platform, dedicated to hosting all digital training modules, was launched and enriched. The first module, on *Digital Orientation* and available in nine languages, summarises the history of the company and of the individual brands, allowing you to travel virtually within the headquarters and

production units. After the first general cross-brand culture modules concerning the culture of leather - *Mad About Leather* - and expertise in the world of bags - *Mad About Bags* - the last two years have seen the launch of the module on men's shoe culture - *Mad About Men's Shoes*, a highly interactive module on the *No_Code* project, and *Corporate* service modules such as *It Tax Free* and seasonal materials on TOD'S collections.

As part of the ***Italian Orientation*** programme, during the year four delegations were received at the headquarters in Italy with some of the most talented Italian and international salespeople enjoying a dedicated tour of the HQ and 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 expertise of sales staff, in 2023 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;

• **Expertise**: with the aim of emphasising the natural elegance of the TOD'S Group style, which can be identified in the values of the four brands. In this area, for example, the Group continued to deliver the "*The art of selling - TOD'S loves* Italia" and "*Hogan Care"* training modules;

• **Brand identity**: with the aim of emphasising 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. The following training modules were provided in this area: *Italian Orientation* and "*Welcome breakfast*", a welcome module designed to help new recruits settle in by providing a complete overview of the company and its brands.

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

1. TOD'S *Retail Library*: internal repository containing all information related to the world of retail, operations and training;

2. ***DK - Digital Knowledge***: Corporate digital platform that hosts online training modules, making training activities interactive, participative and accessible from any device at any time;

3. *Teams / OneDrive*: new ways of exchanging resources which make it possible to stay in constant contact with the entire retail network and other groups, through video calls and resource sharing;

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

In 2023, around **55%** of the **Group's employees** (61% women and 41% men) underwent **performance assessments** (up slightly from 52% the previous year).

In 2023, the ***Performance Management*** process pilot project defined the previous year was extended. This initiative involved almost all middle managers and executives, store managers and four organisational functions belonging to different company areas, involving a sample of **around 230 colleagues in Italy**. The *Performance Management* process not only aimed to provide *people managers* with a tool to manage and dialogue with their resources, it also gave them the opportunity to work on internalising the Group's Management Model and managing the dynamic interrelationships within work teams.

The process will be further extended within the Italian perimeter in 2024 and a series of initiatives has already been launched to standardise the process at international level in the various Group *Regions* in order to be able to implement a global process at a later stage. 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. Fully consistent with these activities, in order to foster the growth of the skills of employees in the retail area, the Group periodically assesses their performances and defines individual objectives, guaranteeing an appropriate career path.

Employee wellbeing

The TOD'S Group's success is closely linked to the happiness of its workforce and, for this reason, in order to generate value in the long term one of its main objectives is to ensure the **wellbeing of its employees** not just in terms of professional fulfilment but also as regards ensuring **a good work-life balance** that never oversteps the mark. To this end, where possible and compatible with its role and business needs, the Group has made provision for its people to work remotely and adopt more flexible working hours. The

Parent Company TOD'S S.p.A. also carries out lots of initiatives every year. 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 canteen serving subsidised meals, using organic and zero-mile 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 wellbeing of employees and their families. In 2023, 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[24];
- 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)[25];
- the company **Welfare Plan** established for the two-year period (2021 - 2022)[26] and renewed, with the same features, for the years 2023 - 2024.

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, wellbeing and entertainment, as well as enhancing their pension and health coverage.

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

[25] Insurance comes 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.

[26] 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 made 1400 euro available to beneficiaries also for 2023. Each Beneficiary may choose, each year, whether to:
· contribute this sum entirely to welfare services (not subject to taxation);
· contribute 50% of this sum (700 euro) to welfare services (not subject to taxation) and receive the remaining 50% (700 euro) in their pay slip (with tax and social security contributions deducted as required by law);
· not participate in the programme, receiving the full amount (1400 euro) in their pay slip (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.

In order to reiterate its appreciation for the work of its employees and provide them with additional income support, in a period in which inflation and price increases have affected purchasing power, TOD'S has extended its Corporate Welfare Plan to 31/12/2025, introducing, for the two-year period 2024-2025, an annual increase of 200 euro on top of the 1400 euro provided for all beneficiaries who decide to contribute the entire amount to welfare credit.
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 support for purchasing power.

"There is a still a lot of appreciation for the idea - first implemented years ago in the main plant - of designing a company with a human dimension, with spaces dedicated not only to work, but also to the wellbeing of our employees and their children."
Diego Della Valle

Employee mobility

In order to explore the **mobility** habits of employees as well as their propensity for change, in 2023 TOD'S conducted a survey, with the support of a leading company in the field of *mobility management*, among employees of the HQ and both hubs of the Milan head offices. Carried out in June, the survey involved around **1300 employees** with a response rate of over 40%. This analysis enabled the Group to acquire a variety of information, including the breakdown of transport method used (private vehicle, car-pooling, public transport and soft mobility), travel time, reason for choice of transport method, level of satisfaction, propensity to change. This activity also made it possible to estimate the Group's impact in terms of CO_2 emissions and other pollutants generated by the mobility of its people, and in the coming years will help the Group to strengthen its actions aimed at progressively reducing the climate change impact generated by employee commutes, promoting a more sustainable lifestyle among employees for the benefit of the environment and social wellbeing.

Health and safety

Employee wellbeing is also dependent on the provision of **adequate health and safety conditions** at the workplace, across all Group facilities.

TOD'S therefore places great importance on overseeing these issues, in order to prevent and minimise accidents and injuries. With a view to continuous improvement, in 2020 TOD'S began the process of certifying its **Occupational Health and Safety Management System**, achieving **UNI ISO 45001:2018 certification** in 2022 for the "Brancadoro Complex". In 2023 this certification was renewed and further extended to the production site in Tolentino. As at 31 December 2023, these sites employed a total of 1140 employees (about 22% of the Group's total workforce). In accordance with a multi-year plan, the System will be extended to the Group's remaining Italian industrial and logistics sites.

Key points of the Occupational Health and Safety Policy

The TOD'S Group adopted an **Occupational Health and Safety Policy** (the suitability of which was most recently confirmed by the TOD'S S.p.A. Board of Directors on 12 March 2024) in 2021.

By implementing the above policy (available in full at the following *link* https://www.todsgroup.com/it/sostenibilita), TOD'S promotes the wellbeing of its employees and spreads the culture of health and safety with the goal of protecting the people who work in 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 is committed to the continuous improvement of the Occupational Health and Safety Management System in order to ensure the achievement of its stated goals, providing all necessary economic, technological and professional resources.

The TOD'S Group asks its workers, suppliers, external workshops and all relevant stakeholders to define and adopt Health and Safety conduct and standards aligned with this Policy.
To ensure compliance with this Policy, the Group promotes *risk assessment* activities and control and monitoring initiatives with the aim of actively assessing and avoiding potential health and safety problems in the workplace.
The Policy is periodically updated on the basis of the latest developments in the regulatory and legal sphere, in international standards and in best practices.

The monitoring and gradual improvement of health and safety requirements is carried out by the Group through the risk assessment document, a tool structured and periodically updated according to 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 analyses to determine the risks connected with biomechanical overloads or the manual handling of loads. The quantification of the risk level of identified hazards is calculated in different ways depending on whether the risk relates to accidents or to workers' health. For the former, the 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 in Legislative Decree 81/2008 or 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 specialized 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.
Based on the findings of the assessment process, in the event that risk factors emerge, TOD'S has prepared a Corporate Emergency Plan for each site which outlines a series of actions to take to respond to possible emergency situations.

TOD'S has formalised the "Accident Management" procedure with the aim of defining the operating methods to adopt in the event of an accident, in order to:

- take appropriate action to control and manage the accident;

- address the consequences, including risk mitigation;
- assess the need for action to eliminate the causes of an accident;
- review the effectiveness of any corrective action taken;
- update, if necessary, the risks and opportunities identified during planning.

TOD'S periodically carries out internal audits, via qualified personnel, to verify the compliance of processes with company procedures, with the aim of identifying and implementing any preventive and/or corrective actions to take.

There is also a Steering Committee consisting of the employer, the health and safety officers, the company doctors, the workers' safety representatives and the *HR Business Partner* Function, which meets at least once a year at each production site.

In order to improve the way it deals with this issue, Parent Company TOD'S S.p.A. produces internal Occupational Health and Safety reports which are periodically sent to Control Bodies and the Board of Directors.

With regard to **health and safety training**, in 2023 all employees benefitted from training programmes focused on the prevention of occupational hazards and the prevention of accidents and occupational disease, which were delivered both in the classroom and online. Strictly compulsory topics under Leg. Decree 81/08 were supplemented with an extensive and widespread information, training and awareness campaign on behaviour in the workplace. More specifically, in 2023 around 120 employees were involved in the ISO 45001 certification process for a total of 85 hours. This training covered topics such as operational instructions and recommendations in the production, logistics and outlet departments, operational planning and 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 onsite workers' health and safety representatives using internal communication channels and the whistleblowing system, a specific and confidential information channel that guarantees the anonymity and privacy of the person making the report.

TOD'S has **supported the activities of AVIS** (the Association of Voluntary Italian Blood Donors) since 2019, participating in the initiatives promoted by the organisation in the Lombardy region to assist and promote blood donation, offering employees an additional way of undergoing check-ups and specialist examinations, as well as a complete and free

general check-up on their state of health. As in the past, two annual blood donation events were organized in 2023 with a mobile unit hosted at the Milan offices. Given the success of the initiative, dates have already been set for 2024 so that all company employees interested in donating blood can do so in a practical and easy way simply by going to the Group's main Milan offices.

In 2023 **there were 42 accidents involving employees**, down from 44 in 2022 despite the increase in size of the Group, with the accident rate falling from 5.32[27] to 4.77 in 2023. There were also two accidents among external employees in 2023[28] (compared to one in 2022).

[27] Following a process to improve the reporting system and to guarantee the comparability of data, the rate of recordable accidents at work in 2022 has been restated compared to that published in the previous NFS and recalculated on the basis of 1,000,000 hours worked (in line with 2023).

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

6. Traceability and sustainable supply chain

We care about our supply chains and promote qualification, monitoring and sustainable growth programmes for our raw material suppliers and workshops in order to ensure the protection of the environment and people throughout the production cycle.

Responsible management of the supply chain

The TOD'S Group boasts a long history in the production and marketing of footwear, leather goods and clothing, and is present on the market with four high quality, exclusive and recognisable brands.

One distinctive aspect of the Group's production processes is its careful internal control of the entire production chain from the creative stage to the production of prototypes, from the selection and procurement of raw materials and components to the creation of the products. The production of footwear and leather goods is carried out in internal facilities and workshops owned by the Group or in specialized external workshops. The latter are 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 exclusively on carefully selected specialized external workshops.

The uniqueness of the Group's products has always been based on the **values** of craftsmanship, sophisticated design, creativity, tradition, innovation, quality and the promotion of "Made in Italy". These are also expressed in the **Supplier Code of Conduct,** adopted in 2019 and available at the following link: https://www.todsgroup.com/it/corporate-governance/procedures-and-guidelines. The Code - inspired by the principles of the ***ILO*** *(International Labour Organisation*) **Conventions** and the **United Nations Universal Declaration of Human Rights** - sets out the principles and rules of conduct that must be respected by Suppliers so that the Group can guarantee ethical governance, combat all forms of corruption, protect the environment and ensure product quality and animal welfare. The information and awareness-raising initiatives aimed at addressees of the Code continued in 2023, including a formal commitment to comply with the principles and rules set out therein and the implementation of a monitoring process aimed at verifying compliance with the provisions through audit activities.

Outstanding raw materials and promotion of Made in Italy

In order to guarantee excellent quality products, structured processes are adopted to research and select the best raw materials - leather, accessories and fabrics - with a synergic respect for tradition and innovation. The Group continuously collaborates with the best Italian tanneries and at the same time carries out research into new and innovative style trends at trade fairs. When selecting materials, TOD'S prefers to establish collaborative relationships with the best suppliers in Italy, as can be seen from the fact that in 2023 its overall expenditure on the **procurement of raw materials from Italian suppliers** came to 98.8% of the overall budget for the Footwear and the Leather Goods & Accessories Divisions and 99.4% for the Clothing Division. At the same time, the number of Italian suppliers versus total suppliers is particularly significant for all product categories, reaching 96% for the Leather Division and 97% for the Clothing Division. Only when the best raw materials are not available on the domestic market does the selection process involve foreign suppliers. For example, some leathers come from France, from companies that can meet the Group's quality and style expectations and guarantee the highest standards of technical reliability.

In 2023 the Group worked with a total of 478 suppliers of strategic raw materials, broken down as follows: 217 for the Footwear Division, 75 for the Leather Goods & Accessories Division, 186 for the Clothing Division. The overall figure is up by about 5% compared to last year.

Suppliers by geographical area and product category

Region (%)	2023			2022		
	Footwear	Leather goods & accessories	Clothing	Footwear	Leather goods & accessories	Clothing
Italy	**93.1**	**96.0**	**96.7**	**92.8**	**93.3**	**98.1**
Marche	31.8	12.0	10.2	31.4	10.0	11.3
Tuscany	24.0	45.3	29.0	25.8	45.0	21.9
Lombardy	16.1	20.0	26.9	14.4	16.7	35.6
Veneto	8.8	10.7	10.2	8.9	18.3	11.9
Other Italian regions	12.4	8.0	20.4	12.3	3.3	17.5
Europe	**6.9**	**2.7**	**2.2**	**6.8**	**5.0**	**1.3**
Americas						
Greater China						
Rest of the World		**1.3**	**1.1**	**0.4**	**1.7**	**0.6**
Total	**100**	**100**	**100**	**100**	**100**	**100**

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 its suppliers. Within its *core business* of Footwear, more than 52% of **suppliers have been working with the Group for over 11 years**.

Suppliers by years of collaboration and product category

Years of collaboration (%)	2023			2022		
	Footwear	Leather goods & accessories	Clothing	Footwear	Leather goods & accessories	Clothing
Occasional	13.4	37.3		17.8	38.3	
1-3 years	11.5	22.7	16.7	9.3	23.3	5.6
4-10 years	23.0	17.3	32.3	22.9	23.3	15.0
> 11 years	52.1	22.7	51.0	50.0	15.1	79.4
Total	**100**	**100**	**100**	**100**	**100**	**100**

With regard to the quantities of raw materials purchased, there was an overall decrease of more than 20% compared to 2022, mainly related to the different timings of purchase orders and sales campaigns.

Raw materials purchased by type*

Typology of raw material		2023	2022
	Unit of measurement	Quantity/000	Quantity/000
Hides	Pq/000	17,874	21,247
Bottoms	Pairs/000	1,558	2,045
Metal accessories and other materials	Pieces/000	20,872	27,185
Fabric for clothing	Meters/000	475	483
Fabrics linings for clothing	Meters/000	236	288
Accessories	Pairs/000	174	665

* 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.

As part of the Integrated Environmental and Occupational Health and Safety Management System, compliant with the **ISO 14001 and ISO 45001 *standards***, and aware of the importance of environmental and social sustainability in its supply chain, the TOD'S Group has continued to assess its main suppliers with the aim of integrating the same environmental protection and occupational health and safety parameters into the qualification and assessment process. As in previous years, the assessment involved the main suppliers selected on the basis of their relevance and critical importance to the business[29].

The screening involved a self-assessment questionnaire circulated to around 250 suppliers (up compared with the 220 involved in 2022) in different areas, including raw material processing and finished product, logistics and service providers, waste management and disposal, packaging suppliers and machinery/equipment maintenance. The questionnaire was answered by 83% of the suppliers surveyed and resulted in a satisfactory **environmental and occupational health and safety rating** in line with the Group's expectations.

[29] The *ABC* analysis splits suppliers into three categories based on their incidence in terms of revenue versus 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.

The following points are of particular note:

- a growing interest in and commitment to using energy from renewable sources, evidenced by a rating of 8.1 out of 10 in 2023 (6.2 in 2020);
- 28% of suppliers have undertaken waste recovery initiatives by reusing waste within their processes;
- 19% of suppliers offset part of their CO_2 emissions;
- significant sensitivity around occupational health and safety issues, which is reflected first and foremost in the training provided to employees, as evidenced by a rating of 8.3 out of 10.

Overall, the significant level of engagement confirms the increasing awareness and attention of the Group's partners around these issues[30].

Chemical safety of products

In accordance with and going beyond current regulations, the TOD'S Group **monitors substances deemed hazardous or potentially hazardous to the health and safety of the end consumer and/or harmful to the environment** and ensures that the products placed on the market comply with the Group's *RSL* - Restricted Substances List - drawn up in accordance with the Guidelines of the National Chamber for Italian Fashion (CNMI) and in compliance with the specific reference regulations for each Division and product category. The implementation of the *RSL* is necessary for the achievement of medium and long-term objectives, which also reach beyond compliance with legislative requirements towards the progressive elimination of potentially hazardous chemicals for worker safety, end consumers and/or the environment. For this reason, some of the benchmarks in the *RSL* have lower values than permitted by current regulations. In any case, the *RSL* contains, for the various materials and product types, all information on limits, regulatory constraints and specifications for carrying out laboratory tests, aimed at excluding the presence of the substance (in the case of bans) or confirming compliance with the maximum thresholds (in the case of limitations).

The TOD'S Group requires its suppliers to sign and comply with the *RSL* and performs sample testing plans on the materials supplied.

[30] The overall rating was determined based on weighted scores of between 1 and 10 allocated for specific environmental indicators, including: governance of environmental, health and safety issues; implementation of organisational models and management systems in line with international standards; management and monitoring of environmental impacts (waste, emissions, energy consumption, water, materials); management, monitoring and prevention of accidents at work.

In 2023, the TOD'S Group began a productive general review of the *RSL* in order to update its technical specifications, ensure its completeness and facilitate its use by suppliers and testing laboratories.

Quality production processes

The Group's brands, distinctive for their specific stylistic identities, are united by their balance of tradition and modernity, their focus on high quality and the broad functionality of each product.

The high quality of the products is guaranteed by the significant manual component that characterises all stages of the production chain: every product is made by hand, applying artisan techniques 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 specialized external workshops.

Currently the Group has five plants for the production of footwear, four of which in the Marche region (one in Sant'Elpidio a Mare, one in Arquata del Tronto and two in Comunanza) and one in Albania, plus a specialized workshop in Hungary for certain specific processing *sub-phases*. With regard to the production of leather goods, the Group has two plants in Italy, in Pontassieve (Tuscany) and in Tolentino (Marche). The workmanship in the company's own factories is carried out by **expert craftsmen** who have developed the necessary know-how and manual skills required to make TOD'S products thanks to their consolidated working relationships with the Group.

The specialist external workshops are located in areas with a deep-rooted craft tradition in footwear production both in Italy and, to a lesser extent, abroad.

To produce its clothing, the Group uses highly specialized external workshops that meet the technical and qualitative excellence criteria necessary for the creation of the products in the collection, instilling productive partnerships that ideally last in time. When researching and defining new partnerships, the Group adopts structured selection processes, applying technical-organisational analyses to assess the production structure, level of specialisation, company organisation and presence of product and process certifications.

The external workshops that collaborate with the TOD'S Group are requested to operate in accordance with regulatory requirements regarding health and safety in the workplace and 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 the regularity of the recruitment process, the level of wages, periods of rest and holidays, individual and collective health and safety aspects, and the absolute prohibition of child labour and staff who do not comply with all applicable regulations.

External workshops are also required to comply with the Code of Ethics and Supplier Code of Conduct; any breach of these may result in the termination of the contractual relationship.

In 2019, TOD'S launched a third-party **audit with onsite controls** in its production chains focused on **environmental and social issues, human rights, health and safety, and ethical principles.**

In particular, in the last four years, 2020 - 2023, a total of **118 audits** were performed (including follow-up audits directly managed by TOD'S departments or through third parties) on the main external 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 and verified, with the support of third parties where necessary, the immediate implementation of these actions with dedicated follow-ups. In the last four years the audits revealed three cases related to the social sphere (one in 2020, one in 2021 and one in 2023), for which immediate follow-up action was taken by activating mitigation measures.

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 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.

With regard to the geographical areas of external workshops, last year saw a 2% increase in the percentage incidence on the total number of **Italian workshops** for the Footwear Division, while for the Clothing Division the incidence dropped from 100% to 94.7%.

As in the case of suppliers, collaborations with external workshops are preferably long-term. For the Leather Goods & Accessories Division, about half of the external workshops

External workshops by geographical area and product category

Region (%)	2023			2022		
	Footwear	Leather goods & accessories	Clothing	Footwear	Leather goods & accessories	Clothing
Italy	**85.6**	**95.0**	**94.7**	**83.6**	**95.6**	**100.0**
Marche	72.7	26.7	47.4	71.3	27.9	47.1
Tuscany		40.0	5.3		38.2	
Lombardy		8.3	10.5		7.4	5.9
Veneto		3.3	10.5		1.5	11.8
Other Italian regions	12.9	16.7	21.0	12.3	20.6	35.3
Europe	**8.3**	**5.0**	**5.3**	**12.3**	**2.9**	
Americas						
Greater China						
Rest of the World	**6.1**			**4.1**	**1.5**	
Total	**100**	**100**	**100**	**100**	**100**	**100**

have been working with the Group for more than 11 years, while in the core business of Footwear the percentage is 41%.

External workshops by years of collaboration and product category

Years of collaboration (%)	2023			2022		
	Footwear	Leather goods & accessories	Clothing	Footwear	Leather goods & accessories	Clothing
Occasional	5.3	6.7		4.9		
1-3 years	34.8	18.3	31.6	22.1	27.9	35.3
4-10 years	18.9	26.7	36.8	39.3	19.1	29.4
> 11 years	41.0	48.3	31.6	33.7	53.0	35.3
Total	**100**	**100**	**100**	**100**	**100**	**100**

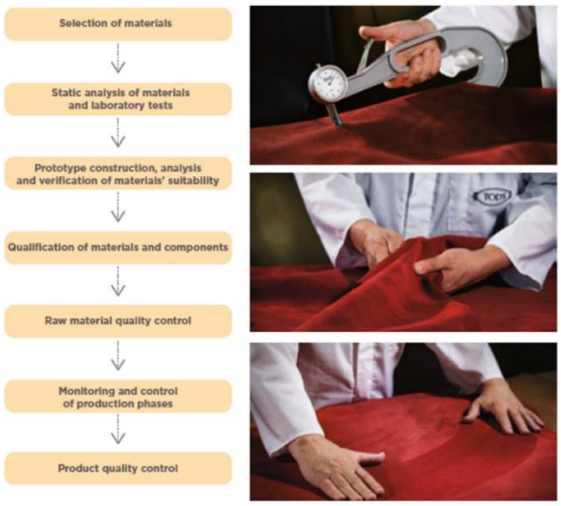
Quality checks

The TOD'S Group works to high quality standards, using the best suppliers of raw materials and expert artisans, in order to protect and promote the prestige of the Group's brands and image around the world. To this end, structured and systematic **process and product controls** are carried out covering the different phases of the conception of a new product, from the choice of materials and construction techniques, to industrialisation and inspections on components and semi-finished products, through to the quality management of the finished product. Monitoring the quality of processes is essential to ensure compliance with the technical parameters established by the Group and to minimise the risk of hidden defects, i.e. defects that are not visible in a visual inspection but which may arise during product use.

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. Every consignment of supplied leather and fabric is checked in accordance with company procedures that have been approved and supported electronically to

ensure the traceability of processes. This is followed by the prototyping phase in which the materials are subjected to further evaluations from a technical and aesthetic point of view, with the help of specific tests, that analyse their **durability** in order to ensure that the product's functionality and aesthetics are maintained over time. Only following the positive outcome of these first two evaluation phases is it possible to proceed with production, which makes use of carefully selected and qualified external suppliers and laboratories, and during which specific *checkpoints* are provided for further control. At the end of the production process, quality controls continue on the finished product to verify that the quality standards required by the Group are met.
In the case of production carried out by external workshops, quality controls are firstly carried out by Quality Inspectors at the external production units themselves, and then at the Group Logistics Hub.

Main stages of quality control



Promotion of artisan expertise

In order to protect and support **artisan expertise** and the heritage of *Made in Italy*, TOD'S has promoted the inclusion of **small businesses**, steeped in local traditions and cultures, in the projects of the brands.

In particular, since 2016 TOD'S has been collaborating with **Francesco Girolami**, a company founded at the beginning of the 20th century and originally focused on the production of hats, bags and articles made from woven straw and wheat in the area of Falerone (FM), the cradle of the "plait", with numerous workers dedicated to the harvesting and plaiting of straw stalks, the residue of the harvests. It is thanks to the craftsmanship of the master hatters that this humble product has become such a symbol of class and elegance; the aim of the current collaboration is to male special straw articles woven and sewn using artisan techniques.

"*A hundred years have passed since it was founded. Today, just as it was then, Francesco Girolami is beauty, craftsmanship and passion*".

Another collaboration, dating to 2017, is with **IN3CCI**, for the production of bags, belts and bracelets. IN3CCI was founded in 2016 thanks to the tenacity and professionalism of owner Carmelina Chiarelli who, after finding herself unemployed due to the closure of the company where she worked, chose to invest in herself and embark on a new venture in the field of "weaving".

As the owner herself explains: "*the first two years were really difficult: so many sacrifices, so many sleepless nights and the company struggling to get off the ground. We were making prototypes and samples but getting no further. Until the autumn of 2017, when a major order from a* Fashion & Luxury brand *started what is now IN3CCI*". Based in Compiobbi (FI), INT3CCI is a small, all-female company with a network of artisans in Tuscany, Apulia and Marche.

Finally, since 2020 the TOD'S brand has been working with **Ceramiche Tombelli** on the production of decorative hand-painted ceramic candles in enamel colours.

The company was founded in the industrial district of Montelupo Fiorentino (FI) in the 1980s thanks to the expertise of owner Marco Tombelli who, respecting traditional ceramics techniques, launched a small high-quality business where they still paint by hand and train craftsmen who can honour this tradition today.

"*For more than 50 years, our small company has been protecting and promoting quality craftsmanship in this sector, trying to keep alive particular techniques, such as*

handcrafting on the lathe. Collaborating with an important luxury brand like TOD'S has given us more visibility and enabled us to secure important new commissions".

Protection and authenticity of products

To protect the exceptional and indispensable quality and uniqueness of its products, the TOD'S Group has always devoted resources and energy to fighting 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 online. 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 those at the greatest potential risk, 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 identify any counterfeit goods and take action to prevent the registration of brands deemed to violate their rights. Since 2012, the TOD'S Group, conscious of both the potential and the dangers of the internet, which makes it possible to propose counterfeit products to an undefinable number of users in a short space of time, has designed and operated an online anti-counterfeiting programme, which has been improved year after year on the basis of the data acquired and evolutions in the sector.

In this regard, to protect users, TOD'S guarantees:

• a *web watching* service that makes it possible to identify and take down domains through which trademark infringing activities are conducted, or to launch administrative reassignment procedures (UDPR - *Uniform Domain-Name Dispute Resolution Policy*) in the most difficult cases. This activity was further stepped up in 2023 with the launch of actions that led to the reassignment of 90 "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 purchasing functions (e.g. *WeChat*), with the consequent removal of posts, advertisements and profiles that infringe trademark rights.

In 2023 the Group's ongoing anti-counterfeiting activities produced significant results. The offline data confirm a clear trend that emerged in the post-pandemic period: the internet is the main channel for the sale of counterfeit products and, in this area, marketplaces, especially the Chinese marketplaces, are particularly active. On the other hand, the results achieved in 2023 confirm that the Group's long-standing approach to combating the circulation of counterfeit products and its ability to adapt to social changes have made it possible over the years to contain the phenomenon, deterring counterfeiters and pirates, both in the offline and online channels.

Anti-counterfeiting results

	2023	2022
Abusive sites removed	≈ 1,250	≈ 1,050
Abusive auctions removed	≈ 24,400	≈ 16,600
Social media pages removed	2,800	≈ 7,400
Domain names recovered	90	16
NFT (Non Fungible Token)	164	-
Finished goods seized by law enforcement	2,900	6,000
Finished goods seized during raids in China	≈ 1,250	-

In 2023, in order to strengthen its activities, the TOD'S Group began to consider the possibility of direct cooperation between its subsidiary in China and a local investigation agency with the aim of identifying clusters of counterfeiters against whom to file for damages if certain prerequisites are met. This activity will be intensified in 2024.

The TOD'S Group's commitment in this field is not limited to the described activities, but also takes the form of membership of associations and participation in specific roundtables focused on the fight against counterfeiting, which are often organized 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 combating 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 in mind, the Group has launched several project initiatives in recent years aimed at using ***RFID*** *(Radio Frequency Identification*) **tags** on orders for samples of leather goods and footwear by the TOD'S, ROGER VIVIER and HOGAN brands. Finally, in 2023 work began on the ***Digital Product Passport*** in view of the European regulations expected in the short and medium term, with the TOD'S Passport project launched in November.

TOD'S Passport - Custom Made Di Bag

The TOD'S **Passport** adds a further degree of **authenticity and transparency** to the TOD'S Custom Made Di Bag value proposition. Using **Aura Blockchain** technology and the *NFC (Near Field Communication) tag*, the brand guarantees the authenticity and full traceability of the materials used in the production of the Di Bag, allowing customers to access a wide range of data and information via their smartphones. These include product characteristics, the location of the production chain, the origin of raw materials, processing and quality control processes, and the Group's commitment to sustainability. Through the TOD'S Passport, it is also possible to take advantage of a series of exclusive *premium benefits*, including an extended warranty and access to **dedicated bag care and maintenance services**. With the Digital Passport, TOD'S strengthens its brand integrity, promotes transparency and invests in customer engagement. In fact, every Custom Made Di Bag will be digitally linked to an immutable traceability token that will enhance the entire customer experience. The brand plans to gradually expand the use of the Digital Passport to additional items.

7. Protection of the environment and ecosystems

We take care of the environment and have launched projects to progressively reduce our footprint on ecosystems

Responsible management of the environment and ecosystems

Through the guidelines of the **Group Sustainability Plan** and Environmental Policy, the TOD'S Group is committed to ensuring respect for and protection of the environment and ecosystems, taking constant action to mitigate and reduce the impacts generated by its activities.

Key points of the Environmental Policy

In order to further strengthen these principles and improve its environmental performance, in 2019 the TOD'S Group adopted an **Environmental Policy**, the most recent update to which was approved by the TOD'S S.p.A. Board of Directors on 12 March 2024 during the periodic review.

By implementing this Policy (available in full at the following link https://www.todsgroup.com/it/sostenibilita), 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 research and development of raw materials and products with a focus on environmental compatibility, considering the entire life cycle;
- in addition to full compliance with applicable national, EU and international regulations and standards, the progressive reduction and, where possible, elimination of chemicals subject to regulatory restrictions, present in raw materials;
- progressive reduction and, where possible, elimination from the production process of chemicals subject to restrictions, also going beyond the requirements of the reference regulations with 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 the recycling and/or reuse of waste and the reduction of quantities disposed at landfills;
- selection of logistics carriers with less environmental impact, when possible;
- rapid implementation of a plan for the prevention and management of environmental emergencies;
- spread of an environmental protection culture, developing the skills required to carry out work activities and organising specific information and training plans.

TOD'S is committed to the continuous improvement of the Environmental Management System in order to ensure the achievement of its stated goals, providing the necessary economic, technological and professional resources.

The TOD'S Group asks its workers, suppliers, external workshops and all relevant stakeholders to define and adopt environmental standards aligned with this Policy.

To ensure compliance with this Policy, the Group promotes *risk assessment* activities and control and monitoring initiatives with the aim of actively assessing and avoiding potential environmental problems in its activities.

The Policy is periodically updated on the basis of the latest developments in the regulatory and legal sphere, in international standards and in best practices.

In relation to its **Environmental Management System** and in accordance with the **UNI EN ISO 14001:2015** standard, in November 2023 TOD'S successfully passed:

- the audit to renew the certification for the **"Brancadoro" complex** (headquarters, production plant, raw materials warehouse and outlet), obtained in December 2020;
- the certification audit of the **Tolentino** production site dedicated to the production of bags and leather goods.

The two sites, which are covered by the certification, employed a total of 1140 employees at 31 December 2023, **approximately 22%** of the Group's total workforce.

At the same time and in line with the guidelines of the Sustainability Plan, in December 2023 TOD'S began activities to implement the **Integrated Environmental and Occupational Health and Safety System** for the Monteprandone Logistics Hub with the aim of acquiring ISO 14001 and ISO 45001 certification by 2024.

The implementation of the Environmental Management System enables the constant and accurate monitoring of the context, identifying all main sources of impact and related risks and opportunities. Sources of impact include harmful emissions, which is why the Group adopts initiatives to reduce its GHG emissions and continuously improve its practices, involving senior management through the periodic update of the Environmental Policy and the annual review of its targets in order to guarantee its ongoing commitment to environmental sustainability. Furthermore, various information, training and awareness-raising activities continued in 2023, concerning sustainability and environmental issues, such as waste management and sorting, 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 past year, TOD'S involved **around 150 people** from the Group's Marche sites for a total of **150 hours of training**.

In order to assess and measure its employees' level of environmental awareness and receive suggestions and proposals with a view to continuously improving its environmental performance, in 2023 TOD'S continued its "**Environmental Awareness Test**" activities by conducting an online survey involving around 420 employees.

The 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, also in order to reduce energy consumption at its headquarters, the Group has continued to consolidate, rationalise and virtualise its servers (to date 98% of physical servers have been converted into to virtual servers) and transfer various services to the cloud.

TOD'S also actively promotes the use of audio/video conferencing systems and platforms by progressively increasing the number of rooms equipped with such devices and simultaneously improving the user experience for employees.

In recent years, also thanks to the use of forms of smart working, the use of audio/video conferencing tools and collaborative platforms for fast chat-based communications has become an indispensable part of its work activities.

TOD'S has also gradually reduced its number of printers by providing dedicated print centres and streamlined the systems by installing multi-function devices that can print,

copy and scan, with subsequent energy savings and simplification of maintenance activities. Existing equipment is also gradually being replaced with devices that consume less energy and toner.

In 2023, in line with previous years, TOD'S continued to develop multiple initiatives relating to the digitalisation and optimisation of business processes in order to progressively reduce its environmental impact and minimise the use of energy resources and consumable materials.

Responsible management of resources[31]

Energy consumption

In 2023 total **energy consumption decreased by 2.5%** compared to 2022, in contrast with the overall growth of the business. As such, in terms of **energy intensity** indicators there was a downward positive trend both as regards number of *FTE (Full Time Equivalent*) employees and sales revenues, which came to 28.7 and 0.13 respectively (compared to 32.5 and 0.15 in 2022).

This trend is attributable to the reduction of around 18% in the consumption of **natural gas** due to the increase in temperatures recorded during the winter season and the consumption containment actions carried out as part of the efficiency projects launched by the Group.

In terms of **electricity**, the TOD'S Group consumed 117,496 GJ (slightly down from the previous year) with electricity purchased from **certified renewable sources** amounting to **33,613 GJ (up 27% from 2022**) and 1100 GJ of electricity fed back into the grid (57 GJ in 2022).

Committed to increasing its **use of energy from renewable sources**, the TOD'S Group has installed two **photovoltaic systems** at the Brancadoro headquarters (one of which has been in operation since 2011 and the other since April 2023, with a total installed capacity of approximately 1700 kWp), and another pv system at the Arquata del Tronto site, which went into operation in 2018 with an installed capacity of 50 kWp.

In 2023, these systems produced a total of **6,158 GJ** of energy (up by over 50% compared to the 4024 GJ the previous year), **meeting around 18.3% of the energy requirements of the headquarters and 16.7% of the Arquata del Tronto site's requirements respectively.**

Investments in **new photovoltaic plants** will continue in 2024 with the installation, within the first semester, of a system at the Montecosaro site with installed capacity of 106 kWp. This follows the upgrading of the air-conditioning system, completed in 2023,

[31] Where data was not readily available, accurate estimates have been used.

which saw the diesel-fired boiler replaced with an energy-efficient electrically-powered heat pump.

The design of photovoltaic plants at the Tolentino and Comunanza production sites, objectives already identified in the energy audit completed in 2023, is planned for 2024. Another initiative will be a feasibility study to improve the efficiency of air conditioning systems at the Comunanza production site.

In 2023, **certified electricity deriving exclusively from renewable sources** was used at the Brancadoro Complex, all industrial sites, the Monteprandone logistics hub, the Via Savona site in Milan and the Noventa di Piave outlet. As of 1 January 2024, it will also be used at the logistics site of Montecosaro, the warehouse in Via E. Fermi in Sant'Elpidio a Mare, two additional warehouses located near the HQ and the Group's remaining Italian outlets.

TOD'S has equipped its Brancadoro production plant with a **water source heat pump unit** connected to a *dry cooler* that can simultaneously produce both chilled water at 8°C and hot water at 50°C. Installed inside the refrigeration plant, the heat pump is more energy efficient than existing refrigeration units, guarantees the simultaneous production of hot water and chilled water, and ensures that the condensation heat is transferred to the heating system with immediate benefits in terms of methane gas savings. During the summer, chilled water is used for air conditioning at the Brancadoro Complex while the heat produced is used for post-heating; during the winter, the thermal energy is used for heating (radiant panel and Air Treatment Unit).

TOD'S also has geothermal facilities at its headquarters which are used to guarantee sustainable power for its heating and air-conditioning systems.

Energy consumption by type (2023 - 2022)

Typology of energy consumption (GJ)*	2023	2022
Natural gas	17.277	21.093
Diesel fuel consumption	215	269
Transport Diesel **	10.122	9.659
Transport Petrol **	639	634
Electricity ***	117.496	117.876
Total	**145.749**	**149.531**
Energy intensity		
*Total energy consumption (GJ)/n° of full-time employees ******	***28,7***	***32,5***
Total energy consumption (GJ)/Sales revenues (€/000)) - GJ/€	***0,13***	***0,15***

* Conversion factors for 2023: natural gas 1 m3 = 0.035457 GJ, 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 2023, the electricity self-produced by photovoltaic systems was equal to 6158 GJ (4024 GJ in 2022), the electricity purchased was equal to 112,438 GJ (113,909 GJ in 2022) of which 33,613 GJ purchased from certified renewable sources (26,480 in 2022) and the energy fed back into the grid was equal to 1100 GJ (57 GJ in 2022).
**** Energy intensity is calculated as the ratio of total energy consumption to the number of *FTE (Full Time Equivalent)* employees.
***** Energy intensity is calculated as the ratio of total energy consumption to the value of sales revenue for the year (in thousands of euros).

In 2023, the Group's commitment to reducing energy consumption was once again illustrated by a range of initiatives focusing mainly on Italy, location of the Group's headquarters and its 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 and renewed in 2023 involving the Group's most important sites (Brancadoro Complex, Comunanza and Tolentino). In addition to the requirements of Leg. Decree 102/2014, this plan also analyses the energy consumption of all of the Group's production and logistics sites in Italy. 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.

As was the case for the recent measures implemented, TOD'S is committed to the development of initiatives in line with specific design guidelines intended to improve the energy performance of company buildings, including measures such as:

- upgrading and improving the building envelope of rooms;
- installing photovoltaic systems;
- use of geothermal technology with the aid of low-enthalpy water or air heat pumps powered by renewable energy for the air conditioning of rooms;
- replacing traditional light bulbs with LED bulbs and motion sensor systems.

Of particular note are the **energy consumption monitoring** activities carried out at the industrial sites using special measuring equipment (MID multimeters). This network of tools enables precise analysis of energy consumption and identification of appropriate rationalisation and optimisation measures. In addition to the installation of **LED lighting systems** at all Italian production sites and the Monteprandone logistics hub, which was already completed in 2022, in 2023 LED tubes were replaced with new, more efficient LED ceiling lights at the Tolentino production site. Lighting fixtures were also upgraded at the warehouses in Montecosaro and Sant'Elpidio, Via E. Fermi.

The Group remains committed to reducing consumption in its stores through the use of LED technology for lighting the premises and the displays in the sales areas.

In line with the contents of the Sustainability Plan, in addition to the Integrated Safety and Environmental Management System, TOD'S intends to obtain **ISO 50001 "Energy Management" certification** for the "Brancadoro" complex by 2024.

With regard to the domestic hot water needed for the services at the headquarters and the production site (children's centre, gym, company restaurant, toilets, etc.), TOD'S installed thermal solar panels and specific electric heat pumps, recording, from the outset, a reduction in the consumption of methane gas used as fuel for the thermal plants. This change also allowed the flow temperature of plant heating systems to be reduced, increasing the efficiency of heat generation and further reducing methane gas consumption.

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 2023 the Group's water consumption amounted to 124 Megalitres (80.9% of which in "water-stressed"[32] areas), **an increase of around 3.6% compared to 2022.**
Considering the range of activities pursued by the business, the Group's direct water consumption is largely attributable to the headquarters and production sites in which the majority of its employees work, where water is used for hygienic/sanitary, geothermal, fire-prevention, irrigation and company restaurant purposes. Water consumption attributable to the internal production process is not considered significant. TOD'S intends to continue its initiatives to raise awareness of the streamlining and optimisation of water consumption in its supply chains. In this regard, TOD'S conducts an annual survey via a questionnaire sent to its 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 the **sources used**, in 2023 water resources from the subsoil accounted for around 51%, while water resources from third parties accounted for the remaining 49%. The Group's commitment to responsible water management is formalised in guidelines adopted by its headquarters and further underpinned by its decision to use water from the subsoil for all irrigation systems (where present).
In 2023 the overall estimated quantity of **water released into the surface water body** was 63 Megalitres, down compared with the 73.2 Megalitres released in 2022. This decrease is largely due to the use of tank water for irrigation in the afternoon (warmer hours) and, to a lesser extent, the increase in the maximum temperature of the tank from 24°C to 26°C.
In particular, the Brancadoro Complex draws water from the subsoil via four wells. In 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 79.6% of the water being released back into the Chienti river in 2023 (significantly up on the 53.7% in 2022). 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

[32] 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").

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[33] (2023 - 2022)

Water intake (megaliters)	2023		2022	
Intake source	All areas	Areas under water stress	All areas	Areas under water stress
Fresh water (≤ 1,000 mg/L total dissolved solids)	*63.04*	*63.04*	*63.07*	*63.07*
Underground water (total)	**63.04**	**63.04**	**63.07**	**63.07**
Fresh water (≤ 1,000 mg/L total dissolved solids)	*60.65*	*36.97*	*56.36*	*42.13*
Water resources from third parties (total)	**60.65**	**36.97**	**56.36**	**42.13**
Total	**123.70**	**100.01**	**119.43**	**105.20**

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. 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. Output water from production processes is due to the condensation produced in the compressor rooms and by the wastewater of the water-level booths in the assembly department (finishing and prototyping) and used for retouching and painting activities during production. 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 wastewater can be added to domestic waste. With regard to drinking water (hygiene/sanitary), in order to optimise the way water resources are used and monitored,

[33]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.

TOD'S maintains a close relationship with the multi-service companies and water consortiums (publicly owned)[34] who manage water in the Group's main operating areas.

Combating climate change and monitoring greenhouse gas emissions

The main objective of the Group's strategy as regards environmental protection and reducing the impact (direct and direct) of its activities is to reduce the greenhouse gas emissions that contribute to climate change.

In this regard, as of 2022, the **Group has extended the monitoring of its greenhouse gas emissions to include indirect activities**, relating to the upstream and downstream *value chain*, as detailed below. The *Carbon Footprint*, carried out annually, therefore makes it possible to identify the most impactful activities for TOD'S and, consequently plan future initiatives and projects aimed at the progressive and constant reduction of climate change impacts. The table below details the main CO_2eq emissions generated by the Group.

In compliance with the *Greenhouse Gas (GHG) protocol*, emissions are divided into three categories:

- ***Scope 1***: includes direct emissions of greenhouse gases from sources owned or controlled by the organisation;
- ***Scope 2***: includes indirect emissions of greenhouse gases related to the production of electrical energy purchased by the Group;
- ***Scope 3*****:** includes all indirect emissions of greenhouse gases that are not included in *Scope 2,* related to activities upstream or downstream of the company's operations.

[34] 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.

CO_2eq emissions (2023 - 2022)[35]

Footprint di CO_2 (Ton CO_2eq)	2023	2022
Scope 1	**1,763**	**1,924**
Scope 1/n° of full-time employee	*0.347*	*0.419*
Scope 1/Sales revenue (€/000)	*0.002*	*0.002*
Scope 2*	**12,412**	**11,225**
Scope 2/n° of full-time employee	*2.441*	*2.442*
Scope 2/Sales revenue (€/000)	*0.011*	*0.011*
Scope 3	**123,311**	**103,972**
Scope 3/n° of full-time employee	24.250	22.622
Scope 3/Sales revenue (€/000)	0.109	*0.103*
Total footprint of CO_2eq	**137,485**	**117,121**

As can be seen in the table, indirect emissions (*Scope* 3) are the most significant for the TOD'S Group (accounting for 89.7% in 2023 and 88.8% in 2022 of the Group's total *GHG* emissions).

As regards energy consumption, however, *the Scope 2* emissions had the greatest impact in both years, with the intensity indicators registering values that are substantially in line over the two-year period with regard to both the number of *FTE (Full Time Equivalent)* employees and sales revenues.

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 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 quantity of VOCs calculated for 2023 came to 25.9 tonnes, (down 4.3% compared with the previous year). With regard to nitrogen oxides, around 4.27 tonnes of NOx were calculated for 2023 (down from 4.4 tonnes in 2022), while for sulphur oxides the quantities for 2023 totalled around 0.03 tonnes of SOx (down by over 20% compared with 2022).

Indirect CO_2eq emissions - *Scope* 3

As part of the TOD'S Group's strategic approach to combating climate change, in 2023 the measurement of greenhouse gas emissions - relating to 2022 - included the upstream

and downstream activities in the value chain (*Scope* 3)[36], thus determining the Group's baseline inventory, with the aim of identifying hotspots and major opportunities for improvement.

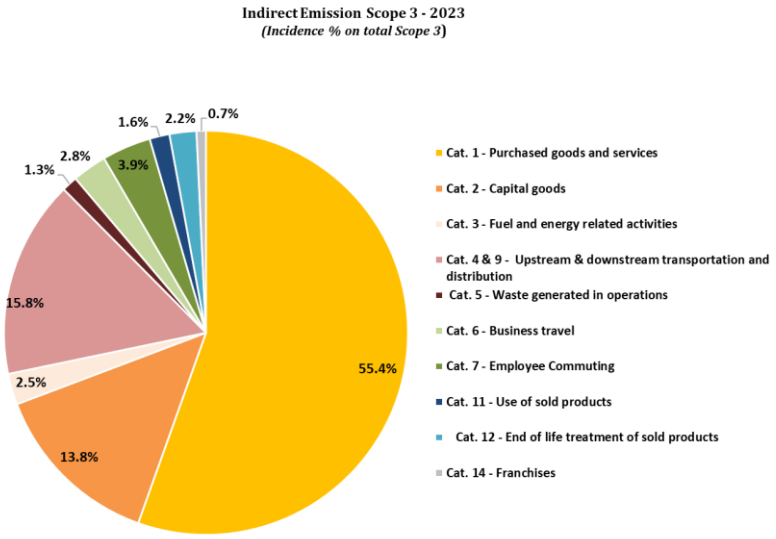
CO2eq emissions - Scope 3 (2023 - 2022)

Footprint (Ton CO_2eq)	2023	2022
Scope 3	**123,311**	**103,972**
Cat. 1 - Purchased of goods and services	68,370	61,170
Cat. 2 - Purchase of capital goods	17,022	13,446
Cat. 3 - Fuel and energy related activities	3,062	2,998
Cat. 4 & 9 - Upstream and downstream transportation and distribution	19,524	14,381
Cat. 5 - Waste generated inoperations	1,555	1,360
Cat. 6 - Business travel	3,396	1,617
Cat. 7 - Employee Commuting	4,839	4,385
Cat. 11 - Use of sold products	1,964	1,325
Cat. 12 - End of life treatment of sold products	2,655	2,508
Cat. 14 - Franchises	923	781

Overall, indirect *Scope 3* emissions increased by 18.6% in 2023 compared to 2022. It should be noted that this increase is linked not only to an organic growth in terms of the *Group*'s size and *performance*, but also to a refinement of the data collection methodology, also due to increased supply chain *engagement*, which has allowed for investments in the accuracy of primary data and the expansion of the scope of analysis. Over the coming years, the TOD'S Group will strive to further refine and optimise its internal information systems so that it always relies on the optimal primary data, in order to reduce *GHG* emissions in its area of responsibility.

As can be seen from the breakdown of CO_2eq emissions by category above, the largest impact of the TOD'S Group in terms of *Scope* 3 emissions relate to indirect emissions from the purchase of goods and services (55.4%), followed by emissions related to *upstream & downstream* transportation and distribution (15.8%), purchase of capital goods (13.8%), employee commuting (3.9%) and business travel (2.8%).

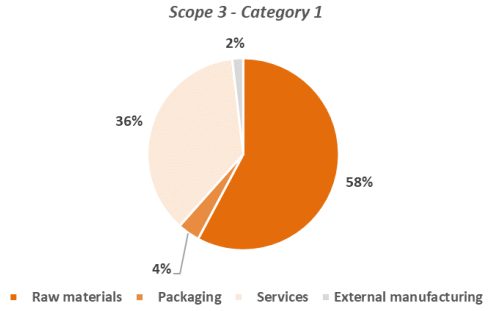
[36] Since 2017 the Group has reported its direct emissions (*Scope* 1 and *Scope* 2) and its *Scope* 3 emissions limited to category 6 "Business Travel" in its Non-Financial Statement.



Below is a breakdown of the major impact categories of *the Scope 3* emissions:

Category 1: purchase of goods and services

The category related to the purchase of goods and services accounts for 55.4% of the TOD'S Group's *Scope* 3 emissions. In particular, emissions from the purchase of raw materials and *packaging*, as well as external processing, accounting for 58%, 4% and 2%[37] of the category total respectively, were measured using the *GHG Protocol* 's '*Average-Data'* method, while emissions from purchased services, which account for 36%, were calculated using the *GHG Protocol*'s *"Spend-Based"* method. Specific emission factors were used for the calculation *(DEFRA 2023, IEA 2023, Ecoinvent* and industry literature).



Category 2: purchase of capital goods

The calculation of emissions related to capital goods was carried out using the *GHG Protocol*'s *"Spend-Based"* methodology, associating the relevant *Eurostat Environmentally-Extended Input-Output* analysis with each expenditure category.

Categories 4&9: *upstream & downstream* transportation and distribution

[37] At present, external manufacturing in the Apparel category is not included in the scope. This category accounted for 7% of the Group's sales in FY 2023.

Emissions from the upstream (category 4) and downstream (category 9) transportation and distribution of finished products were calculated using the *GHG Protocol*'s *'distance-based'* methodology. In particular, emissions were calculated based on the km travelled and kg transported, combining specific factors (sources: *Ecoinvent* and *DEFRA* 2023) with reference to the type of transport method used.

Category 7: employee commuting

For the employee commuting category, emissions were calculated using the *GHG Protocol*'s *'distance-based'* methodology, multiplying the kilometres travelled by specific emission factors depending on the transport method used (source: *DEFRA*). The calculation also took into account days spent working from home *(smartworking)* according to the internal policies for the different countries in which the Group operates.

Category 6: *business travel*

Emissions related to business travel were calculated according to the *GHG Protocol*'s *'distance-based'* methodology, considering the kilometres travelled and applying factors specific to the type of vehicle used (DEFRA 2023).

The project initiatives planned and implemented by the Group with the aim of reducing the impact of direct and indirect emissions generated by its activities are described in the individual chapters of this NFS to which reference is made in full.

Confirming its strong interest in the issue of climate change mitigation, on 30 January 2024, the Group signed a commitment to the Science-Based Targets initiative in order to set greenhouse gas emission reduction targets in line with internationally-recognised scientific protocols to help limit the increase in the average global temperature to within 1.5°C compared to pre-industrial levels.

The TOD'S Group is aware of the environmental impacts caused by air travel in terms of CO_2emissions. In 2023, TOD'S therefore demonstrated its concrete commitment to reducing these impacts by participating in the *Corporate SAF* programmes of Air France and KLM and Lufthansa, to actively support the transition from the use of fossil fuels to *Sustainable Aviation Fuel (SAF)*. The airlines confirmed that, through these initiatives, TOD'S helped to offset around 13.5 tonnes of CO_2[38].

The H-Tree: Innovation and Sustainability

The HOGAN brand, which has always been attentive to responsible innovation, supports projects aimed at preserving and promoting the environment. Once again this

[38] As per Lufthansa certificate no. CCP/2455A dated 31/12/2023 and Air France / KLM declaration dated 28/02/2024 regarding TOD'S participation in the SAF project for the year 2023.

year, to mark the launch of the new *Shoe care kit* on the European market, HOGAN promoted "**The H-Tree**" initiative in collaboration with B Corp-certified **Treedom** which allows for the remote planting of trees and provides frequent updates to follow the project and its accomplishments online. An initiative that benefits not only the environment but also the people that inhabit it. Trees are planted in agroforestry systems to maximise their ability to absorb carbon, enrich the soil with nutrients, retain water and protect biodiversity. A project that aims to inspire and get people involved, with 2000 new trees planted by HOGAN from Cameroon to Colombia, Kenya to Guatemala, to help absorb up to 300t[39] of CO_2 (equal to over 17,500 train journeys from Rome to Milan[40]) during their first ten years of life. A project to which people can contribute by purchasing a *Shoe Care Kit* to become an active part of the HOGAN forest and guardian of their own tree. This initiative is inspired by the principles of sustainable development, while promoting **product care and environmental protection**. Every *Shoe Care Kit*, made from materials mostly of natural origin and recyclable, allows customers to care for their footwear by extending its useful life. More information on the project is available at the following link https://www.hogan.com/it-it/inside-hogan/treedom/.

Given the highly international nature of the Group and its extensive distribution network that covers the world's most important countries, **product transport and logistics**[41] plays an essential role in its procurement and distribution activities. Aware 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 quality of its services. As regards the distribution of finished products, TOD'S works with leading logistics partners in the sector for product deliveries by air, sea and – most extensively – by road.

In 2023, the TOD'S Group joined the "***Climate Protect***" programme of logistics provider GLS, making a contribution for every kg of product shipped in Italy in the period April - December 2023. The contribution made to GLS is designed to support offset projects and investments to reduce the $_2$ emissions generated by its activities[42].

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

[39] Data from *GlobAllomeTree*, a database used specifically to calculate the carbon stock of trees.
[40] *GHG conversion factors* DEFRA 2023.
[41] Where data was not readily available, accurate estimates have been used.
[42] The Offset Certificate, containing details of the amount of emissions offset and the projects through which offsetting was achieved, will be available at the end of April 2024 (after the publication of this NFS).

with the pull/push approach which makes it possible to optimise the allocation of articles during the season and rebalance stock in order to preserve brand image, guarantee better response times, flexibility and reactivity in the distribution model, optimise stock and reduce unsold stock.

Recently extended to bags and belts, 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**. In the course of 2024, it will also be extended to the European outlet network.

The A.R.T. Project was subsequently joined by the **"TIP" Project** ("*Tod's Item Plan*") for the management of all-season products. The goal of the *TIP* Model is to ensure an optimised stock 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, as well as improve profitability.

In particular, this Project was launched, for strategic and operational reasons, in order to ensure better precision and alignment between commercial opportunities and production planning, as well as the automatic use of the sales plan 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.

8. Ecodesign and circular product and packaging processes

We carry out ongoing research into ecodesign and circular production processes, involving our supply chains

Promotion of circular business models

The TOD'S Group confirms its commitment to **promoting circular production and consumption models** along the entire value chain.

The inter-departmental project launched in 2020 for the recovery of hides and linings continued during the year, resulting in the **recovery from stock risk of around 6,000 items**, 2955 of which from the TOD'S, ROGER VIVIER and HOGAN brands and from the Outlets, 2826 in the "other recoveries" category and 199 saved from the scrap heap. These operations will 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 of waste from the various production stages.

The main **circular economy** projects undertaken by the Group and its individual brands are described below.

In April 2023, during Milan *Design Week*, HOGAN opened **The H-Lab** in the flagship store on Via Monte Napoleone. **The project brings together talent, creativity and new technologies**, and offers access to innovative product design and customisation processes, inviting people to experience the link between design and artificial intelligence, reality and the virtual world, through a live custom experience with the participation of artist Jacopo De Carli, the first *Metahuman* generated exclusively for the brand. To mark the occasion, HOGAN - in collaboration with MadHouse, a creative agency specialising in events - created limited edition gifts made from **leather recovered from the brand's archives**, in line with the HOGAN-3R philosophy.

"**Limited Edition 105**" - **FAY Archive**

FAY made its debut at **Pitti Uomo** on 9 January 2024. In the evocative spaces of "La Polveriera", at the centre of Fortezza da Basso in Florence, FAY retraced the evolution of the **FAY ARCHIVE** project with a detailed looks at the last few seasons and the presentation of a special "**Limited Edition 105**" **version of the iconic 4 Ganci** dedicated to the 105th edition of Pitti Uomo.

The limited edition 4 Ganci jacket - produced in just 105 pieces - is the result of the constant research on FAY's **archives** and global archives specialising in workwear. The idea for this special edition of 4 Ganci came about thanks to the fortuitous discovery of just over a hundred camp tents that had been stored in a warehouse near Naples since the late 1940s, when the Americans left Italy after the Second World War.
FAY acquired the tents in their original form and conserved in their packaging - on small wooden pallets and held together with wire so that they could be parachuted out of the planes. They were then transferred to the FAY laboratories and, thanks to the **re-use** of the carefully washed and sanitised triple-woven canvas, used to make 105 versions of the 4 Ganci Limited Edition jacket, the canvas of which attests to the age of the material, underlined by the now faded original lettering.

The TOD'S Group is committed to **analysing the life cycle of its products** and, with the support of specialized consultancy firms, conducted *Life Cycle Assessment (LCA)* activities in accordance with the UNI EN ISO 14044:2018 and UNI EN ISO 14040:2006 standards in 2023 in order to examine selected products and assess the main impact categories.
In particular, the TOD'S brand conducted an LCA on three iconic products: the Winter Gommino and Gommino Bubble shoes and the Di Bag, analysing their impacts on climate change, toxicity of water and for human health, water consumption and fossil resources.
The HOGAN brand performed the study by comparing two sneaker models, one with a traditional bottom and the other with the innovative “LX BR6596 BCA” bottom, produced by Finproject and made of EVA (Ethylene Vinyl Acetate) resin from organic naphtha deriving from biorefineries fuelled by recovering vegetable oil processing waste, spent cooking oil and other organic waste. The LCA analysis on the ten impact categories showed the generally better results obtained by using the bottom in question, although the impact of leather, used for the upper and lining, on the footwear as a whole remains prevalent. The study performed for HOGAN also took account of *Product Category Rules - PCR 2013:15* for *Leather Footwear* and the new PCR for leather footwear, to whose development, currently ongoing, the TOD'S Group is actively contributing.
These projects on the environmental impact of products have allowed the brands to identify potential areas for improvement, reflect on the appropriateness of making changes to the BOM, and simulate future scenarios to progressively reduce their product impact.

In order to drive up customer satisfaction and loyalty by extending the life of its products, the TOD'S Group has strengthened its **repair services** in recent years, expanding them by about 30% in 2023 over the previous year. In addition to this, customer requests for **spare parts and accessories**, such as insoles, buttons, zips and buckle rhinestones, supplied free of charge by the Group, increased by about 7% compared to 2022.

During the year the TOD'S brand performed various tests in order to offer a *refreshing - restoring* service for handbags, initially involving 25 articles owned by Group employees and later extending the tests to bags supplied by certain VIP customers of flagship boutiques in Italy. Given the positive results achieved, both on the products and in terms of customer satisfaction and loyalty, this service will be strengthened and extended in 2024.

In 2023 the TOD'S brand also extended the legal warranty for custom-made Di Bags to five years from the date of purchase.

This initiative is in line with the investments the Group continues to make to improve its relationships with end customers by emphasising its "human touch". For example, customers were able to appreciate the card, signed by an operator-craftsman, which was inserted inside each box of the product undergoing *refreshment - restoration* to describe the repair work carried out. In order to get feedback and measure the level of satisfaction of end customers that are the subject of an *after-sales ticket*, a questionnaire has been sent out since September 2023. The results were very positive already in the first phase of application with a *CSAT (Customer Satisfaction Score*) of 4.2 (on a scale of 1 to 5) in December.

As part of its participation in the SDA Bocconi Monitor for Circular Fashion, the TOD'S Group developed the "**Re-Gen H**" **Pilot Project** involving the HOGAN brand, which interpreted the principles of ecodesign through an open innovation and partnership approach to the supply chain. The Re-Gen H project involved the development of a shoe with the following characteristics:

- Evolo leather upper from the Sciarada tannery, which reuses production waste otherwise destined to become industrial waste (9.13% of the mass of the finished product); this process enables reductions of 47.7% in CO_2eq emissions and 68.47% in water consumption compared to the production of traditional "Softy" upper leather.[43]

[43] As stated in the certification issued by Bureau Veritas (IT 318006) on 23/06/2022.

- A bottom produced by Finproject, made of EVA (Ethylene Vinyl Acetate) resin from organic naphtha deriving from biorefineries fuelled by recovering vegetable oil processing waste, spent cooking oil and other organic waste; compared to the traditional bottom produced with EVA resin not from organic naphtha, reductions of 10.30% in kg of CO_2eq and 18.90% in the use of fossil resources have been calculated[44].
- *Ecodesign* principles applied to the entire product life cycle, from the use of mono-material components to facilitate end-of-life product recyclability to production traceability, from full compliance with *Product RSL* to the use of certified materials and energy from renewable sources to fuel footwear production.

For more information on the pilot project, KPIs and relevant reference documentation, scan the following QR Code:

Also as part of its participation in the SDA Bocconi Monitor for Circular Fashion, in May 2023 the TOD'S Group was involved in the "**Energy Circularity Report**" developed by **Enel X** with the aim of **measuring the level of implementation of circular economy principles**. The analysis, conducted through the administration of a survey to companies, was structured on two levels:

- corporate: aimed at verifying, from a qualitative point of view, the level of maturity and dissemination of circular economy principles along the entire value chain, including the phases of design, purchasing, input materials and energy resources, production waste, logistics and distribution, sales and marketing, through to the take-back and reuse phase;
- site: aimed at verifying, from a quantitative point of view, the level of implementation and dissemination of circular economy principles applied to energy sources, together with the efficiency of their use along the perimeter of the selected building.

The survey, structured in relation to the company's core business, is based on multiple questions, which are weighted and scored. The weighted average of the individual scores defines the overall circularity performance, which ranges from 0% to 100%.

[44] As reported in the Environmental Product Declaration (EPD) for Sole Model LX BR6596 BCA - Revision: 01 of 24/07/2023.

The results of the TOD'S Group circularity assessment were 28% at corporate level and 42% for the "Brancadoro Complex".
In order to further analyse and invest in the circularity of its products, as well as to acquire skills in eco-design and virtuous management of unsold goods, the TOD'S Group will launch a pilot project on the disassembly of footwear products in 2024 with the support of a specialized partner.

Material consumption

Given its area of operations, the Group uses significant quantities of **product packaging and office materials** and the careful management of the consumption of these items is an important part of TOD'S plan to gradually minimise and streamline the environmental impacts linked to the materials it uses. The Group is therefore committed to prioritising, where possible, the use of materials that are sustainable, for example in terms of their recyclability and provenance from responsibly managed sources.

Main materials used by type (2023 - 2022)

Typology of materials	2023 (Kilos)	2022 (Kilos)
Shopping bag	285,481	254,946
of which FSC	*266,347*	*219,868*
of which PCW (40%)	*220,093*	*146,768*
Primary packaging boxes	357,950	553,489
of which FSC	*289,710*	*467,315*
Cardboard for Packaging and Freight	643,662	621,769
A4 Paper	41,963	45,866
of which FSC/PEFC	*32,600*	*13,740*
A3-A5 Paper	2,401	2,762
of which FSC/PEFC	*814*	*1,011*
Totale	**1,331,457**	**1,478,832**

FSC (Forest Stewardship Council) guarantees that the product has been manufactured with raw materials from sustainably managed forests.
PCW (Post Consumer Waste) paper made post-consumer waste fibres.
PEFC (Programme for Endorsement of Forest Certification schemes) product made from a natural, renewable resource while promoting responsible forest management.

In 2023 the use of the main consumables and packaging **fell by approximately 10%** compared to 2022. In addition, the **mapping of primary, secondary and tertiary packaging** covering all of the Group's brands and all product categories was completed in order to improve the efficiency of material consumption and encourage the gradual use of innovative solutions.

Also during the year, improvement actions regarding the consumption of materials for shop fittings were evaluated and implemented with an increased focus on their reuse. For example, materials from the Singapore pop-up store were reused to furnish the shop in Mumbai, India, and the furniture from the *pop-up store* in Beirut, Lebanon was also donated for its future reuse.

Waste production and disposal

The Group recognises the importance of ensuring the **responsible management** of its waste and, where possible, encourages recycling in order to reduce the quantity of waste requiring disposal. In 2023, the TOD'S Group **produced approximately 2,770 tonnes of waste**, slightly increase from the 2022 figure.

Consistent with 2022, **non-hazardous waste** accounted for almost all of the waste generated (99.5%). With regard to **disposal methods**, **approximately 50%** was **recovered** while the waste disposed of in landfills was generated by stores and showrooms outside of Italy.

Waste

	2023				2022			
	Dangerous	Not dangerous	Total	% Total	Dangerous	Not dangerous	Total	% Total
Total waste generated	**14.88**	**2,755.92**	**2,770.80**		**11.83**	**2,717.08**	**2,728.91**	
Waste not destined for disposal (ton)								
R 13	3.41	1315.94	1319.35	**96.61%**	0.77	1,359.03	1,359.80	**99.46%**
R 4		46.00	46.00	**3.37%**	-	6.92	6.92	**0.51%**
R 5	-	0.33	0.33	**0.02%**	-	0.45	0.45	**0.03%**
Other	-	-	-	-	-	-	-	-
Sub-total waste not destined for disposal	**3.41**	**1,362.27**	**1,365.68**	**100%**	**0.77**	**1,366.40**	**1,367.17**	**100%**
Waste destined for disposal (ton)								
D 15	11.47	25.41	36.88	**2.62%**	11.05	28.70	39.76	**2.92%**
D 8 e D 9	-	5.24	5.24	**0.37%**	-	7.98	7.98	**0.59%**
Landfill	-	1,363.00	1,363.00	**97.00%**	-	1,314.00	1,314.00	**96.49%**
Sub-total waste destined for disposal	**11.47**	**1,393.65**	**1,405.12**	**100%**	**11.05**	**1,350.68**	**1,361.74**	**100%**

* The waste generated does not take account of stock not yet sent for recovery or disposal at 31 December, which in any case is 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.

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 (leathers, linings, fabrics, bottoms, soles, etc.), products for processing, finishing and related secondary and primary packaging, which are then introduced on the outlet markets together with the finished products (footwear, leather goods, accessories and clothing).

Management of waste production and its proper disposal is carried out in accordance with current regulations and the guidelines of the ISO 14001 certified Environmental Management System. The paper and wood packaging generated within the Brancadoro Complex and at the production sites is delivered to a specialist 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 headquarters, the main forms of waste, from packaging and packaging and finishing operations, is delivered to a specialist company which subjects them to a thermal treatment to produce electricity (waste-to-energy).

Furthermore, efforts continue to optimise the systems for separate waste collection at the Group's head offices and production and logistics sites.

Other initiatives implemented by the Group in recent years with a view to reducing waste production include 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 plastic stretch film by reducing its consumption, and automatic gluing machines that reduce use of adhesive products.

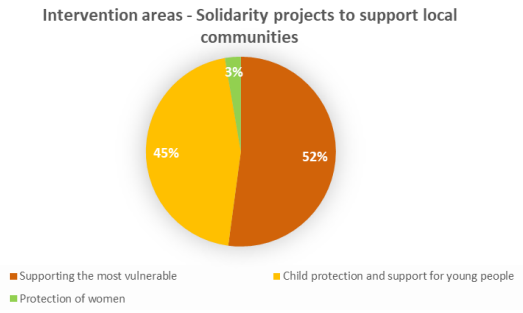
9. Solidarity towards communities and regions

We support initiatives that enable us to contribute to the growth of the communities in which we operate and to generate development and value for local areas

Support for the region and local communities

The redistribution of the value generated for the communities and territories 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 region and supporting the most vulnerable sections of society and, as such, identifies projects and initiatives that respond to shared interests in order to generate a concrete and measurable positive impact on the community. Through the **Policy for philanthropy, solidarity and community support initiatives of the**, approved by the Board of Directors of the TOD'S Group on 6 March 2023 and available at this link h*ttps://www.todsgroup.com/it/sostenibilita*, the Group reiterates the organisation's commitment to the most vulnerable categories, to protecting children, to young people, to supporting women and to supporting historical, artistic, environmental and cultural heritage, in line with the objectives promoted by the Sustainability Policy and in compliance with the principles of integrity and transparency set out in the Group's Code of Ethics and Anti-Corruption Policy.

The Group has a strong bond with the local community and offers it concrete help through various long-term initiatives starting with the decision, taken in 2012, to allocate **1% of the Group's annual net profits to support initiatives designed to help the most vulnerable sections of the local community.**[45]



[45] On 6 September 2023 the Board of Directors of TOD'S S.p.A. resolved to allocate additional resources to the aforementioned initiatives on top of the amounts already approved by the Shareholders' Meeting on 19 April 2023.

Through this initiative, for 12 years the Group has been collaborating with multiple volunteer associations, providing them with the necessary financial and operational support to pursue various solidarity projects.
The commitment to allocate 1% of net profits to support initiatives in favour of local communities is submitted each year during the Shareholders' Meeting called to approve the annual financial statements and formalised in the Sustainability Plan (most recently in the 2023-2025 Sustainability Plan approved by the Board of Directors of TOD'S S.p.A. on 6 March 2023).
TOD'S commitment to supporting local communities, even outside of the Group's operating areas, is described in more detail below.

Support for the vulnerable

Through a series of partnerships with local associations and regional institutions brought together in the **Solidarity Working Group**, since 2013 the Group has launched a series of initiatives designed to **support families in need**.
The projects take place in the areas of Fermo, Civitanova Marche, Comunanza, Comunità Montana dei Sibillini, Tolentino and San Severino Marche, and are focused on various spheres including food support, coverage of medical expenses, purchase of medicines, payment of domestic utilities, contribution to rent costs and support in emergency situations, as well as initiatives designed to help young people and promote social and professional integration.
In the area of **food support** the Group helps finance a fund to support the "Banco delle opere di carità Marche" association which, present in the Marche region since 2013, reaches out to families in need through more than 120 charitable associations, guaranteeing them a monthly supply of basic foodstuffs.
In 2023, a total of around 1,180,000 kg of foodstuffs and around 800,000 kg of fruit and vegetables were **distributed to over 30,000 beneficiaries**.
During the 2022-2023 academic year the Group also launched specific projects with the "Carlo Urbani" High School of Porto Sant'Elpidio (FM), involving a group of children in the preparation of meals for elderly people in socio-economic difficulty in the municipality of Sant'Elpidio a Mare, and in the home delivery of these meals, almost completely covering the entire week.

Access to credit: Microcredit

In the area of economic development, the Group supported a micro-credit operator with the aim of providing access to financial services for private individuals and enterprises which are not generally taken into consideration by the traditional banking system for various reasons, such as limited size, lack of suitability, absence of income and/or guarantees.

The microcredit operator works mainly in the Marche region where there are around 70,000 people without a job or looking for an opportunity to start their own business. Receiving funding, even of a limited amount, can be decisive for the success of these professional and life projects. Similarly, with more flexible access to credit tailored to their needs, many recently established micro and small enterprises may be able to develop their businesses more easily. The operator contributes to the development of these forms of financing, playing a fundamental role in terms of boosting local employment, through an instrument of social and financial inclusion.

In 2023, TOD'S continued to work closely with the **Comunità di San Patrignano**, which welcomes young men and women undergoing addiction rehabilitation. Since 2016 the TOD'S Group has worked with the Comunità to produce ad hoc collections, providing free raw materials and expert craft consultancy from the design of the bag and leather goods collections through to their production and sale. Through carefully planned events and thanks to the involvement of notable ambassadors, communications and sales were strengthened in the online channels at San Patrignano and at the TOD'S outlet in Casette D'Ete, as well as through distribution to major retailers in the fashion industry. In 2023 TOD'S also involved the Comunità workshops in the creation of a number of representative gifts, recreating a genuine working context with real orders and deadlines to be met. In fact, the *Leather Lab* division of San Patrignano was founded thanks to the visionary support of TOD'S, which supervises the entire product development process, and is now an established entity with many objectives, including the empowerment of participants in the project.

In 2020 a collaboration was launched between the Cuba Lab association, the Leather Goods Workshop of Comunità di San Patrignano and the TOD'S Group, with the contribution of artisans and style offices. This alliance, aimed at supporting training activities and championing craftsmanship and sustainability, gave rise to the "**HABANERA**" project, with the aim of creating a small collection of bags in straw, leather and fabric which embodied the fine crafts tradition and promoted individuals and social

inclusiveness. The most important achievement of these excellent work experiences in the workshop was the chance to teach the leather goods craft. Underlining the importance of the initiative, in recent years the girls who have completed the pathway of the Comunità have found employment in companies in the sector, enabling them to embark on an extraordinary new chapter in their lives.

Arquata del Tronto plant: social aid and protection of biodiversity

Another concrete example of TOD'S Group's commitment to supporting the local community was its decision to help the population of **Arquata del Tronto** and the surrounding areas in the Marche region **affected by the 2016 earthquake.**

The Arquata del Tronto site, which was built in less than a year and now employs around 45 people, represented a tangible beacon of hope and created new job opportunities, particularly for young people in the area who have been able to rebuild their future in their hometown. The project made a tangible contribution to efforts to keep the local community alive, comforting the local population who are still suffering from the consequences of the earthquake today.

Located between two national parks - Monti Sibillini to the north and Gran Sasso e Monti della Laga to the south, in Abruzzo - Arquata del Tronto is also an important **guardian of biodiversity**. The Group's industrial plant in Arquata del Tronto, which was completed in 2017, is developed on a single level on a plot with total surface area of 4960 m², 1756 m² of which covered. An Environmental Impact Study was performed during the design phase because the project areas fall within the boundaries of the Natura 2000 IT5340012 site (SCI now designated as an SAC, Special Area of Conservation) called 'Boschi ripariali del Tronto'[46]. As reported in the Study's findings, the work was carried out in an **area that was already anthropised and used for production activities** where **similar measures for the development of the existing plots had already been authorised by the Park in the past**. The **potential impacts of the work**, assessed during the design phase, **were not found to be significant for the environment, landscape or protected natural and semi-natural environments**, and specific **measures were implemented to mitigate the visual impact of the industrial**

[46] The document was drafted in accordance with Regional Council Decision no. 220/2010 as amended, which defines the regional guidelines for the assessment of the impact of plans and interventions, taking into consideration the conservation measures currently in force as set out in the management plan of the IT5340012 site. The Study showed that in the specific area of intervention there are no habitats for fauna species of Community interest, as listed in Annex I of the Habitats Directive 92/43/EEC; only herbaceous and shrub vegetation was found, with some small tree specimens belonging to species not included in Annex I of the Habitats Directive 92/43/EEC and in any case typical of vegetation resulting from persistent anthropogenic disturbance.

building with the aim of facilitating its integration in the landscape, such as the *total black* non-reflecting photovoltaic system and the planting of native plant species.

Another project in collaboration with TOD'S is "**Il volo delle farfalle" ('Flight of the Butterflies'**), aimed at **disabled people** and their families and structured into a series of interventions designed and organized 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 Group's work with the association, which began in 2002, includes the organisation of activities focused on promoting the greater **social integration of disabled people**. These include, for example, music therapy, pedagogical and psychological activities to support the family, the computer lab, the creative workshop, the practical and manipulation workshop, phototherapy, gymnastics, the theatre and the weekend workshop, a unique and consolidated experience for young people who, accompanied by educators, come together to watch shows, visit places or simply to enjoy a snack or a pizza.

Montepacini Social Farm is a joint public and private sector project which aims to ensure that disabled and vulnerable people can fully exercise their basic human rights. The project involves volunteers, associations and people committed to social issues and to sustainability, biodiversity and the promotion of small-scale rural agricultural focused on produce that is "*good, clean, fair and for everyone*". The cooperative manages, on lease from the municipality of Fermo, a property of about 13 hectares which grows organically certified vegetables and pulses, soft wheat, durum wheat and alfalfa, and sells eggs produced by its hens. Activities range from the direct sale and home delivery of agricultural products (vegetables, pulses, eggs, preserves, flour and semolina pasta) to the educational farmhouse/restaurant and the Summer Centre for children, through to the promotion of meetings on cultural topics, biodiversity and sustainability. Also of note are the flat that provides free accommodation to four vulnerable persons, three of whom with mental disorders, as part of an "independent *living/cohousing*" programme to encourage self-sufficiency, and the creation of self-help groups for the vulnerable persons welcomed to the Farm and their families.

Together with the Farm's own resources, the entire annual contribution from TOD'S was put towards investments such as the purchase of a wooden structure with a cold storage room for the direct sale of the Farm's vegetables and products, the construction of a new paddock for horses, and the purchase of new equipment for the farmhouse kitchen.

Finally, 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. The work of the associations in ensuring prompt distribution in line with the real needs of the communities has been very important.

In addition to organising the above initiatives, the TOD'S Group continued its charity work in 2023 also through the 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, Fondazione Mente, Fondazione Marcegaglia, To Get There, Fondazione Cometa, Fondazione De Marchi Onlus, Fondazione TOG, Fondazione Soleterre Onlus, Komen Italia Onlus, Progetto Sorriso nel Mondo Onlus, Fondazione Francesca Rava.

In 2023 TOD'S supported the **LEIDAA** Association, the Italian League for the Protection of Animals and the Environment, which works nationwide to raise awareness of animal rights and environmental protection.

TOD'S also carried out charity activities outside of Italy, particularly in the United States where the company has participated in several initiatives to support museums and art schools, in line with the Supporting Cultural and Artistic Heritage pillar of the Sustainability Plan.

- The *Art Production Fund*, a non-profit organisation dedicated to commissioning and producing ambitious public art projects, reaching new audiences and expanding awareness through contemporary art. On 15 March 2023, TOD'S took part in the Gala evening organized by the foundation in New York, dedicated to celebrating art, creativity and philanthropy. In fact, funds were raised to promote accessibility and inclusion in the art world;
- The "*New Museum of Contemporary Art*" - New York, where we took part in the Annual Spring Gala;
- The "*Parsons School of Design*", the world's leading for art and design education institution, through its participation in the 74th annual charity event during which Parsons, Geoffroy Van Raemdonck, Naomi Campbell and Olivier Rousteing were honoured for their many contributions to design, fashion, philanthropy and social justice, as well as their long-standing commitment to supporting and creating opportunities for future generations of artists, designers and creatives.

Child protection and youth support

Since 2014 the Group has been the sole backer of two **youth community centres** in Casette D'Ete and Comunanza, both of which offer free courses and activities for all sections of the population.

The Casette Youth Centre, managed by the EraFutura social enterprise, represents a point of reference and reconnection with the places and people of the community; in 2023 it welcomed an increasing number of young people who demonstrated a desire and above all a need to experience its social spaces. Attendance levels have always been very high with an **average of 80 to 100 visitors a day** of all ages, confirming the importance of this service for both younger children and adolescents. One of the most important activities is the study support service which runs from Monday to Friday from 15.00 to 17.30 and is used by around **40 to 60 children each day**. Since 2022 the service has been expanded to include a younger age group (6 to 8 years old), making it possible to welcome an additional 20 minors three days a week.

Since January 2023, EraFutura and the Youth Centre have managed the **Della Valle Playing Field** with the aim of promoting sport as a vehicle for socialising, integration and the prevention of teen angst. This innovative service was launched with a pilot project which, in synergy with the sports clubs, lays on transport so a group of 20 children can travel together to the playing field after doing their homework at the youth centre.

Youths can also take advantage of the numerous different rooms of the centre, such as the games room, the dance room, the music room, the library and the computer room, and the wide range of courses which cater for different age groups and interests.

The following workshops were launched in 2023:

- recycle and furnish: 20 participants;
- creativity and manual skills: 40 participants;
- theatre: 20 participants;
- painting: 15 participants;
- guitar and drums: 20 participants;
- board games and role-playing games: 30 participants;
- creative writing: 15 participants;
- reading aloud in the library: 20 participants;
- creative jewellery: 20 participants.

For boys and girls aged between 14 and 18, a *booktrailer* project was carried out in collaboration with writer Giulia Ciarapica. Eight meetings which explored Zerocalcare's graphic novel "Dimentica il mio nome".

The turnout for the various courses was consistently high, further proof of how important time away from home and school is for cultivating children's social and relational growth. In March, the Artenauta - journey into the art of games festival was organized, a weekend dedicated to role-playing and board games for children and adults, conceived and carried out in cooperation with various associations in the Fermo and Macerata areas.

In addition to activities for children, there were also projects **aimed at adults**. Around **200 people** attended the following courses: postural gymnastics, basic English, English with native speakers, fit-dance, smartphones and apps from scratch, reading group and Italian for foreigners. The latter was attended by about **30 people**, demonstrating the importance of understanding Italian as a basis for inclusion and integration in the community.

During the spring, a programme of days dedicated to looking after and cleaning the outdoor spaces and green areas of the neighbourhood was held in cooperation with the local council. During the *ECODAYS* all of the youngsters and workers spent the afternoon outdoors, helping to collect waste and promoting civic-mindedness and active citizenship among the young.

Summer centres were held in June and July with the participation of around 100 children and youths and a packed programme of activities according to age group. In addition, a five-day mountain camp was organized for boys and girls aged 12 to 16, an immersive and enjoyable adventure in nature.

In addition to being a place of study, the youth centre has increasingly become a space for socialising, for interaction, a meeting place for young people in the neighbourhood but also a project recognised by adjacent areas. In fact, a series of collaborations have been launched with entities outside the municipality that operate in the fields of education, youth, culture and voluntary work. The activities to enhance the internal library also continued during the year with the expansion of the library catalogue but also internal and external events to encourage young people to experience this cultural space and to promote wide-ranging cultural initiatives.

Together with other entrepreneurs, the TOD'S Group also finances the "**Mus-e**" **Association** in the Fermo region, which is active in the area of **social integration in crèches and primary schools through art**. The association adopts a teaching method which aims to promote the creative talent of all children by supplementing the curriculum with projects developed with the teachers of the classes involved; **30 workshops were launched** in the 2022/2023 academic year. The intention is to contribute, together with Mus-e, to making sure that schools can offer effective support

to families and the opportunity for every child involved to grow, also in difficult environments.

The TOD'S Group has collaborated with **Save the Children** since 2011. Some notable initiatives include the emergency response to the tragic tsunami in Japan in 2011, the opening of Punto Luce in Barra (Naples) in 2015, and support for the *Hunger* campaign as part of the programme to combat malnutrition in Somalia in 2022.

Protecting women

Reiterating its **commitment to combating gender-based violence**, in 2023 the Group once again co-financed a number of projects by the "**On the Road**" **Social Cooperative** which has managed the "Percorsi Donna" Anti-Violence Centre in the Province of Fermo since 2009 and opened the Casa dei Fiori di Mandorlo in 2017. This community-based residential facility provides free accommodation for single women or women with minor children of any nationality that have been victims of domestic violence. At the residence women can begin, in their own time, the process of abandoning their violent relationship through physical and emotional distancing from their abuser and setting out on a path towards independence. By reducing the risks to their personal safety, women can subsequently embark on a journey of awareness and empowerment, receiving the support of the team and the service network as they regain their independence.

The Casa dei Fiori di Mandorlo offers its female guests free board, lodgings, socio-medical assistance, psychological and social support, and legal assistance. It is therefore an individual project for leaving violent relationships aided by assistance services and aimed at social reintegration, including school integration for minors and parental educational support.

For each female guest, a customised project (PAI - Programme for Autonomy and Integration) is put together with the relevant Social Services concerning the path she is about to follow and the objectives to be achieved. This project is constructed together with the woman and reflects her life story, her resources and the needs she expresses.

In 2023, Casa dei Fiori di Mandorlo hosted a total of **7 women and 10 minors** who had been victims of domestic violence. Three women left the refuge during the year, two achieving the goal of living independently and one semi-independently.



In September 2023, TOD'S joined the "***DO GOOD***" initiative promoted by Value Retail at Bicester Village, in support of the association ***Women for Women International***. The initiative involved more than 50 brands and private individuals, who made their products available free of charge. Visitors purchased the products at a discounted price and 100% of the proceeds generated went to the association, which helps provide women survivors of war and conflict with the support they need to rebuild and transform their lives.

10. Supporting cultural and artistic heritage

We care for the beauty of our country and support initiatives to protect and enhance its cultural, artistic and environmental heritage

Initiatives to support Italy's artistic and cultural heritage

Among the objectives that the TOD'S Group has always set itself and pursued, support for culture and the promotion of Italianness around the world are of primary importance for the **protection and promotion of the country's historical and cultural heritage**.

Since 2011, the Group has been working with the Ministry of Cultural Heritage and Activities and the Special Superintendency of Archaeological Heritage of Rome to fund a series of **restoration measures on the Colosseum**, for a total value of **25 million euro**.

The first phase of the project came to a close in 2016 with the completion of the restoration of the north and south sides and the installation of perimeter fences, measures that restored the ancient splendour of one of the most important and well-known symbols of Italy's artistic and cultural heritage.

The second stage of the project, between 2018 and 2020, was overseen by the independent Parco Archeologico del Colosseo institute and 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 archaeologists, restorers, architects, engineers, surveyors and labourers, and led to the installation of a 160-metre-long walkway accessible to all, which made it possible to return an area to visitors that had previously been inaccessible. Thanks to the restoration of a **total area of 15,000 square metres**, the second contract consolidated the TOD'S Group's commitment to this UNESCO World Heritage Site.

The plan of works will continue with the earthing and implementation of the lighting systems and the construction of a service centre that will enable visitor support activities, currently located inside the monument, to be brought outside. The contract for the lighting works will be announced in spring 2024.

Restoration of Palazzo Marino - Milan

In November 2023, the TOD'S Group announced the financing of the **restoration of Palazzo Marino**, a 16th century building designed by architect Galeazzo Alessi and headquarters of Milan city council since 1861. This palace, among the most important

noble buildings in Milan and one of the finest expressions of Milanese architecture, is a true symbol of the city. Facing the Teatro alla Scala, it has become a genuine landmark for both the Milanese and the thousands of foreigners who crowd the square in front of it every day.

With this project, the TOD'S Group continues to **support and promote Italian art and culture**, an inestimable legacy recognised all over the world. A tangible form of civic engagement based on the belief that the public and private sectors must work together as much as possible to support projects that improve the quality of life of citizens. In fact, businesses must be increasingly involved in supporting useful and charitable projects.

Diego Della Valle, Chairman and CEO of the TOD'S Group, commented: "*We are very happy to do something important and tangible for Milan. The restoration of Palazzo Marino, which all citizens regard as home, allows us to show our respect and gratitude towards Milan and the Milanese people*".

In line with its desire to celebrate Italian culture, manufacturing and contemporary art, the TOD'S Group supports two symbols of the city of Milan: **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 international institution that works to celebrate the historical and cultural heritage of the opera house and to share quality artistic and musical events with the rest of the world. As regards the Padiglione di Arte Contemporanea (PAC), the Group renewed its **20-year** agreement with the Municipality of Milan in 2023 with the aim of supporting the completion and promotion of the research activities and projects run by the Padiglione, an irreplaceable institution on Milan's international contemporary art scene.

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 art.

For the presentation of the Spring-Summer 2024 collection, TOD'S chose the place that best typifies **Italian master craftsmanship**: the **Scala Ansaldo Workshops**, where set designers, sculptors and carpenters create the incredible sets of Teatro alla Scala in the same way as the master artisans give life to collections of the highest quality. Immersed in the *mise en scène* of Don Carlos, for the opening night of the Teatro alla Scala in December 2023, TOD'S celebrated the excellence of *Made in Italy*, which it has always

promoted across the world, also encouraging young people to enter the world of quality craftsmanship.

In October 2023, for the **ninth consecutive year**, the TOD'S Group supported the Riscatti non-profit voluntary association, which has been carrying out social rehabilitation projects through photography since 2014, in the production of the **photographic exhibition** "**Ri-scatti - Call me by my name**" dedicated to transgender people that tell their stories through photography.

In 2023, TOD'S continued to support the **Fondo Ambiente Italiano (FAI)**. Launched in 1975, this non-profit organisation works with great passion and enthusiasm to save some of Italy's most important artistic and natural heritage from degradation, restoring it and making it accessible to the public, while also raising awareness among the authorities and the general public around how to protect it.

As part of an open and inclusive path of **educating people on beauty**, in 2023 TOD'S also involved the employees of its Italian sites, offering them free tickets and inviting them to visit the main sites and properties managed by the FAI Foundation.

11 Appendix

Breakdown of employees by professional category and gender

No. of people	12.31.23			12.31.22		
	Men	Women	Total	Men	Women	Total
Executives	47	26	**73**	39	28	**67**
Managers	136	228	**364**	140	221	**361**
White collars	1,011	2,333	**3,344**	969	2,205	**3,174**
Blue collars	541	889	**1,430**	515	808	**1,323**
Total	**1,735**	**3,476**	**5,211**	**1,663**	**3,262**	**4,925**

Breakdown of employees by professional category and age range

No. of people	12.31.23				12.31.22			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Executives	-	33	40	**73**	1	28	38	**67**
Managers	6	298	60	**364**	6	301	54	**361**
White collars	758	2,259	327	**3,344**	684	2,167	323	**3,174**
Blue collars	219	727	484	**1,430**	161	684	478	**1,323**
Total	**983**	**3,317**	**911**	**5,211**	**852**	**3,180**	**893**	**4,925**

Breakdown of employees by contract type, gender and region

No. of people	12.31.23																	
	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	967	1,232	**2,199**	229	665	**894**	83	98	**181**	85	399	**484**	150	497	**647**	**1,514**	**2,891**	**4,405**
Fixed-term contract	57	110	**167**	26	29	**55**	1	2	**3**	135	431	**566**	2	13	**15**	**221**	**585**	**806**
Of which non-guaranteed hou	2	14	**16**	-	-	-	-	-	-	-	-	-	-	-	-	***2***	***14***	***16***
Total	**1,024**	**1,342**	**2,366**	**255**	**694**	**949**	**84**	**100**	**184**	**220**	**830**	**1,050**	**152**	**510**	**662**	**1,735**	**3,476**	**5,211**

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 hou	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 professional category, gender and region

No. of people	12.31.23																	
	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	1,011	1,201	**2,212**	237	623	**860**	77	92	**169**	218	816	**1,034**	144	492	**636**	**1,687**	**3,224**	**4,911**
Part-time	13	141	**154**	18	71	**89**	7	8	**15**	2	14	**16**	8	18	**26**	**48**	**252**	**300**
Total	**1,024**	**1,342**	**2,366**	**255**	**694**	**949**	**84**	**100**	**184**	**220**	**830**	**1,050**	**152**	**510**	**662**	**1,735**	**3,476**	**5,211**

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 type (corporate/retail) and gender

No. of people	12.31.23			12.31.22		
	Men	Women	Total	Men	Women	Total
Corporate	1,033	1,689	**2,722**	992	1,551	**2,543**
Retail	702	1,787	**2,489**	671	1,711	**2,382**
Total	**1,735**	**3,476**	**5,211**	**1,663**	**3,262**	**4,925**

Breakdown of employees by type (corporate/retail) and age range

No. of people	12.31.23				12.31.22			
	<30 years	30-50 years	>50 years	Total	<30 years	30-50 years	>50 years	Total
Corporate	394	1,583	745	**2,722**	300	1,509	734	**2,543**
Retail	589	1,734	166	**2,489**	552	1,671	159	**2,382**
Total	**983**	**3,317**	**911**	**5,211**	**852**	**3,180**	**893**	**4,925**

Workers who are not employees - Group

No. of people	12.31.23	12.31.22*
Agency Workers	237	316
Self-employed persons / Project collaborators	14	8
Interns	51	58
Other (Volounteers, Home workers, etc.)	-	-
Total	**302**	**382**

*Following a process to improve the data reporting system and guarantee the comparability of data, the data on Temporary Workers 2022 has been restated compared with that published in the previous NFS.

Employees covered by collective bargaining agreements*

Employees	12.31.23	12.31.22
	Total	Total
Covered by collective bargaining agreements	61.2%	60.5%

* These percentages are calculated on the basis of the total number of employees at 31/12/2022 and 31/12/2023, including countries where local legislation does not provide for collective bargaining agreements.

Employees incoming - 2023

Region	< 30 years		30-50 years		> 50 years		Total		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Italy	83	191	83	182	14	37	**180**	**410**	17.6%	30.6%
Europe	74	152	61	132	5	18	**140**	**302**	54.9%	43.5%
Americas	15	13	16	32	1	7	**32**	**52**	38.1%	52.0%
Greater China	44	99	55	182	-	2	**99**	**283**	45.0%	34.1%
Rest of the World	18	63	41	103	1	5	**60**	**171**	39.5%	33.5%
Total	**234**	**518**	**256**	**631**	**21**	**69**	**511**	**1,218**	**29.5%**	**35.0%**

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 outgoing - 2023

Region	< 30 years		30 -50 years		> 50 years		Total		Turnover	
	Men	Women	Men	Women	Men	Women	Men	Women	Men	Women
Italy	55	120	52	147	17	45	**124**	**312**	12.1%	23.3%
Europe	64	106	52	134	4	18	**120**	**258**	47.1%	37.2%
Americas	14	15	22	20	2	10	**38**	**45**	45.2%	45.0%
Greater China	34	94	77	137	-	8	**111**	**239**	50.5%	28.8%
Rest of the World	10	54	22	106	-	4	**32**	**164**	21.1%	32.2%
Total	**177**	**389**	**225**	**544**	**23**	**85**	**425**	**1,018**	**24.5%**	**29.3%**

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%**

Number of recordable work - related injuries

Region	2023			2022		
	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	-	-	21	-	-
Europe	11	-	-	14	-	-
Americas	5	-	-	8	-	-
Greater China	4	-	-	1	-	-
Rest of the World	1	-	-	-	-	-
Total	**42**	**-**	**-**	**44**	**-**	**-**

Number of recordable work - related injuries - external associates*

	2023	2022
Number of recordable work-related injuries	2	1
Number of high-conseguence work-related injuries (excluding fatalities)	-	-
Number of fatalities	-	-
Total	**2**	**1**

* In order to calculate GRI 403-9.b relating to injuries to external workers, in 2023 the TOD'S Group continued to gather data from employers at external workshops in the Footwear and Leather Goods divisions that worked exclusively for the TOD'S Group. The scope of assessment is therefore subject to variation based on the number of workshops with exclusive contracts in place.

Type of recordable work - related injuries - 2023

Region	Contusions / Fractures	Incised wounds and puncture wounds	Polytrauma	Burns	Other types of minor injuries	Total
Italy	11	5	1	-	4	21
Europe	3	-	-	-	8	11
Americas	2	1	1	-	1	5
Greater China	2	-	-	-	2	4
Rest of the World	1	-	-	-	-	1
Total	**19**	**6**	**2**	**-**	**15**	**42**

Type of recordable work - related injuries - 2022

Region	Contusions / Fractures	Incised wounds and puncture wounds	Polytrauma	Burns	Other types of minor injuries	Total
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 - external associates 2023 - 2022

Type of injuries	2023	2022
Contusions / Fractures	-	-
Incised wounds and puncture wounds	-	1
Polytrauma	-	-
Burns	-	-
Other types of minor injuries	2	-
Total	**2**	**1**

Recordable work - related injuries Index*

Region	2023			2022		
	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	5.76	-	-	6.21	-	-
Europe	7.30	-	-	9.38	-	-
Americas	13.14	-	-	27.20	-	-
Greater China	1.75	-	-	0.48	-	-
Rest of the World	1.01	-	-	-	-	-
Total	**4.77**	**-**	**-**	**5.32**	**-**	**-**

* 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 1,000,000.
(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 1,000,000.
(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 1,000,000.
It should be noted that the total hours worked in 2023 were 8,807,081 and in 2022 8,277,126.
Following a process to improve the reporting system and to guarantee the comparability of data, the rate of recordable accidents at work in 2022 has been restated compared to that published in the previous NFS and recalculated on the basis of 1,000,000 hours worked (in line with 2023).

Recordable work - related injuries Index - external associates*

	2023	2022
Rate of recordable work - related injuries (a)	3.21	1.60
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 1,000,000.
(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 1,000,000.
(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 1,000,000.
In order to calculate GRI 403-9.b relating to injuries to external workers, in 2023 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 laboratories on exclusive contracts with TOD'S during the reporting period.
It should be noted that the total number of hours was 622,226 in 2023 and 626,919.5 in 2022.
The rate of recordable accidents at work in 2022 has been restated compared to that published in the previous NFS and recalculated on the basis of 1,000,000 hours worked (in line with 2023).

Lost Time Injury Frequency Rate - LTIFR*

LTIFR	2023
Group	**3.63**
External associates	**3.21**

* *LTIFR*= Number of "lost time" injuries / (Total hours worked in the reporting period) x 1,000,000, where "lost time" injuries are injuries that prevent the employee or collaborator from returning to work the next working day/shift.
External collaborators means external workshops in the Footwear and Leather Goods divisions that worked exclusively for the TOD'S Group.

Ratio between base salary for men and women - 2023

Base Salary	Ratio Women on Men 2023					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Executives	0.91	0.73	-	-	0.47	**0.87**
Managers	1.08	1.10	1.11	0.82	0.91	**0.93**
White collars	0.89	0.90	1.11	1.10	0.92	**0.86**
Blue collars	0.93	0.76	-	-	-	**0.72**

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 total remuneration for men and women - 2023

Average comprehensive remuneration	Ratio Women on Men 2023					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Executives	1.03	0.62	-	-	0.38	**0.92**
Managers	1.04	1.08	1.06	0.78	0.93	**0.91**
White collars	0.88	0.89	1.11	1.11	0.87	**0.85**
Blue collars	0.93	0.75	-	-	-	**0.71**

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	-	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 women and men - Group

Ratio between female and male remuneration (%)	31.12.2023	31.12.2022
Mean Gender Pay Gap - Ratio of average total pay for women to average total pay for men	0.74	0.77
Median Gender Pay Gap - Ratio of the median value of women's total pay to the median value of men's total pay	0.89	0.90
Mean Bonus Gap - Ratio of average bonus disbursed to women compared to average bonus disbursed to men	0.78	0.49
Median Bonus Gap - Ratio of the median value of the bonus given to women to the median value of the bonus given to men	0.84	0.47

Ratio between base salary of new recruits and minimum local wage, by main operating location*

Significant location	2023		2022	
	Men	Women	Men	Women
Albania	1.04	1.04	1.10	1.10
Austria	1.07	1.07	1.09	1.09
Australia	1.26	1.26	1.20	1.22
Belgium	1.11	1.09	1.42	1.14
Canada	1.30	1.30	1.29	1.29
China	1.12	1.12	1.16	1.16
Korea	1.12	1.12	1.18	1.18
France	1.30	1.29	1.35	1.28
Germany	1.06	1.06	1.24	1.24
Japan	1.43	1.43	1.48	1.48
Hong Kong	1.60	1.60	2.03	2.03
India	2.15	2.15	2.15	2.15
Italy	1.00	1.00	1.00	1.00
Macau	2.25	2.25	2.10	2.10
Netherlands	1.07	1.11	1.05	1.15
United Kingdom	1.13	1.03	1.16	1.03
Singapore	1.79	1.79	1.41	1.41
Spain	1.22	1.22	1.21	1.22
United States of America	1.35	1.35	1.35	1.35
Switzerland	1.20	1.20	1.30	1.30
Thailandia	1.95	1.95	n.a	n.a.
Hungary	1.00	1.00	1.00	1.00

*The table does not include the figure for the United Arab Emirates as there is currently no local minimum wage.
"Base salary of new recruits" refers to the lowest salary paid to new recruits in the year in question. "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.

Average training hours per capita, divided by professional category and gender

No. of people	2023			2022		
	Men	Women	Total	Men	Women	Total
Executives	13.5	19.4	**15.6**	6.4	8.5	**7.3**
Managers	44.7	35.1	**38.7**	37.9	32.3	**34.5**
White collars	18.8	15.3	**16.3**	17.0	13.0	**14.2**
Blue collars	8.3	7.8	**8.0**	5.2	4.4	**4.7**
Total	**17.4**	**14.7**	**15.6**	**14.8**	**12.2**	**13.1**

Employees belonging to legally protected status, divided by professional category and gender

No. of legally protected status people	12.31.23			12.31.22		
	Men	Women	Total	Men	Women	Total
Executives	-	-	**-**	-	-	**-**
Managers	1	2	**3**	1	2	**3**
White collars	14	29	**43**	17	31	**48**
Blue collars	36	52	**88**	33	43	**76**
Total	**51**	**83**	**134**	**51**	**76**	**127**

Annual total compensation rate 2023*

Annual total compansation rate	12.31.23					
	Italy	Europe	Americas	Greater China	Rest of the World	Group
Ratio between highest total annual compensation and median value	67.01	15.77	16.65	69.82	23.09	**68.86**
Ratio between highest total annual compensation and average value	45.85	15.25	12.13	25.14	18.15	**51.74**

*Both for the numerator and the denominator, monetary and non-monetary benefits have been included in the calculation of total annual remuneration.
At individual *Regional* level, the percentage change of the medians and averages was calculated by considering the salary of the highest paid individual and the total pay of 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 taking the Median of the total pay of all employees and the salary of the highest paid individual. The same methodology was also used to calculate the average.

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 individual *Regional* level, the percentage change of the medians and averages was calculated by considering the salary of the highest paid individual and the total pay of 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 taking the Median of the total pay of all employees and the salary of the highest paid individual. The same methodology was also used to calculate the average

Change of annual total compensation rate 2023 vs 2022*

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).	224.1%	-244.5%	26.2%	-458.9%	9092.9%	**332.9%**
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).	77.4%	-415.9%	26.1%	-1205.1%	1034.6%	**119.5%**

*Both for the numerator and the denominator, monetary and non-monetary benefits have been included in the calculation of total annual remuneration.
Given the high *turnover* between 2022 and 2023, the annual pay rate was calculated based on the percentage change of the medians and averages for each reporting year.

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.
Given the high *turnover* between 2021 and 2022, the annual pay rate was calculated based on the percentage change of the medians and averages for each reporting year.

Country by country reporting - Tax period 2022 - 2021

	Italy		Europe		Americas		Greater China		Rest of the World	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Number of employees	2,213	2,108	884	902	183	184	1,018	1,012	627	540
Revenues from third-party sales	422,340,792	348,498,133	116,152,705	87,366,357	66,299,794	51,031,155	304,233,583	320,952,801	160,094,499	107,909,248
Revenues from intra-group transactions with other tax jurisdictions	315,731,921	238,258,261	37,560,975	33,235,902	34,000,332	18,444,042	72,427,799	57,023,992	9,760,228	13,660,639
Profit/loss before tax	84,131,836	-11,460,682	1,510,557	-2,990,923	-5,472,874	-13,783,557	-27,026,800	1,199,869	5,036,125	-7,152,673
Tangible assets other than cash and cash equivalents	82,433,791	83,359,277	11,426,735	11,965,760	8,284,718	6,410,296	27,194,763	25,304,991	13,302,199	12,681,435
Corporate income tax paid on a cash basis	1,972,537	2,152,537	813,653	-702,195	465,213	24,235	2,340,628	1,378,864	154,150	-75,069
Corporate income tax accrued on profit/loss	534,666	-1,789,009	792,542	763,486	397,022	166,147	2,019,389	2,363,086	1,739,508	281,608

The above figures refer to the 2022 tax year and the 2021 tax year.
See 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* 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..
- Europe: Alban.Del S.h.p.k., TOD'S Austria Gmbh, TOD'S Belgique S.p.r.l., 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 UK Ltd, TOD'S UK 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 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.
• Rest of the world: 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., TRV Middle East Trading LLC.

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.

EU Taxonomy: templates for the key performance indicators (KPIs) of non-financial undertakings

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities – Disclosure covering year 2023

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		€/mln	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.000**	**0.000%**	**0.000%**	**0.000%**	**0.000%**	**0.000%**	**0.000%**	**0.000%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.000%**		
of which enabling		0.000	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	Y	Y	Y	Y	Y	Y	Y	0.000%	E	
of which transitional		0.000	0.000%	0.000%						Y	Y	Y	Y	Y	Y	Y	0.000%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
Repair, refurbishment and remanufacturing	CE 5.1	0.031	0.003%	EL	EL	EL	EL	EL	EL								0.000%		
Turnover of Taxonomy eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.031**	**0.003%**	**0.000%**	**0.000%**	**0.000%**	**0.000%**	**0.003%**	**0.000%**								**0.000%**		

A. Turnover of Taxonomy-eligible activities (A.1+A.2)	**0.031**	**0.003%**	**0.000%**	**0.000%**	**0.000%**	**0.000%**	**0.003%**	**0.000%**	[redacted]	**0.000%**	[redacted]
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
Turnover of Taxonomy non-eligible activities	1,127	99.9%									
TOTAL	**1,127**	**100%**									

Proportion of CapEx from products or services associated with Taxonomy-aligned economic activities – Disclosure covering year 2023

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	**Code (2)**	**CapEx (3)**	**Proportion of CapEx, year 2023 (4)**	**Climate Change Mitigation (5)**	**Climate Change Adaptation (6)**	**Water (7)**	**Pollution (8)**	**Circular Economy (9)**	**Biodiversity (10)**	**Climate Change Mitigation (11)**	**Climate Change Adaptation (12)**	**Water (13)**	**Pollution (14)**	**Circular Economy (15)**	**Biodiversity (16)**	**Minimum Safeguards (17)**	**Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) CapEx, year 2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		€/mln	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Construction of new buildings	CE 3.1/ CCM 7.1	0.718	1.236%	Y	N/EL	N/EL	N/EL	N	N/EL	Y	Y	Y	Y	Y	Y	Y	0.000%		
Renovation of existing buildings	CCM 7.2	0.013	0.023%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.000%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.572	0.984%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.925%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.292	0.502%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	1.340%	E	
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1.595**	**2.745%**	**2.745 %**	**0.000 %**	**0.000 %**	**0.000 %**	**0.000 %**	**0.000 %**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**4.265%**		
of which enabling		0.864	1.486%	1.486 %	0.000 %	0.000 %	0.000 %	0.000 %	0.000 %	Y	Y	Y	Y	Y	Y	Y	4.265%	E	
of which transitional		0.013	0.023%	0.023 %						Y	Y	Y	Y	Y	Y	Y	0.000%		T

A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	[redacted]	
Manufacture, installation and associated services for leakage control technologies enabling leakage reduction and prevention in water supply systems	WTR 1.1	0.011	0.019%	N/EL	N/EL	EL	N/EL	N/EL	N/EL		0.000%
Collection and transport of non-hazardous and hazardous waste	CE 2.3	0.016	0.027%	N/EL	N/EL	N/EL	N/EL	EL	N/EL		0.000%
Provision of IT/OT data-driven solutions	CE 4.1	0.577	0.993%	N/EL	N/EL	N/EL	N/EL	EL	N/EL		0.000%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.140	0.242%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.968%
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.000	0.000%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.008%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.000	0.000%	EL	N/EL	N/EL	N/EL	N/EL	N/EL		0.046%
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.744**	**1.281%**	**0.242 %**	**0.000 %**	**0.019 %**	**0.000 %**	**1.020 %**	**0.000 %**		**1.022%**
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**2.340**	**4.026%**	**2.987 %**	**0.000 %**	**0.019 %**	**0.000 %**	**1.020 %**	**0.000 %**		**5.288%**
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
CapEx of Taxonomy non-eligible activities		**56**	**96%**								
TOTAL		**58**	**100%**								

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – Disclosure covering year 2023

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ("Does Not Significantly Harm")									
Economic Activities (1)	Code (2)	OpEx (3)	Proportion of OpEx, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or -eligible (A.2.) OpEx, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		€/mln	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A . 1. Environmentally sustainable activities (Taxonomy-aligned)																			
Renovation of existing buildings	CCM 7.2	0.001	0.004%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.000%		T
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.156	0.479%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.198%	E	
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.000	0.000%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.004%	E	
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.017	0.053%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.025%	E	
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**0.175**	**0.536%**	**0.536 %**	**0.000 %**	**0.000 %**	**0.000 %**	**0.000 %**	**0.000 %**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**0.227%**		
of which enabling		0.174	0.532%	0.532 %	0.000 %	0.000 %	0.000 %	0.000 %	0.000 %	Y	Y	Y	Y	Y	Y	Y	0.227%	E	
of which transitional		0.001	0.004%	0.004 %						Y	Y	Y	Y	Y	Y	Y	0.000%		T

A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)

				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	[redacted]	
Collection and transport of non-hazardous and hazardous waste	CE 2.3	0.040	0.124%	N/AM	N/AM	N/AM	N/AM	AM	N/AM	[redacted]	0.000%
Provision of IT/OT data-driven solutions	CE 4.1	0.099	0.302%	N/AM	N/AM	N/AM	N/AM	AM	N/AM	[redacted]	0.000%
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	0.316	0.967%	AM	N/AM	N/AM	N/AM	N/AM	N/AM	[redacted]	1.255%
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	CCM 7.5	0.000	0.000%	AM	N/AM	N/AM	N/AM	N/AM	N/AM	[redacted]	0.003%
Installation, maintenance and repair of renewable energy technologies	CCM 7.6	0.000	0.000%	AM	N/AM	N/AM	N/AM	N/AM	N/AM	[redacted]	0.037%
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**0.454**	**1.393%**	**0.967 %**	**0.000 %**	**0.000 %**	**0.000 %**	**0.425 %**	**0.000 %**	[redacted]	**1.294%**
A. OpEx of Taxonomy eligible activities (A.1+A.2)		0.629	1.929%	1.503 %	0.000 %	0.000 %	0.000 %	0.425 %	0.000 %	[redacted]	1.522%
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES											
OpEx of Taxonomy non-eligible activities		**32**	**98%**								
TOTAL		**33**	**100%**								

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
	Fossil gas related activities	
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

12. Representation of material topics and relative impacts

Below is a representation of the **impacts** deemed material by the Group, the **material issues** and the **Sustainable Development Goals** (***SDGs***) with which they were associated:

Material Topic	Impact	*SDGs*
Risk management	Risk mitigation, including social, environmental and governance risks	***2030 Agenda***
Brand identify and promotion	Product innovation	***SDG 12***
Protection and promotion of craftsmanship	Lack of availability on the market of the craft skills needed for the development of production activities	***SDG 4 SDG 8***
	Availability on the market of the craft skills needed for the development of production activities	
Creation of 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 5 SDG 8 SDG 10***
	Lack of availability on the market of the craft skills needed for the development of production activities	
	Availability on the market of the craft skills needed for the development of production activities	
	Difficulty 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***
Safeguarding art and culture	Promoting historical and cultural heritage through donations, sponsorships and gifts	***SDG 11***
	Promotion of the art and culture of Italy through partnerships and collaborations with organisations and associations	
Employee wellbeing and work-life balance	Employee satisfaction	***SDG 3***
	Employee dissatisfaction	
	Work-life balance	
Customer experience and digitalisation of sales channels	Delays in delivering finished products to customers	***SDG 9***
	Promptness in handling complaints / contacting customers	
	Change in customer purchasing habits - active role of TOD'S as promoter of sustainable purchases	
	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 (regulatory, fiscal) requirements 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	
	Protecting 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 products	***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 with impacts also on environment	
Occupational health and safety	Workplace accidents in head offices, production and logistics sites and sales outlets	***SDG 3***
Privacy, Data Protection & Cybersecurity	Loss of customer, supplier and employee sensitive data (data breaches)	***SDG 9***
	Unavailability of online services due to a cyber attacks	
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. by penalisation in professional development paths due to personal characteristics, harassment	
Protecting biodiversity	Loss of biodiversity due to business activities, through the presence of operating 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 business activities on water pollution	
	Depletion of water resources as a result of 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***

The list of material topics has been ordered on the basis of relative relevance.

13. *GRI Content Index*

The TOD'S Group's 2023 Non-Financial Statement was drafted in accordance with the *GRI Standards: in accordance*. The following table shows Group data based on *GRI Standards* with reference to the materiality analysis carried out. 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 01/01/2023 - 31/12/2023.
Use of GRI 1	GRI 1 - Core Principles - version 2021
Relevant GRI sector standards	N/A - awaiting publication of the specific industry standard

GRI STANDARD / OTHER SOURCE	**DISCLOSURE**	**LOCATION**	**OMISSION (REQUIREMENTS OMITTED, REASON FOR OMISSION, EXPLANATION)**
General disclosures			
GRI 2 - General Disclosures - version 2021	2-1 Organisational Details	NFS p. 39-41 AFR p.1, 3-6	
	2-2 Entities included in the organisation's sustainability reporting	NFS p. 39-41	
	2-3 Reporting period, frequency and point of contact	NFS p. 39-41	
	2-4 Restatements of information	NFS p. 39-41	
	2-5 External assurance	NFS p. 41, 202-204	
	2-6 Activities, value chain and other business relationships	NFS p. 56-57, 123-129 AFR p.6	
	2-7 Employees	NFS p. 103, 171-172	
	2-8 Workers who are not employees	NFS p. 172	
	2-9 Governance structure and composition	NFS p. 73-78 AFR p. 3	
	2-10 Nomination and selection of the highest governance body	NFS p. 76-77	
	2-11 Chair of the highest governance body	NFS p. 76-77	

	2-12 Role of the highest governance body in overseeing the management of impacts	NFS p. 42-48, 73-90	
	2-13 Delegation of responsibility for managing impacts	NFS p. 42-48, 76-77	
GRI 2 - General Disclosures - version 2021	2-14 Role of the highest governance body in sustainability reporting	NFS p. 39-41, 47	
	2-15 Conflicts of interest	NFS p. 77	
	2-16 Communication of critical concerns	NFS p. 78-80	
	2-17 Collective knowledge of the highest governance body	NFS p. 42-52	
	2-18 Evaluation of the performance of the highest governance body	NFS p. 75	
	2-19 Remuneration policies	NFS p. 75, 77-78, 111	
	2-20 Process to determine remuneration	NFS p. 75, 77-78, 111	
	2-21 Annual total compensation ratio	NFS p. 178-179	
	2-22 Statement on sustainable development strategy	NFS p. 37-38	
	2-23 Policy commitments	NFS p. 49-52, 79-81, 108, 119-120, 126, 135-136, 158 The additional policies that the Group adopts are specified in correspondence with each material topic	
	2-24 Embedding policy commitments	NFS p. 73-90	
	2-25 Processes to remediate negative impacts	NFS p. 42-48, 82-90, 188-189 The processes the Group adopts are specified in correspondence with each material topic	
	2-26 Mechanisms for seeking advice and raising concerns	NFS p. 78, 80, 99, 101	

	2-27 Compliance with laws and regulations	In 2022 and 2023 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 p. 52-54, 133	
	2-29 Approach to stakeholder engagement	NFS p. 42-48	
	2-30 Collective bargaining agreements	NFS p. 172	
Material topics			
GRI 3 - Material topics version 2021	3-1 Process to determine material topics	NFS p. 42-48	
	3-2 List of material topics	NFS p.188-189	

Creation of shared value			
Economic performance			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 91-99 AFR p. 7-9	
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	NFS p. 91	
Tax			
GRI 207: Tax 2019	207-1 Approach to tax	NFS p. 100-101	
	207-2 Tax governance, control and risk management	NFS p. 100-101	
	207-3 Stakeholder engagement and management concerns related to tax	NFS p. 100-101	
	207-4 Country-by-country reporting	NFS p. 179	
Presence on the market			
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	NFS p. 177	
	202-2 Proportion of senior management hired from the local community	In 2022 and 2023, 88.1% and 90.4% 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 p. 45-49, 124-134	
GRI 204: Procurement practices 2016	204-1 Proportion of spending on local suppliers	NFS p. 124	
GRI 414: Supplier social assessment 2016	414-2 Negative social impacts in the supply chain and actions taken	NFS p. 128	

Raw materials and responsible manufacturing			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 124-134	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	NFS p. 124	The raw materials analysed (page 124) 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 p. 45-48, 79-81	
GRI 205: Anti-corruption 2016	205-3 Confirmed incidents of corruption and actions taken	The Group reported no incidents of corruption in 2022 and 2023	

Climate change and responsible consumption			
Energy			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 135-138	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	NFS p. 138-141	
	302-3 Energy Intensity	NFS p. 140	
Water and wastewater			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 135-136	
GRI 303: Water and effluents 2018	303-1 Interactions with water as a shared resource	NFS p. 141-143	
	303-2 Management of water discharge-related impacts	NFS p. 143-144	
	303-3 Water withdrawal	NFS p. 141-143	
Emissions			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 135-138, 144-148	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	NFS p. 145	
	305-2 Energy indirect (Scope 2) GHG emissions	NFS p. 145	
	305-3 Other indirect (Scope 3) GHG emissions	NFS p. 145-148	
	305-4 GHG Emissions Intensity	NFS p. 145	
	305-7 Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	NFS p. 145-146	
Protecting biodiversity			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 53, 161-162	
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 p. 161-162	

Employee wellbeing and work-life balance			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 110, 116-118	
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	NFS p. 111	
GRI 402: Labour/ union relations management 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 p. 45-48, 119-122	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	NFS p. 119-121	
	403-2 Hazard identification, risk assessment and incident investigation	NFS p. 119-122	
	403-3 Occupational health services	NFS p. 119-122	
	403-4 Worker participation, consultation and communication on occupational health and safety	NFS p. 119-121	
	403-5 Worker training on occupational health and safety	NFS p.121	
	403-6 Promotion of worker health	NFS p. 119-122	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	NFS p. 119-121	
	403-8 Workers covered by an occupational health and safety management system	NFS p.119	
	403-9 Work-related injuries	NFS p. 173-176	

Training and development of employees			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 102-107, 112-116	
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	NFS p. 103-104, 172-173	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	NFS p. 114, 178	
Diversity, inclusion and equal opportunities			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 76-77, 108-111	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	NFS p. 76, 171, 178	
	405-2 Ratio of basic salary and remuneration of women to men	NFS p. 176	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	In 2022 and 2023, 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 p. 45-48, 158-167	
GRI 413: Local communities 2016	413-1 Operations with local community engagement, impact assessments, and development programmes	NFS p. 158-167	
Product quality and uniqueness			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 123-130	
GRI 416: Customer health and safety 2016	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	In 2022 and 2023 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	In 2022 and 2023 the Group did not record any 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	In 2022 and 2023 the Group did not record any 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 p. 45-48, 85-89	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	In 2022 and 2023, the Group did not record any complaints concerning violations of customer privacy and losses of customer data	
Brand identify and promotion			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 56-68	
Customer experience and digitalisation of sales channels			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 68-72, 134	
Ecodesign and sustainability of products and packaging			
Materials			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 155-156	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	NFS p. 155	
Waste			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 135-136, 156-157	
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	NFS p. 156-157	

	306-2 Management of significant waste-related impacts	NFS p. 156-157	
	306-3 Waste generated	NFS p. 156	
	306-4 Waste diverted from disposal	NFS p. 156	
	306-5 Waste directed to disposal	NFS p. 156	
Safeguarding art and culture			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 168-170	
Protection and promotion of craftsmanship			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 59-60, 113, 131-132	
Risk management			
GRI 3: Material topics 2021	3-3 Management of material topics	NFS p. 45-48, 82-90, 188-189 AFR p. 11-13	

Correspondence between UN Global Compact principles and *GRI Standards* Indicators

On 16 January 2023, the 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 the opportunity to share in 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 through which the company reports on the progress it has made in applying the Ten Principles promoted by the *UN Global Compact* in its business activities to its stakeholders. The correspondence between the *GRI Standards* indicators reported and the 10 Principles is illustrated below.

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; 302-3; 303-1; 303-2; 303-3; 304-1; 305-1; 305-2; 305-3; 305-4; 305-7; 306-1; 306-2; 306-3; 306-4; 306-5
	Businesses should undertake initiatives to promote greater environmental responsibility	302-1; 302-3; 303-1; 303-2; 303-3; 304-1; 305-1; 305-2; 305-3 305-4; 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

Independent auditor's report on the consolidated non financial statement

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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, paragraph 1, letter g) 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, 2023 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 March 12, 2024 (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"* established by *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.

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.

Il nome Deloitte si riferisce a una o più delle seguenti entità: Deloitte Touche Tohmatsu Limited, una società inglese a responsabilità limitata ("DTTL"), le member firm aderenti al suo network e le entità a esse correlate. DTTL e ciascuna delle sue member firm sono entità giuridicamente separate e indipendenti tra loro. DTTL (denominata anche "Deloitte Global") non fornisce servizi ai clienti. Si invita a leggere l'informativa completa relativa alla descrizione della struttura legale di Deloitte Touche Tohmatsu Limited e delle sue member firm all'indirizzo www.deloitte.com/about.

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Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)* 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.

During the year covered by this assurance engagement, our auditing firm applied *International Standard on Quality Control 1* (*ISQC Italia 1*) and, accordingly, maintained 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, 2023;

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 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, Alban.Del S.h.p.k. 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 parent company's and subsidiaries' 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., 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, Alban.Del S.h.p.k., which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits and remote meetings, 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, 2023, is not prepared, in all material respects, in accordance with articles 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 28 ,2024

This report has been translated into the English language solely for the convenience of international readers.

TOD'S Group

Annual Report **at 31 December 2023**

TOD'S Group

Financial Statements

Consolidated Income Statement

euro 000's	Note	FY 23	FY 22
Revenue			
Sales revenue	7.1	1,126,689	1,006,979
Other income	7.1	18,048	20,086
Total revenue and income		**1,144,736**	**1,027,065**
Operating Costs			
Change in inventories of work in progress and finished goods		65,814	35,591
Cost of raw materials, supplies and materials for consumption		(265,190)	(242,267)
Costs for services	7.2	(328,445)	(280,326)
Costs of use of third party assets	7.3	(68,966)	(65,634)
Personnel costs	7.4	(254,098)	(234,055)
Other operating charges	7.5	(36,777)	(32,629)
Amortisation and depreciation	7.6	(157,964)	(147,794)
Write downs/Reversing of assets	7.7	(4,396)	(1,723)
Total operating costs		**(1,050,022)**	**(968,837)**
EBIT		**94,714**	**58,228**
Financial income and expenses			
Financial income	7.8	43,833	49,958
Financial expenses	7.8	(70,248)	(79,150)
Total financial income (expenses)		**(26,416)**	**(29,192)**
Income (losses) from equity investments			
Profit before taxes		**68,298**	**29,036**
Income taxes	7.9	(18,281)	(5,971)
Profit/(loss) for the period		**50,018**	**23,065**
Earnings/(loss) per share	26	1.51	0.70
Earnings/(loss) per share diluted	26	1.51	0.70

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 23	Year 22
Profit (loss) for the period (A)		**50,018**	**23,065**
Other comprehensive income that will be reclassified subsequently to profit and loss:			
Gains/(Losses) on derivative financial instruments (cash flow hedge)	17	(4,070)	14,115
Gains/(Losses) on currency translation of foreign subsidiaries	20	4,233	8,011
Gains/(Losses) on net investments in foreign operations	20	(619)	(3,265)
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)		**(455)**	**18,861**
Other comprehensive income that will not be reclassified subsequently to profit and loss:			
Cumulated actuarial gains/(losses) on defined benefit plans	22	(161)	964
Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)		**(161)**	**964**
Total Comprehensive Income (A) + (B) + (C)		**49,401**	**42,890**

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	12.31.23	12.31.22
Non current assets			
Right of use assets			
Right of use assets	8	498,724	467,787
Total Right of use assets		**498,724**	**467,787**
Intangible fixed assets			
Assets with indefinite useful life	9	554,234	554,234
Other intangible assets	9	31,189	28,012
Total Intangible fixed assets		**585,422**	**582,245**
Tangible fixed assets			
Buildings and land	10	50,549	52,307
Plant and machinery	10	9,894	8,909
Equipment	10	11,169	11,345
Leasehold improvement	10	37,071	33,007
Others	10	37,717	36,016
Total Tangible fixed assets		**146,400**	**141,584**
Other assets			
Investment properties	12	1	5
Deferred tax assets	13	111,674	110,601
Others	14	23,954	22,902
Derivative financial instruments	17	1,370	6,472
Total other assets		**136,999**	**139,979**
Total non current assets		**1,367,545**	**1,331,596**
Current assets			
Inventories	15	422,334	357,660
Trade receivables	16	106,417	96,432
Tax receivables	16	15,217	16,587
Derivative financial instruments	17	11,258	9,877
Others	16	91,840	81,707
Cash and cash equivalents	18	84,817	167,709
Total current assets		**731,883**	**729,971**
Total assets		**2,099,429**	**2,061,566**

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	12.31.23	12.31.22
Equity			
Share capital	20	66,187	66,187
Capital reserves	20	416,588	416,588
Hedging and translation reserves	20	33,664	34,119
Other reserves	20	524,171	501,466
Profit/(loss) for the period	20	50,018	23,065
Total Equity		**1,090,627**	**1,041,425**
Non-current liabilities			
Provisions for risks	21	16,044	15,863
Deferred tax liabilities	13	23,741	16,218
Employee benefits	22	14,998	17,559
Non-current borrowings	23	79,548	148,897
Non-current lease liabilities	8	418,527	387,133
Others	24	6,844	11,540
Total non-current liabilities		**559,703**	**597,210**
Current liabilities			
Trade payables	25	166,088	170,597
Tax payables	25	15,539	13,839
Derivative financial instruments	17	607	1,845
Others	25	66,089	51,533
Current borrowings	23	95,724	86,331
Current lease liabilities	8	103,963	96,783
Provisions for risks	21	1,089	2,003
Total current liabilities		**449,100**	**422,932**
Total Equity and liabilities		**2,099,429**	**2,061,566**

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	12.31.23	12.31.22
Profit/(Loss) for the period		**50,018**	**23,065**
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	164,775	140,403
Other non monetary expenses/(income)	17-20-21-22	21,827	13,769
Income taxes for the period	7.9	18,281	5,971
Changes in operating assets and liabilities:			
Trade receivables	16	(12,300)	(9,305)
Inventories	15	(67,927)	(41,691)
Tax receivables and tax payables	16-25	(1,593)	1,938
Trade payables	25	(4,509)	38,362
Other assets and liabilities	14-24-25	(7,579)	(18,047)
Change in reserve for employee	22	(674)	(619)
Cash flows from operating activities		**160,316**	**153,845**
Interests (paid)/collected		(3,022)	(5,630)
Interests (paid) on lease liabilities		(17,147)	(13,136)
Income taxes (paid)/refunded		(7,168)	(5,746)
Net cash flows from operating activities (A)		**132,980**	**129,333**
Acquisitions of intangible and tangible fixed assets	9-10	(55,777)	(45,845)
Transfers of intangible and tangible fixed assets	9-10	978	1,419
Cash flows generated (used) in investing activities (B)		**(54,799)**	**(44,426)**
Repayments of lease liabilities	8	(110,719)	(100,367)
Repayments of financial liabilities	23	(80,000)	(43,351)
Proceeds from financial liabilities	23	20,000	
Cash flows generated (used) in financing (C)		**(170,719)**	**(143,718)**
Translation differences (D)		10,357	3,751
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)		**(82,180)**	**(55,059)**
Cash flow from assets held for sale (F)			
Cash flows generated (used) (G)=(E)+(F)		**(82,180)**	**(55,059)**
Net cash and cash equivalents at the beginning of the period		160,647	215,706
Net cash and cash equivalents at the end of the period		78,466	160,647
Change in net cash and cash equivalents		**(82,180)**	**(55,059)**

Consolidated Statement of changes in equity

Year 23 euro 000's	Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Total
Balances as of 01.01.23	**66,187**	**416,588**	**34,119**	**524,532**	**1,041,425**
Profit & Loss account				50,018	50,018
Directly in equity			(455)	(161)	(617)
Total Comprehensive Income			**(455)**	**49,856**	**49,401**
Dividend paid					
Capital increase					
Share based payments					
Other (1)				(200)	(200)
Balances as of 12.31.23	**66,187**	**416,588**	**33,664**	**574,189**	**1,090,627**

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**

Note:

(1) These mainly relate to the use of the reserve for the pursuit of solidarity projects at a local level.

TOD'S Group

Notes to the Consolidated Financial Statements

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 the Euronext Milan (EXM) market of Borsa Italiana S.p.A.

At 31 December 2023, 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 2023 have been prepared by the Board of Directors of TOD'S S.p.A. and are subject to audit by Deloitte & Touche S.p.A. Please note that this version of the consolidated 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 2023 (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. This subsidiary, however, in liquidation, remained non-operational in the year 2023, having ceased its retail activities in the previous year.

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 organized 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 2022, also taking into account the information reported below in relation to any amendments, interpretations and new accounting standards applicable from 1 January 2023.

Accounting standards, amendments and interpretations endorsed by the European Union, applicable from 1 January 2023, which were applied on first-time adoption in the TOD'S Group's consolidated financial statements at 31 December 2023

- On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The standard was applied as of 1 January 2023. The aim of the new standard is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The adoption of this standard and related amendment did not have any impact 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 at the date of first posting, such as leases and decommissioning obligations. The changes were applied as of 1 January 2023. This amendment had an impact on financial statement disclosures, for which please refer to Note 13.
- 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 amendments to IAS 1 require an entity to disclose relevant information on the accounting standards applied by the Group. The changes are intended to improve disclosure on the accounting standards applied, 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 changes were applied as of 1 January 2023. The introduction of the amendment to IAS 1 has led to some refinements and clarifications in some of the descriptions in the following paragraphs concerning the accounting standards and policies applied by the Group. For details, refer to the relevant section. The introduction of the amendment to IAS 8 did not have any impact on the Group's consolidated financial statements.
- On 23 May 2023 the IASB published an amendment called "Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules". The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (which are effective in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides for specific disclosure requirements for entities affected by the relevant International Tax Reform.

The document provides for the immediate application of the temporary exception, while the disclosure requirements are only applicable to annual financial statements commencing on or

after 1 January 2023, but not to interim financial statements with a closing date prior to 31 December 2023. The Group started to apply the mandatory temporary exception concerning the accounting of deferred tax effects arising from Pillar Two as of its effective date. Please refer to Note 13 of this report for the relevant information.

Accounting standards, amendments and interpretations endorsed by the European Union at 31 December 2023, not yet of mandatory application and not early adopted by the Group

- 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 these amendments is to clarify how to classify payables and other liabilities among short- or long-term items. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). 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.

Accounting standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union

- On 25 May 2023 the IASB published "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". This requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. 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.

- On 15 August 2023 the IASB published "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a consistent methodology for verifying whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will apply from 1 January 2025, 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.
- On 30 January 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts, which allows only first-time adopters of IFRSs to continue to recognise amounts related to rate-regulated activities under their previous adopted accounting standards. Since the Group is not a first-time adopter, this standard is not applicable.

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. In particular, for the year just ended too, the Management has updated its estimates and assumptions, compared to the financial statements as at 31 December 2022, 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.

Risks from climate change. 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 its 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, 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.

At present, there are no items with impacts on accounting items nor impairment triggers to be considered. In particular, without finding any critical issues, the Group examined 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.

In order to obtain a comprehensive view of possible risks and business opportunities related to climate change, in 2024 the TOD'S Group initiated a Project for the Mapping and Financial Quantification of Climate Risks and Opportunities. The primary objective of this initiative is to clearly identify climate risk areas, facilitating the adoption of proactive strategies to mitigate and adapt with respect to possible negative effects on the business, and at the same time to take advantage of opportunities that may emerge from the evolution of the external environment, developing innovative solutions that improve business efficiency. The project, which was launched in January 2024, will therefore contribute to mitigating the environmental risks faced by the TOD'S Group and promoting corporate resilience in the face of evolving climate challenges.

This project is part of the TOD'S Group's sustainability journey, which has already begun with the monitoring of the Corporate Carbon Footprint, which in 2023 was extended to include all categories of the GHG Protocol relating to indirect greenhouse gas emissions generated by the company's upstream and downstream activities along the value chain (Scope 3). The year 2022 will therefore be the baseline for the Group, which continues to calculate the Footprint annually, pursuing ambitious emission reduction targets, in line with current international scientific protocols, as committed to in the Science-Based Targets Initiative in January 2024.

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 recognized 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 recognized 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 Transactions in foreign currency.

i. Functional and reporting currency. All accounts recognized 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 recognized 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 recognized 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 recognized under shareholders' equity in a special "Translation reserve" through the recognition in the other comprehensive income. The translation differences recognized 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 23		Year 22	
	Exch. rates as of year end	Average exch. rate	Exch. rates as of year end	Average exch. rate
U.S. dollar	1.105	1.081	1.067	1.053
British pound	0.869	0.870	0.887	0.853
Swiss franc	0.926	0.972	0.985	1.005
Hong Kong dollar	8.631	8.465	8.316	8.245
Japanese yen	156.330	151.990	140.660	138.027
Hungarian forint	382.800	381.853	400.870	391.286
Singapor dollar	1.459	1.452	1.430	1.451
Korean won	1,433.660	1,412.880	1,344.090	1,358.073
Macao pataca	8.890	8.719	8.566	8.493
Chinese renmimbi	7.851	7.660	7.358	7.079
Indian rupee	91.905	89.300	88.171	82.686
Albanian lek	103.790	108.783	114.460	118.933
Canadian dollar	1.464	1.459	1.444	1.369
Australian dollar	1.626	1.629	1.569	1.517
EAU Dirham	4.058	3.971	3.917	3.867
Thailandese Baht	37.973	37.631	-	-

3.3 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 recognized 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 recognized directly in other comprehensive income (cash flow hedge reserve), except for the portion of the change related to the ineffective part of the hedge, which is recognized under financial income and charges in the income statement; the differences in fair value already directly recognized in other comprehensive income are fully recognized in the income statement, as an adjustment to operating margins, when the assets/liabilities relating

to the hedged items are recognized. For hedging derivatives related to interest rate risks on loans, the change in fair value, already recognized 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 recognized;

- for derivatives that hedge receivables and payables recognized in the balance sheet (i.e. fair value hedge), the fair value differences are recognized 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.

With regard to exchange rate risk hedging transactions associated with intra-group trade transactions, the cash flow hedge reserve is transferred to the income statement when sales to end customers are realised or when the forecast transaction is finally realised.

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 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.

Amortisation of right-of-use assets is applied, based on the provisions of IAS 16, over the shorter of the useful life of the underlying asset and the lease term. The amortisation commencement

date starts when the asset is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management (IAS 16, paragraph 55). This date generally corresponds with the effective date, usually understood as the date on which the Group can access the premises/receives the keys to access the premises. Finally, right-of-use assets are subjected to an impairment test based on the provisions of IAS 36.

With regard to ' low value rents', the Group provides for a monetary threshold of 8,000 euros, applied, for example, in cases of: (i) computers, (ii) mobile phones/tablets (iii) printers, (iv) office furniture and (v) other electronic devices.

3.5 Intangible fixed assets.

i. Goodwill. All business combinations are recognized by applying the acquisition method. Goodwill is measured, at the acquisition date, as the excess of the assets and liabilities recognized and the fair value of consideration transferred including the amount of any non-controlling interests recognized. If the excess is negative, it is immediately recognized in the income statement.

For acquisitions prior to 1 January 2004, the date of transition to IAS/IFRS, goodwill retained the values recognized on the basis of the previous Italian GAAP, net of accumulated amortisation up to the transition date.

Goodwill is recognized 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 recognized 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 organized 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 recognized 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 recognized 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 recognized 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 characterized 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 recognized at cost, and then recognized 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 recognized 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.

3.7 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 recognized on the financial statements.

This test is performed at least once annually for assets and goodwill with an indefinite life in the same way as that used for tangible and intangible assets that have not yet been placed in service. Confirmation of the recoverability of the values recognized 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 recognized immediately in the income statement.

Right-of-use assets are tested for impairment according to the provisions of IAS 36.

3.8 Financial assets.

Financial assets are recognized 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 recognized 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 recognized 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 recognized 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.

3.9 Inventories. These are recognized 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 recognized on the financial statements.

3.10 Trade receivables and other receivables. They are initially recognized 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.

3.11 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.

3.12 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 recognized 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 recognized 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 recognized in the income statement immediately. Actuarial gains and losses are recognized through other changes in comprehensive income under the specific equity item.

Liabilities for post-employment benefits recognized 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.

3.13 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. The incremental borrowing rate to be applied is determined every six months for each Group company and is used for all new contracts entered into during the six-month period. 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. Subsequent changes are determined using the most up-to-date incremental borrowing rate, except for those related to the updating of contractually predefined indices. In the case of leases that have expired at the balance sheet date, for which no certain information about the contractual terms of renewal is yet available, the lease modifications temporarily take into account a hypothetical renewal under the same contractual terms as the expiring contract (to be subsequently modified when the contract renewal is entered into).
For leases whose term is indefinite, the Group considers a period of five years in determining the initial liability.

3.14 Financial liabilities.

Bank overdrafts and financing. Interest-bearing financing and bank overdrafts are initially recognized at fair value, net of transaction costs, and subsequently valued at amortised cost, using the effective interest method.

3.15 Payables.

Trade payables and other payables. These are measured at amortised cost which generally correspond to their nominal value.

3.16 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 recognized 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 recognized 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 recognized 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.

3.17 Share Capital.

i. **Share Capital.** The total value of shares issued by the parent company is recognized 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.

3.18 Dividends. The allocation of dividends to persons possessing instruments representing share capital after the reference date of the financial statements is not recognized under financial liabilities on the same reference date.

3.19 Revenues recognition. Revenues are recognized 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 recognized 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 recognized when the goods are delivered to customers. Sales are usually collected in the form of cash or through credit cards. The Group also accounts as retail sales the sales realised in retail stores operated through concession agreements, where, according to the commercial agreements in place with the counterparties, the Group's role as Principal is substantially configured (paragraphs B34-B38 of IFRS 15);

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 recognized 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.

3.20 Financial income and expenses. These include all financial items recognized 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 recognized 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.

3.21 Income taxes. The income taxes for the period include determination both of current taxes and deferred taxes. They are recognized entirely in the income statement and included in the result for the period, unless they are generated by transactions recognized directly to shareholders' equity during the current or another period. In this case, the relative deferred tax liabilities are also recognized 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 recognized, 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 recognized 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 recognized in the financial statements in the period when those benefits are accrued, if it is likely that the Group's entity which recognized 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 recognized 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 recognized only when there is a real intention to transfer such profits.

3.22 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 at 31 December 2023 changed from that at 31 December 2022 due to the incorporation on 24 May 2023 of the company TOD'S Trading Thailand Ltd., 99% owned by TOD'S S.p.A. and 1% owned by TOD'S Singapore Ltd.

In addition to the aforementioned transaction, it should also be noted that the liquidation processes of the companies Webcover Ltd. and Italiantouch Shanghai Trading Co. Ltd were completed in 2023 while the company TOD'S OAK Ltd was put into liquidation.

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
Vienna – Austria
S.C. – Euro 50,000
% held: 100%

TOD'S Australia PTY
Sydney – Australia
S.C. – AUD 11,400,000
% held: 100%

TOD'S Oak Ltd.
Dublin – Ireland
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. – AUD 150,000
held: 100%

TOD'S Trading Thailand Ltd.
Bangkok – Thailand
S.C. - Thb 102,000,000
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.
Dallas, Tx - U.S.A.
S.C. - USD 10,000
% held: 100%

Deva Inc.
Wilmington, DE - U.S.A.
S.C. - USD 500,000
% held: 100%

Flor.Del. USA Inc.
Tallahassee, Fl - 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%

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 Ltd
Mumbai - India
S.C. - INR 193,900,000
% held: 100%

TOD'S Singapore Pte Ltd
Singapore
S.C. - SGD 500,000
% held: 100%

Un.Del Kft
Tata - Hungary
S.C. - HUF 42,900,000
% held: 100%

TOD'S UK Ltd
London - England
S.C. - GBP 350,000
% held: 100%

Roger Vivier Canada Ltd.
Toronto - Canada
S.C. – CAD 350,000
% 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 Ltd
Shanghai - China
S.C. - USD 32,000,000
% held: 100%

Indirect subsidiaries

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 Ltd
Hong Kong
S.C. – HKD 1,000,000
% held: 100%

Roger Vivier Sing. PTE Ltd
Singapore
S.C. – SGD 500,000
% 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%

5 Segment reporting

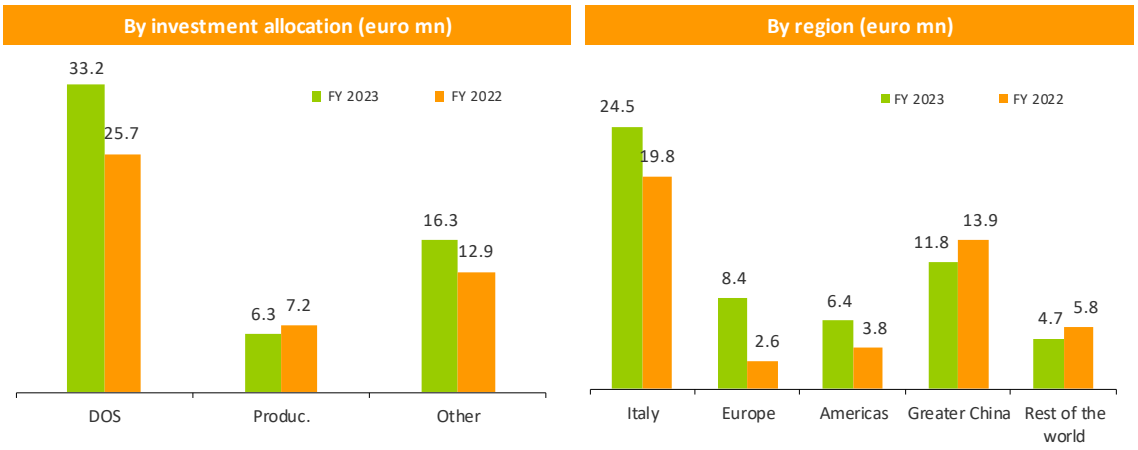
The search for higher levels of operating efficiency has identified, as key element for maximising profitability, the sharing of a significant portion of service activities (first and foremost production), both at the central and peripheral levels; on the contrary, segmentation of the business appears 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.

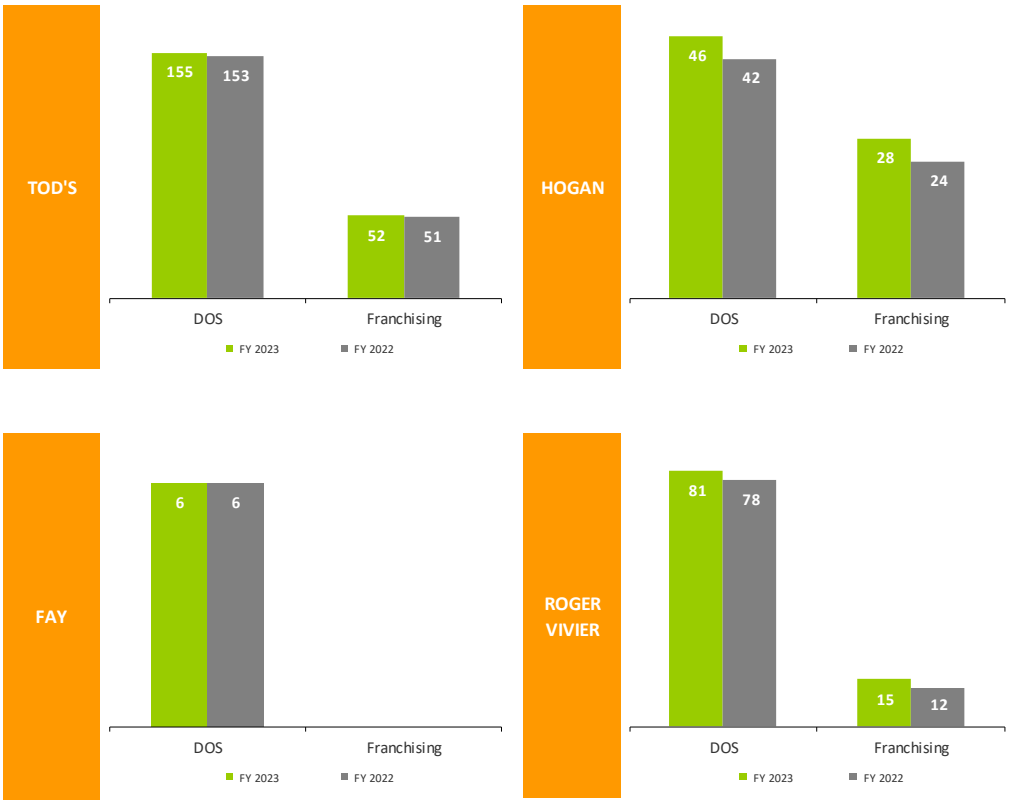
2023 *Capital expenditures*



Distribution network

TOD'S Group - Distribution channel		Year 23	Year 22
Italy	DOS	46	45
	FRANCHISED STORES	1	1
Europe	DOS	58	54
	FRANCHISED STORES	18	17
Americas	DOS	21	24
	FRANCHISED STORES	3	3
Greater China	DOS	124	117
	FRANCHISED STORES	42	38
RoW	DOS	96	93
	FRANCHISED STORES	35	30
Total DOS		**345**	**333**
Total FRANCHISED STORES		**99**	**89**

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 25.3% of total sales. For this channel's sales to third party customers, the Group adopts a policy aimed at optimizing 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 2023 gross of allowance for doubtful accounts, compared with that relating to 31 December 2022:

In euro 000's		Overdue			
Year 23	Current	0 > 60	60 > 120	Over	Total
From third parties	77,317	20,793	8,004	6,853	112,967

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

As shown in the table above, the exposure in terms of the riskiness of past due receivables increased during the year, compared to 31 December 2022, mainly as a result of the current market environment, characterized by uncertainty, turbulence in the financial markets and increasing geo-political tensions. This situation is constantly monitored by the Group and the most critical positions promptly managed, anticipating, where necessary, the potentially negative effects on credit quality as much as possible. In respect of the above risks, the allowance for doubtful accounts recorded in the financial statements at 31 December 2023, amounting to 6.6 million euros (4.2 million euros at 31 December 2022), 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 2023, equal to 35.7 million euros, is now equal to about 10.4 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, in FY 2023, in order to optimize the Company's and the Group's liquidity management, the implementation of a cash pooling system was started for the centralised treasury management of certain European Group companies. This system, which is already in place, as of 31 December 2023, for certain subsidiaries, makes it possible to centralise the subsidiaries' surplus liquidity with the parent company and, at the same time, manage their liquidity risk (counterparty risk) by centralising the liquidity of the companies included in the cash pooling perimeter with a highly rated credit institution with which the parent company has an established and long-lasting relationship.

Again as regards the liquidity risk, 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 2023 and 2022:

Credit lines euro 000's	Cash Credit lines	Self-liquidating Credit lines	Financial Credit lines	Total
12.31.23				
Credit lines	50,502	16,741	330,500	397,743
Utilizations	(6,351)			(6,351)
Credit lines available as of 12.31.23	**44,151**	**16,741**	**330,500**	**391,392**
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**

In order to mitigate the liquidity risk the parent company also has a Revolving Credit Facility available in the amount of 250 million euros, undrawn as at 31 December 2023 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 2023 and 2022.

euro 000's	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
12.31.23				
Bank borrowings		79,548		79,548
Other non-current liabilities		3,490		3,490
Trade payables	166,088			166,088
Bank	95,724			95,724
Derivative financial instruments	607			607
Other current liabilities	5,205			5,205
Total	**267,624**	**83,038**		**350,662**
12.31.22				
Bank borrowings		148,897		148,897
Other non-current liabilities		8,338		8,338
Trade payables	170,597			170,597
Bank	86,331			86,331
Derivative financial instruments	1,845			1,845
Other current liabilities	314			314
Total	**259,087**	**157,235**		**416,323**

The maturity analysis of lease liabilities 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
12.31.23				
Lease liabilities	103,963	267,062	151,465	522,491
Total	**103,963**	**267,062**	**151,465**	**522,491**

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. Inflationary pressure, which had characterized the previous year, was much lower in this financial year, mainly due to the energy and transport costs incurred by the Group. The risks arising from inflation, or more generally from the increase in the prices of certain raw materials, are however mitigated by the Group's ability to also act through its policy of selling prices of its products, especially in 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 recognized 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 2023	FY 2022	FY 2023	FY 2022
CAD	Canada	(22,733.1)	(11,067.6)	25,126.1	12,232.6
CHF	Switzerland	(11,337.5)	(1,118.2)	12,530.9	1,235.9
GBP	UK	(61,649.0)	50,507.4	68,138.3	(55,824.0)
HKD	Hong Kong	(727.0)	(7,051.5)	803.5	7,793.8
JPY	Japan	19,154.4	(132,896.8)	(21,170.7)	146,886.0
KRW	South Korea	(376.0)	(419.1)	415.6	463.2
RMB	China	(783,598.5)	(373,722.4)	866,082.6	413,061.6
SGD	Singapore	(131,498.6)	(83,484.9)	145,340.6	92,272.8
USD	USA	(557,708.9)	117,695.1	616,415.1	(130,084.0)
Other	n.a.	(169,635.4)	324,986.8	187,491.8	(359,195.9)
Total		**(1,720,109.6)**	**(116,571.3)**	**1,901,173.7**	**128,841.9**

euro 000's	Revaluation / Writedown foreign currency	Impact on pre-tax profit	Impact on Shareholders' equity
FY 2023	5%	(1,720.1)	(8,559.2)
	-5%	1,901.2	(7,985.4)

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 recognized 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 two variable-rate loans outstanding:

- a syndicated loan disbursed to the benefit of the parent company TOD'S S.p.A. for 250 million euros (part of the term loan), repayable in six-monthly instalments starting on 30 June 2022 and matures in December 2025 which variable rate interest accrues contractually, equal to 6M EURIBOR + 250 basis points. The spread is subject to changes

based on trends in the financial and sustainability indicators provided for in the contract and, at 31 December 2023, came to 168 basis points (Note 23);

- a loan, signed on 13 November 2021, with Cassa di Risparmio di Fermo S.p.A. and renewed on 29 May 2023, for the benefit of the parent company TOD'S S.p.A., for 20 million euros, repayable in full at maturity, which will occur on 30 November 2024, on which contractually envisaged interest accrues at a variable rate equal to EURIBOR 1 month + 55 basis points (Note 23).

In order to hedge the risk deriving from possible fluctuations of interest rates on the 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 (-0.185% + spread), subject to variation on the basis of the contractual ESG indicators (the achievement of which makes for a final rate of -0.205%).

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 2023, the fair value is positive for 6,255 thousand euros. The corresponding derivative asset was recognized, at 31 December 2023, in the amount of 4,885 thousand euros, under current assets and, in the amount of 1,370 thousand euros, under non-current assets.

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 2023 would have a higher net pre-tax impact of about 6 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 2023 and 2022:

2023 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	21,748				21,748				
Derivative financial instruments				1,370	1,370		1,370		1,370
Total other non-current assets	**21,748**			**1,370**	**23,117**		**1,370**		**1,370**
Trade receivables	106,417				106,417				
Derivative financial instruments				11,258	11,258		11,258		11,258
Bank	84,817				84,817				
Total other current assets	**191,234**			**11,258**	**202,492**		**11,258**		**11,258**

2023 euro 000's	Liabilities							
	Financial liabilities at amortized cost	Financial liabilities at fair value	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Bank borrowings	79,548			79,548				
Other non-current liabilities	3,490			3,490				
Derivative financial instruments								
Total other non-current liabilities	**83,038**			**83,038**				
Trade payables	166,088			166,088				
Bank	95,724			95,724				
Derivative financial instruments			607	607		607		607
Other current liabilities	5,205			5,205				
Total other current liabilities	**267,017**		**607**	**267,624**		**607**		**607**

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
Bank	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
Bank 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				
Bank	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**

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 1,126.7 million euros in FY 2023 (1,007 million euros in 2022), up by 11.9% compared to the previous year.

Other revenues amounted to 18 million euros (20.1 million euros at 31 December 2022), and mainly include royalties income, insurance refunds, sundry refunds and other non-taxed revenues.

7.2 Costs for services

Service expenses increased from 280.3 million euros at 31 December 2022 to 328.4 million euros at 31 December 2023. The increase is a direct and physiological consequence of normal business dynamics. The ratio of costs for services to revenue increased from 27.8% in FY 2022 to 29.2% in FY 2023.

Although some streamlining activities continued in the financial year just ended, in order to preserve margins in the uncertain reference context, the increase in communication expenses and those related to production, is of particular note. The increase in costs for production-related services is, in particular, related both to the physiological increase in production volumes, and to the further anticipation, compared to the previous year, of the production of the new collection, thanks to the results of the production process efficiency projects already started in 2022.

7.3 Costs of use of third party assets

Costs for the use of third party assets went from 65.6 million euros at 31 December 2022 to 69 million euros at 31 December 2023. The increase, compared to the previous year, is mainly due to leases with variable consideration based on sales. The previous year had, moreover, benefited from concessions amounting to 2.7 million euros from the renegotiation of rents, following the closure periods linked to the COVID-19 pandemic.

7.4 Personnel costs

The personnel costs incurred by the Group in 2023 as compared with those for 2022 are broken down as follows:

euro 000's				% on sales	
	Year 2023	Year 2022	Change	2023	2022
Wages and salaries	199,209	184,026	15,183	17.7	18.3
Social security contributions	46,928	42,496	4,432	4.2	4.2
Employee sev. Indem. (service cost)	7,961	7,533	428	0.7	0.7
Total	**254,098**	**234,055**	**20,043**	**22.6**	**23.2**

The cost incurred for the remuneration of Group employees increased from 234.1 million euros in 2022 to 254.1 million euros as at 31 December 2023, 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 23.2% in 2022 to 22.6% in 2023, benefiting from the positive dynamics of revenues. The table below provides the breakdown of Group's employees by category:

	12.31.23	12.31.22	Average 23	Average 22
Executives	71	65	68	63
White-collar Employees	3,761	3,575	3,675	3,560
Blue-collar Employees	1,379	1,285	1,333	1,231
Total	**5,211**	**4,925**	**5,076**	**4,854**

7.5 Other operating charges

As at 31 December 2023, Other operating charges amounted to 36.8 million euros, whereas they amounted to 32.6 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:

	12.31.23	12.31.22	Change
Amortisation of intangible assets	9,267	8,669	599
Amortisation of tangible assets	35,155	34,445	710
Amortisation of right of use	113,541	104,680	8,861
Total	**157,964**	**147,794**	**10,170**

7.7 Write-downs/(Reversals of impairment losses on assets)

This item mainly includes the write-downs recognized on the right-of-use assets of certain DOS as a result of the results of the impairment test (Note 11), amounting to 1.1 million euros (1.1 million euros as of 31 December 2022) and the accrual to the provision for bad debts (Note 16), amounting to 3.2 million euros (0.6 million euros as of 31 December 2022).

7.8 Financial income and expenses

The breakdown of financial income and expenses in 2023 is as follows:

euro 000's	Year 23	Year 22	Change
Income			
Interest income on current account	779	299	480
Foreign exchange gains	42,873	49,149	(6,276)
Other	181	510	(329)
Total income	**43,833**	**49,958**	**(6,125)**
Expenses			
Interest on medium-long term financing	(3,445)	(5,610)	2,166
Interest on short term borrowings	(69)	(93)	24
Interest expenses on leases	(19,565)	(14,145)	(5,420)
Foreign exchange losses	(44,460)	(54,968)	10,508
Other	(2,710)	(4,333)	1,624
Total expenses	**(70,248)**	**(79,150)**	**8,901**
Total net income and expenses	**(26,416)**	**(29,192)**	**2,776**

Interest on medium/long-term loans is shown net of the positive effect of 6.9 million euros from hedging transactions on the variable interest rate (Note 6). In 2022, the effect of hedging transactions on the variable interest rate was 0.1 million euros.
Financial costs for leases include interest expense relating to discounting of liabilities for leased assets in the application of IFRS 16.

7.9 Income taxes

Income taxes accrued in the year posted a negative 18,281 thousand euros, including the effects of deferred taxation. Below is the breakdown of current and deferred taxes:

euro 000's	Year 23	Year 22
Current taxes	8,257	4,950
Deferred taxes	10,023	1,021
Total	**18,281**	**5,971**
Tax rate	26.8%	n.s.

The Parent Company's theoretical tax rate for 2023 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	**16,392**	**24.0**
Previous year taxes	(1,861)	(2.7)
Permanent differences / Effects related to different rates of the foreign subsidiaries	1,417	2.1
Other	2,333	3.4
Effective income taxes	**18,281**	**26.8**

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 2023:

euro 000's	12.31.23	12.31.22
Leased buildings	496,981	466,361
Leased machineries	557	336
Leased office machines	189	71
Leased cars	996	1,020
Total	**498,724**	**467,787**

euro 000's	12.31.23	12.31.22
Opening balance	**467,787**	**436,786**
Increases	149,774	130,988
Decreases	(396)	(7)
Impairment losses	(1,114)	(1,146)
Amortization for the period	(113,541)	(104,680)
Translation differences	(3,786)	5,846
Closing balance	**498,724**	**467,787**

Changes in the nominal value of the lease liability that includes accrued interest are summarised below; consequently, for comparative purposes, the information as at 31 December 2022, which did not include accrued interest, has been restated:

euro 000's	12.31.23	12.31.22
Opening balance	**483,916**	**448,615**
Increases	164,969	143,706
Payments	(127,777)	(113,502)
Translation differences	1,384	5,097
Other changes		
Closing balance	**522,491**	**483,916**

Lease financial charges were equal to 19.6 million euros at 31 December 2023, compared to 14.1 million euros at 31 December 2022.

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 6.9 million euros at 31 December 2023 (6.8 million euros at 31 December 2022);
- lease payments relating to those assets included in the definition of low-value assets envisaged by IFRS 16 amounted to 1.2 million euros at 31 December 2023 (1.0 million euros at 31 December 2022);
- 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 51.5 million euros at 31 December 2023 (50.7 million euros at 31 December 2022).

Finally, it should be noted that no reductions on rents related to the COVID-19 pandemic were recognized in the income statement during the year (reductions recognized as at 31 December 2022 amounted to 2.7 million euros).

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	12.31.23	12.31.22
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	12.31.23	12.31.22
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 2023 (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 2023 (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 01.01.22	**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**
Translation differences		(60)	2		(58)
Increases	532	9,865	720	2,435	13,552
Decreases			(25)		(25)
Impairment losses (Note 11)		(130)			(130)
Other changes		18	(913)		(895)
Amortization for the period	(656)	(7,162)	(784)	(664)	(9,267)
Balances as of 12.31.23	**2,906**	**21,119**	**4,692**	**2,471**	**31,189**

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.

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 2,390 thousand euros for the value of the intangible asset recognized 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 2023 the net residual value of Group's tangible fixed assets was a 146.4 million euros (FY 2022: 141.6 million euros).

euro 000's	Land and buildings	Plant and machin.	Equip.	Leasehold improv.	Others	Total
Balances as of 01.01.22	**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**
Translation differences	4	14	(37)	(996)	(1,183)	(2,199)
Increases	243	3,338	5,195	18,198	15,251	42,225
Decreases		(17)	12	(144)	(632)	(780)
Impairment losses (Note 11)						
Other changes				(173)	895	722
Amortization for the period	(2,004)	(2,350)	(5,346)	(12,822)	(12,630)	(35,152)
Balances as of 12.31.23	**50,549**	**9,894**	**11,168**	**37,071**	**37,717**	**146,400**

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 modernization of industrial facilities and equipment (mainly lasts and moulds).

The increase in the items Leasehold improvements and Other mainly refers to the costs incurred for the fitting out of new shops, which were inaugurated during the year, and the renovation and enhancement of some historical boutiques. With regard to new openings, we highlight the TOD'S flagship in Milan, which underwent a strategic repositioning inside the renowned Galleria Vittorio Emanuele II. Among the renovations, the work carried out on the TOD'S flagship store on Madison Av. in New York, which opened in December 2023, and the opening of the first DOS in Bangkok, Thailand, in December, stand out for their strategic importance.

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 2024, for the purposes of the financial statements at 31 December 2023. For the purposes of this procedure, the following points of attention were taken into account, which had been reported:

- by ESMA, in the Public Statement of 25 October 2023, "European common enforcement priorities for 2023 annual financial reports";
- 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 organized 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 2023.

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 2024 budget, approved by the Board of Directors of Tod's S.p.A. on 24 January 2024, and from the 2025-2028 economic and financial forecasts (the so-called base version) formulated by management, starting from the 2024 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 24 January 2024. 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 2023 and changes in the market context. Consistent with ESMA's warnings, regarding the circumstance that the uncertainty generated by the current macro-economic context should be reflected in alternative scenarios, management has also formulated a version of the "worst case" of the 2024-2028 economic and financial forecast;

ii. the discount rate based on a fundamental criterion (CAPM), determined as 9.41% (a WACC of 9.20% used at 31 December 2022), impacted, compared with the value adopted the previous year, by the current financial market context, which falls in the upper part of 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 2.04% (2.42% is the g rate used at 31 December 2022).

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, it was seen that the present value of expected cash flows (value in use) is slightly lower than the carrying amount of the Group's invested capital. However, it should be pointed out that, in this case, on the one hand, the caution assumed in the formulation of the worst-case plan, which represents only one (worst) of the possible scenarios in the simulation analysis, and on the other hand, the application of a WACC (/'g') measure that is higher (lower) than that used by the analysts, add up. Using a WACC and a 'g' equal to the analysts' median (9.30% and 2.5% respectively) would have led to an estimate of the value in use exceeding the 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 2024-2028 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 order to make the value in use equal to the value of Invested Capital (break-even case), a 10.2% 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 12.66%, or a negative growth rate "g" equal to -5.75% - 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 2024-2028 forecasts for each brand;

c) using a discount rate calculated on the basis of the expected rate of return on invested capital (WACC) of 9.41%, in line with 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%	0.34%	6.11%	1.18%
Decrease of growth rate "g"	-8.71%	-0.48%	-7.28%	-1.04%

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 2024 to 2028, relating to each directly-operated store tested for impairment;

b) same discount rate (WACC), equal to 9.41%, 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 2028 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 2023, totalling approximately 1,132 million euros, was greater than the value of consolidated shareholders' equity at the same date, totalling 1,091 million euros. This indicator also confirms the substantial absence of exogenous signs of impairment.

12 Investment property

This account refers to a property owned by the Group as a real estate investment and leased to third parties.

No changes in the fair value of this investment, at least 250 thousand euros, have been recognized 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 2023, 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	12.31.23	12.31.22	Change
Deferred tax assets	111,674	110,601	1,073
Deferred tax liabilities	(23,741)	(16,218)	(7,523)
Net Balance	**87,933**	**94,383**	**(6,451)**

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.

Within the scope of the above assessments and those concerning the recoverability of deferred tax assets (see below), the effects of the application of Pillar 2 regulations were not taken into account, as permitted by the amendment "Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules".

Pillar 2 regulations. On 8 October 2021, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) countries reached an agreement on international taxation reform, as well as on how to implement it. In particular, the reform consists of two pillars: (i) the allocation (Pillar I) of taxing rights over the largest multinational corporations in favor of the jurisdictions where the profits are realised in order to ensure a fairer distribution of profits and taxing rights between the countries where the large multinational corporations operate; (ii) the introduction (Pillar II) in individual jurisdictions of rules to reduce the possibilities of base erosion and profit shifting through minimum effective taxation that allows the largest multinational groups to be subject to a minimum tax rate.

At an EU level, this second pillar was implemented in Directive (EU) 2022/2523, which was published in the Official Journal of the European Union on 22 December 2022 and aims to ensure a global minimum level of taxation for multinational groups of companies and domestic groups operating in the EU. Following the agreement reached in the OECD, the Directive set at 15% the minimum effective tax rate to which, within the European Union, large national and multinational groups with a consolidated turnover of at least 750 million euros must be subject, together with the modalities of its application and the deadline (31/12/2023) by which the countries of the Union should implement it within their national legislation.

With Legislative Decree No. 209 of 27 December 2023 ('Implementation of the tax reform in the field of international taxation'), published in the Official Journal No. 301 of 28 December 2023, Italy transposed the provisions of the aforementioned Directive, introducing a system based on a three-tier taxation system: (i) "a domestic minimum tax" of 15% which is levied on undertakings of

a multinational or domestic group and jointly controlled entities resident in the territory of the Italian State which are subject to a level of effective taxation below the above limit; (ii) "an additional minimum tax" which is levied on the parent company of a multinational or domestic group located in the territory of the Italian State which, in a given fiscal year, is subject to an effective taxation below 15% or which has held, at any time during the fiscal year, directly or indirectly shareholdings in low-tax enterprises located in another country or which are stateless entities; (iii) "a supplementary minimum tax" to which all enterprises located in the territory of the Italian State, other than investment entities, are subject, jointly and severally, where the ultimate parent company is located in a third country which does not apply an equivalent supplementary minimum tax or is an excluded entity. The national provisions apply with respect to tax periods commencing on or after 31 December 2023 and, therefore, for the Company, from 2024. The Company has analysed the levels of implementation of this legislation in the different jurisdictions in which it operates: local implementation provisions, where already introduced, will apply from 2024 or later.
In a context of regulatory uncertainty, the Company has, however, initiated an analysis on both the year 2022 and the data available to date of 2023; based on the information and tests performed, no material impact to the Group is expected from the application of the Pillar II model. The preparatory analyses and assessments for the Group will continue during 2024.

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	12.31.23		12.31.22	
	Assets	Liabilities	Assets	Liabilities
Property plant and Equipment	(1,607)	(290)	(2,177)	(257)
Intangible fixed assets	(896)	26,956	100	20,002
Inventory	65,283	600	59,360	1,310
Derivative financial instruments	(1,960)	(191)	(3,346)	20
Cost deductible over several years	1,439		1,980	
Reserve for employees	3,055	(20)	2,310	(12)
Provision for risks	963		1,001	
IFRS 16	9,631	(590)	8,547	(625)
Other	3,895	(2,724)	3,561	(4,220)
Fiscal losses to carry forward	31,871		39,265	
Total	**111,674**	**23,741**	**110,601**	**16,218**

Net deferred tax assets recognized on temporary changes resulting from the application of IFRS 16 amounted to 10,222 thousand euros as at 31 December 2023 (9,173 thousand euros as at 31

December 2022). Following the adoption of the Amendment to IAS 12, which became effective on 1 January 2023, it should be noted that, as at 31 December 2023, deferred tax assets on lease liabilities amounted to 115,727 thousand euros while deferred tax liabilities on right-of-use assets amounted to 105,506 thousand euros (as at 31 December 2022, deferred tax assets amounted to 105,578 thousand euros while deferred tax liabilities amounted to 96,405 thousand euros).

Deferred tax assets, recognized on fiscal losses that can be carried forward pursuant to local tax laws, and not yet used by the Group at 31 December 2023, totalled 31.9 million euros (FY 2022: 39.3 million euros). On the basis of the income forecast for the period from 2024 to 2028, the Directors prepared an analysis aimed at establishing whether deferred tax assets could be recovered. Consequently, new deferred tax assets were recognized in the 2023 financial statements, with reference to losses that may be carried forward during the year, for 0.6 million euros, which were regarded as recoverable over the time horizon mentioned above. In FY 2023, deferred tax assets were used on losses recorded previously, for 8.1 million euros and no basis was found for the impairment of deferred tax assets on losses allocated in previous years, 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 unrecognized carry-forward losses, as there is no reasonable certainty of recovery through future taxable income, amount to a total of 37.8 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 422,334 thousand euros at 31 December 2023, and include:

euro 000's	12.31.23	12.31.22	Change
Raw materials	79,512	78,778	734
Semi-finished products	7,702	9,369	(1,668)
Finished products	435,779	366,917	68,861
Write-down	(100,659)	(97,406)	(3,253)
Total	**422,334**	**357,660**	**64,674**

Finished products include, for 2,516 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, recognized during the year, is mainly related to finished products from the following (compared to the year-end) sales season, the production of which has been brought forward thanks to various production efficiency drives launched during the previous year. 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	12.31.23	12.31.22
Opening balance	**97,406**	**106,389**
Increase	13,600	12,897
Utilization	(10,352)	(21,916)
Translation effects	5	36
Closing balance	**100,659**	**97,406**

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	12.31.23	12.31.22	Change
Trade receivables	112,967	100,667	12,300
Allowances for doubtful accounts	(6,550)	(4,235)	(2,315)
Net trade receivables	**106,417**	**96,432**	**9,986**

The allowances for doubtful accounts recognized 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 2023 amounted to 3,153 thousand euros. The table below shows movements in the allowance for doubtful accounts during the year:

euro 000's	12.31.23	12.31.22
Opening balance	**4,235**	**3,799**
Increase	3,153	576
Utilization	(760)	(135)
Translation effects	(77)	(5)
Other movements		
Closing balance	**6,550**	**4,235**

The amount of the allowance for doubtful accounts as at 31 December 2023 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 15,217 thousand euros (FY 2022: 16,587 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

	12.31.23	12.31.22	Change
Deferred costs	7,985	8,153	(168)
Others	83,855	73,555	10,301
Total other current assets	**91,840**	**81,707**	**10,133**

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, characterized 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	57,700	52,217		
HK dollar	417,000	48,312	75,000	8,689
Japanese yen	4,095,000	26,195	1,560,000	9,979
British pound	21,650	24,912		
Swiss franc	7,850	8,477		
Chinese renmimbi	1,220,000	155,396	44,000	5,604
Singapore dollar	8,100	5,551		
Euro			34,030	34,030
Canadian dollar	7,300	4,986		
United Arab Emirates dirham	6,000	1,479		
Australian dollar	9,930	6,106		
Thailandese Baht	6,000	158		
Total		**333,789**		**58,303**

All derivative contracts will expire during the year 2024.

Below is summarised the composition of the outstanding derivatives at 31 December 2023 and 31 December 2022, 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	12.31.23			12.31.22		
	Assets	Liabilities	Hedging Reserve	Assets	Liabilities	Hedging Reserve
Non-current						
Interest rate swaps - cash flow hedges	1,370		1,041	6,472		4,919
Forward foreign exchange contracts - cash flow hedges						
Forward foreign exchange contracts - fair value hedges						
Total non-current	**1,370**		**1,041**	**6,472**		**4,919**
Current						
Interest rate swaps - cash flow hedges	4,885		3,713	6,597		5,014
Forward foreign exchange contracts - cash flow hedges	2,960	243	2,520	907	566	1,412
Forward foreign exchange contracts - fair value hedges	3,413	363		2,373	1,280	
Total current	**11,258**	**607**	**6,233**	**9,877**	**1,845**	**6,426**
Total	**12,628**	**607**	**7,274**	**16,349**	**1,845**	**11,344**

Cash flow hedge reserve related to forward derivatives for the hedging of currency exchange rate risks includes even some intercompany transactions, positive for 1,506 thousand euros (positive for 125 thousand euros at 31 December 2022), net of tax effects, accrued on intercompany transactions for which derivatives have expired at 31 December 2023, 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 2023 income statement was equal to 5,930 thousand euros, of which 5,505 thousand euros were represented as an increase of revenues, 425 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 6,902 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 84,817 thousand euros (167,709 thousand euros at 31 December 2022). 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 2023.

20 Shareholders' equity

20.1 Share Capital. At 31 December 2023, 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 2023 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 2023 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 2023 unchanged in respect to 31 December 2022.

20.3 Hedging and translation reserves. The following schedule illustrates the changes occurred in 2023 for the Group:

euro 000's	Translation Reserve	Hedging Reserve	Total
Balances as of 01.01.22	**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**
Increase in fair value of hedging derivatives		5,887	5,887
Exchange differences	3,615	4	3,620
Transfer to P&L Account of hedging derivatives		(9,961)	(9,961)
Others			
Balances as of 12.31.23	**26,390**	**7,274**	**33,664**

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 01.01.22	**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**
Allocation of 2022 result	23,065	(23,065)	
Dividends			
Profit for the period		50,018	50,018
Other changes	(361)		(361)
Balances as of 12.31.23	**524,171**	**50,018**	**574,189**

Other changes are mainly related to the use of the reserve set aside for promoting local solidarity projects, equal to 231 thousand euros and the recognition of actuarial gains/(losses) accrued in the period (IAS 19).

21 Provisions and contingent liabilities and assets

21.1 Provisions for risks and charges. 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 include provisions related to both lawsuits, risks and costs for employees and reinstatement costs. The following schedule illustrates the changes occurred:

euro 000's	12.31.23	12.31.22
Provisions for risks - non current		
Opening balance	**15,863**	**15,778**
Increase	2,022	1,595
Utilization	(491)	(915)
Reversal	(507)	
Translation effects	(856)	(39)
Other	13	(556)
Closing balance	**16,044**	**15,863**
Provisions for risks - current		
Opening balance	**2,003**	**1,167**
Increase	414	548
Utilization	(1,310)	(148)
Reversal		
Translation effects	(4)	(18)
Other	(13)	455
Closing balance	**1,089**	**2,003**

The non-current portion of provisions for risks and charges includes 13.3 million euros (13.2 million euros at 31 December 2022) 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.

21.2 Contingent liabilities and other commitments.

i. Guarantees granted to third parties. At 31 December 2023 the Group had provided guarantees amounting to 2,673 thousand euros (2,125 thousand euros in 2022) against the contract commitments undertaken by some Group companies.

ii. Guarantees received from third parties. At 31 December 2023, they amounted to 21,299 thousand euros (2022: 21,891 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 2023, the liability accrued vis-à-vis employees was 6,425 thousand euros (31 December 2022: 6,421 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 1,712 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[1]

. 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.

[1] 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.

The main actuarial assumptions used for the valuation are summarised below:

- Discounting rate: 3.08%

  It is related to the average yield curve from IBOXX Eurozone Corporates AA of December 2023.
- Inflation rate: 2.00%;
- TFR incremental rate: 3.00%.

The table below shows the variation of the total liability due towards Group employees on the workforce at 31 December 2023:

euro 000's	12.31.23	12.31.22
Opening balance	**6,882**	**8,234**
Service costs	26	26
Interest costs	255	85
Benefits paid	(533)	(494)
Actuarial (gains)/losses	161	(964)
Other	41	(5)
Closing balance	**6,833**	**6,882**

Employee benefits also include other long term employee benefits for 1,741 thousand euros.

23 Net financial indebtedness

As at 31 December 2023, net debt amounted to 612,157 thousand euros (555,020 thousand euros at 31 December 2022). Cash and cash equivalents (cash on hand and bank deposits) amount to 84,817 thousand euros, whilst liabilities amount to 701,859 thousand euros, including 501,565 thousand euros for medium/long-term exposure. Net debt includes current and non-current lease liabilities totalling 522,491 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	12.31.23	12.31.22	Change
Cash (A)	84,817	167,709	(82,892)
Cash equivalents (B)			
Other current financial assets (C)	4,885	6,597	(1,712)
Liquidity (D) = (A) + (B) + (C)	**89,702**	**174,306**	**(84,604)**
Current financial debts (E)	6,957	8,907	(1,950)
Current portion of non-current financial debts (F)	193,337	176,051	17,286
Current financial indebtedness (G) = (E) + (F)	**200,294**	**184,958**	**15,336**
Net Current financial indebtedness/(surplus) (H) = (G) - (D)	**110,592**	**10,652**	**99,940**
Non-current financial debts (I)	498,076	536,030	(37,954)
Debt instrument (J)			
Non-current trade and other payables (K)	3,490	8,338	(4,849)
Non-current financial indebtedness (L) = (I) + (J) + (K)	**501,565**	**544,368**	**(42,803)**
Total financial indebtedness/(surplus) (H) + (L)	**612,157**	**555,020**	**57,137**

The composition of the financial debt is summarised below:

euro 000's Financial indebtedness composition	12.31.23	12.31.22	Change
Bank overdraft (A)	6,351	7,062	(712)
Short Term loan (B)			
current financial debts (C) = (A) + (B)	**6,351**	**7,062**	**(712)**
Current portion of m/l loans (D)	89,373	79,252	10,122
Other current financial liabilities (E)		17	(17)
Current financial liabilities (F) = (C) + (D) + (E)	**95,724**	**86,330**	**9,394**
Current lease liabilities (G)	103,963	96,783	7,181
Derivative financial instruments (H)	607	1,845	(1,239)
Current financial indebtedness (F) + (G) + (H)	**200,294**	**184,958**	**15,336**
Bank borrowings	79,548	148,897	(69,349)
Non-current lease liabilities	418,527	387,133	31,394
Other non-current liabilities	3,490	8,338	(4,849)
Non-current financial indebtedness	**501,565**	**544,368**	**(42,803)**

The Group has a single medium and long-term loan in place, for a total of 148,897 thousand euros, at 31 December 2023, in relation to a 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 2023. 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 2023, came to 168 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 2023.
In addition to the pool loan, at 31 December 2023, a loan is in place, taken out on 13 November 2021 and renewed on 29 May 2023, with Cassa di Risparmio di Fermo S.p.A., for an amount equal to 20 million euros, maturing on 30 November 2024. The agreed quarterly interest rate is 1-month Euribor + 55 basis points.

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	Medium and long term pool loan IntesaSanPaolo - Crédit Agricole - BPM - BNL - Unicredit	Cassa di Risparmio di Fermo	Total
2024	70,000	20,000	90,000
2025	80,000		80,000
2026			-
Over 5 years			-
Total	**150,000**	**20,000**	**170,000**

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 2023 see Note 6.

23.1 Consolidated Statement of Cash Flows

Net cash and cash equivalents at 31 December 2023, shown in the Consolidated Statement of Cash Flows, consist of cash and cash equivalents of 84.8 million euros at 31 December 2023 (167.7 million euros at 31 December 2022), net of bank overdrafts of 6.4 million euros at 31 December 2023 (7.1 million euros at 31 December 2022).
Operations during the year generated cash of 160.3 million euros (153.8 million euros in FY 2022). 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 benefited from various efficiency drives; these inventories will produce their positive effects on liquidity in the following financial year.

Cash flow from financing activities in 2023 mainly includes the payment of the nominal value of the leasing liabilities, amounting to 110.7 million euros, and the repayments of the outstanding pool loan (Note 8).

24 Other non-current liabilities

The balance for this item, 6.8 million euros refers mainly to the non-current portion of the liability recognized in relation to the agreement made for financing the restoration work of the Coliseum (Note 9), for 3.5 million euros (8.3 million at 31 December 2022) and to the non-current part of the return reserve for 1 million euros (0.7 million euros at 31 December 2022). The liability in relation to the restoration works on the Coliseum was recognized 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	12.31.23	12.31.22	Change
Trade payables	166,088	170,597	(4,509)
Tax payables	15,539	13,839	1,700
Other liabilities			
Payables due to employees	23,954	16,644	7,310
Social security institutions	8,568	7,399	1,169
Other	33,567	27,491	6,076
Total other liabilities	**66,089**	**51,533**	**14,555**

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 23	Year 22
Profit used to determine basic earning per share	50,018	23,065
Dilution effects		
Profit used to determine diluted earning per share	**50,018**	**23,065**

euro 000's For continuing operations	Year 23	Year 22
Profit for the year	50,018	23,065
Income (Loss) from discontinued operations		
Profit used to determine basic earning per share	**50,018**	**23,065**
Dilution effects		
Profit used to determine diluted earning per share	**50,018**	**23,065**

In both FY 2023 and 2022, 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 23	Year 22
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 2023 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 50,018 thousand euros (positive for 23,065 thousand euros in 2022), 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 2023 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 2023 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 2022 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 parent company of the existing real estate lease agreement with the related company Immobiliare De.Im. S.r.l., relating to the commercial spaces, located at Via Tornabuoni n. 60/r in Florence, which house the TOD'S brand's single-brand boutique; the transaction is configured as a transaction between related parties, since Immobiliare De.Im. S.r.l. is a company controlled by Diego Della Valle who, in addition to being Chairman of the Board of Directors and indirect controlling shareholder of Tod's S.p.A., holds 56.4% of its share capital, while the

remaining 43.6% of the capital of Immobiliare De.Im. S.r.l. is held by the Deputy Chairman of Tod's S.p.A., Andrea Della Valle;

- the signing of an agreement relating to a real estate transaction concluded between TOD'S France Sas, a Group company that manages DOS in France, the related company Difran Sas, a company owned by the Chairman of the Board of Directors and majority shareholder of Tod's S.p.A., Diego Della Valle, and a third company. In particular, pursuant to this agreement, the commercial spaces, which were the subject of an existing lease agreement between TOD'S France Sas and Difran Sas, on which the TOD'S shop in Saint Tropez was located, are sub-let, effective 1 May 2023, and until 30 April 2032, to this third party company, which is interested in those commercial spaces. The agreement establishes that, in exchange, this third party company will sub-let to Tod's France some commercial spaces located near the transferred location , with the same effective date and duration, having the availability of them by virtue of a lease agreement entered into with a lessor, which is also a third party. Through this overall agreement, the Group relocated its TOD'S shop in Saint Tropez, from No. 52 to No. 62 Rue F. Sibilli, at the same rent paid to Difran Sas. The set-up costs of the Group's new boutique, again under this agreement, are fully reimbursed by the third party company to which Tod's France has granted the sub-lease;
- The renewal of the consulting agreement in place between the parent company and the director 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 2023, 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 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 renewal of the existing consultancy agreement between the parent company and the related company FV&C S.r.l., effective as of 1 March 2023 and with a duration of two years, concerning the organisation, management and coordination of a series of editorial/digital, marketing & communication projects for the TOD'S brand. The previous consulting agreement, expiring on 31 August 2023, was terminated by mutual consent, effective 28 February 2023, and replaced, with novative effect, by the new agreement that, with respect to the previous one, also added the exclusivity of the services provided by FV&C S.r.l. in favour of Tod's S.p.A.. The consideration agreed upon between the parties is commensurate in percentage, with respect to the value of the costs sustained for the realisation of the single projects managed and coordinated by the associate. The transaction takes the form of a transaction between related

parties, since FV&C S.r.l. is a company wholly owned by Diego Della Valle, Chairman of the Board of Directors and controlling shareholder of Tod's S.p.A.;

- The signing, with Filippo Della Valle and Leonardo Della Valle, of two separate independent collaboration agreements, concerning the development of a digital communication strategy, aimed at monitoring and increasing the presence of the Group's brands on social networks, as well as enhancing their reputation and recognition among network users, with particular regard to those belonging to the "Generation Z", increasing its popularity on major platforms. The two transactions qualify as related party transactions of the Company in accordance with IAS 24 and Article 2.1, letter (a) of the Related Party Transaction Procedure, as the Collaborators qualify as 'close relatives' (children) of the Chairman and Deputy Chairman of the Board of Directors of the Company, respectively. The aforementioned contracts envisage a duration of 12 months, starting from 21 July 2023, and the related activities are contractually envisaged as completely free of charge, since the main interest of the parties is to start a progressive process of mutual acquaintance and involvement, also in terms of contact with the Chairman, the delegated bodies and the Company's top management;
- the consensual termination of the collaboration agreement entered into by the Company with Filippo Della Valle, which has just been mentioned, and the replacement thereof with a subordinate employment agreement, for an indefinite term, effective as of 20 November 2023, with the position of Tod's Marketing and Special Projects Coordinator, for a gross annual remuneration of 30,000.00 euros. The indefinite employment of Filippo Della Valle by the Company qualifies as a transaction between related parties, since, as already indicated, Filippo Della Valle is a close family member (son) of the Chairman of the Board of Directors of TOD'S S.p.A., Diego Della Valle, and, as such, he is a related party of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Parties Transaction Procedure.

Related party transactions pending at 31 December 2023

In FY 2023, 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 2023					
Parent Company (*)	1,555	14		5	8
Directors					
Exec. with strat. respons.					
Total	**1,555**	**14**	**-**	**5**	**8**
Year 2022					
Parent Company (*)	962	12		5	2
Directors					
Exec. with strat. respons.					
Total	**962**	**12**	**-**	**5**	**2**

(*) 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 2023					
Parent Company (*)	4	981		7,955	4
Directors					
Exec. with strat. respons.					
Total	**4**	**981**	**-**	**7,955**	**4**
Year 2022					
Parent Company (*)	6	816		5,834	10
Directors					
Exec. with strat. respons.					
Total	**6**	**816**	**-**	**5,834**	**10**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle

iii. Commercial transactions with related parties – Receivables and payables

	12.31.23				12.31.22			
	Asset		Liabilities		Asset		Liabilities	
euro 000's	Right of use	Trade Receivables	Leasing liability	Trade Payables	Right of use	Trade Receivables	Leasing liability	Trade Payables
Parent Company (*)	58,061	606	60,871	719	46,116	392	46,580	295
Total	**58,061**	**606**	**60,871**	**719**	**46,116**	**392**	**46,580**	**295**

(*) 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., mentioned above, referring to a direct shop, 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 at the time controlled 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 2023 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]	1,838.1	10.4		1,800.0		
Andrea Della Valle [2]	1,237.8	10.4		1,200.0		
Luigi Abete	38.1	9.4				
Marilù Capparelli	38.1					
Luca Cordero di Montezemolo	38.1					
Sveva Dalmasso	38.1	9.4				
Chiara Ferragni	37.4					
Romina Guglielmetti [3]	38.1	11.8				11.1
Emilio Macellari [4]	253.1	10.4		320.0		480.0
Vincenzo Manes	37.8	21.2				
Cinzia Oglio	38.1		2.3	45.7	162.0	
Emanuela Prandelli	38.1	11.8				
Pierfrancesco Saviotti	38.1					
Michele Scannavini [5]	38.1					200.0
Total	**3,747.0**	**94.7**	**2.3**	**3,365.7**	**162.0**	**691.1**
General Manager						
Simona Cattaneo [6]			9.6	270.0	750.0	
Statutory Auditors						
Pierluigi Pace [7]	90.0					
Piera Tula	60.0					
Fabrizio Redaelli	60.0					
Total	**210.0**					
Executives with strategic responsibilities [8]			12.5	411.9	1,183.5	

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.*

(6) *General Manager*

(7) *Chairman of the Board of Statutory Auditors*

(8) *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.	Fondirigenti - Fondo interprofessionale	25,000	Allowances for training of executives
TOD'S S.p.A.	Regione Marche	39,904	Allowances to companies for recruiting and training of employees
Total		**64,904**	

The grants mentioned above can also be found in the specific national Register that is available for public consultation. With reference to FY 2023, the Group's Italian companies also benefited from the tax credit on capital goods in the amount of about 613 thousand euros, the Gas tax credit (D.L. no. 50 of 17/07/2022) in the amount of 145 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 287 thousand euros, the contribution for the development of electricity from renewable sources (GSE contribution) in the amount of 325 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 414 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 2023, 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 2023, in addition to the information given below.

It should also be noted that, on 10 February 2024, Diego Della Valle, Andrea Della Valle, DI.VI. Finanziaria di Diego Della Valle & C. S.r.l. (“DIVI”) and Diego Della Valle & C. S.r.l. ("DDV" and, together with DIVI, Diego Della Valle and Andrea Della Valle, jointly, the "Majority Shareholders") and Crown Bidco S.r.l. (the "Offeror") a company whose share capital is wholly owned by LC10 International AIV, L.P. - fund managed or advised by affiliates of L Catterton Management Limited

- ('L Catterton'), announced that they had entered into a framework agreement pursuant to which, *inter alia*:

i) the Offeror has undertaken to promote a voluntary, all-inclusive tender offer (the "Offer") for a consideration equal to 43.00 euros per share aimed at acquiring a maximum of 11,913,128 ordinary shares of Tod's S.p.A. representing 36% of the Company's share capital and to obtain the delisting of Tod's shares from the listing and trading on Euronext Milan, the regulated market organized and managed by Borsa Italiana S.p.A. (the "Delisting");

ii) DDV undertook to tender to the Offer 3,459,401 shares, representing 10.45% of Tod's S.p.A.'s share capital;

iii) the Majority Shareholders undertook not to tender to the Offer 17,870,511 shares, representing 54% of Tod's S.p.A.'s share capital;

iv) the parties have made certain shareholder commitments with respect to Tod's S.p.A., for the period prior to the Delisting and have undertaken to enter into a shareholders' agreement, as of the date of the Delisting, aimed at regulating their respective rights and obligations as shareholders of Tod's S.p.A., pursuant to which the Offeror will be granted representation on the board of directors of the Company and certain additional governance and so-called exit rights (the "Shareholders' Agreement").

Also on 10 February 2024, the Majority Shareholders, the Offeror and Delphine S.A.S. (the 'Minority Shareholder') signed a separate agreement pursuant to which the Minority Shareholder undertook as follows:

i) not to tender to the Offer the 3,309,900 shares, representing 10% of the share capital of Tod's S.p.A., held by it; and

ii) adhering to the Shareholders' Agreement on the date of the Delisting, thus being granted certain governance and exit rights.

In the event of full acceptance of the Offer: (i) the Majority Shareholders will still own 17,870,511 shares, representing 54% of Tod's S.p.A.'s share capital; (ii) L Catterton will indirectly own 11,913,128 shares, representing 36% of Tod's S.p.A.'s share capital; and (iii) the Minority Shareholder will remain the owner of 3,309,900 shares, representing 10% of Tod's S.p.A.'s share capital. Therefore, even after the completion of the Offer, the Majority Shareholders will retain sole control of Tod's S.p.A..

On 29 February 2024, the Offeror announced that it had filed the offer document with CONSOB, which will be published upon completion of the investigation carried out by CONSOB pursuant to the applicable regulations.

On 6 March 2024, the Offeror announced that CONSOB had interrupted the preliminary investigation deadlines - for a period not exceeding 15 days - in order to acquire certain additional information.

TOD'S Group

Independent auditor's report

Deloitte & Touche 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 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 2023, 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 material accounting policy information.

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 2023, 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

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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Recoverability of assets with an indefinite useful life – Trademarks and Goodwill

Description of the key audit matter	The consolidated financial statements at 31 December 2023 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 2024, the Directors compared the carrying amount of the above assets with an indefinite useful life at 31 December 2023 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 2024 budget figures and the 2025-2028 financial forecasts, determined according to the guidelines approved by the Board of Directors on 24 January 2024. 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 2023 include net deferred tax assets of € 111.7 million, relating to temporary differences between the carrying amounts of the recognised assets and liabilities and their corresponding tax bases for € 79.8 million and to tax losses for € 31.9 million. The Directors have assessed the recoverability of these assets based on the taxable income expected for the period 2024-2028. 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 2024-2028, 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 2023 include closing inventories of raw materials, semi-finished products and finished goods of approximately € 422.3 million, shown net of an allowance for inventory write-down of approximately € 100.7 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 2023, 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 2023 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 2023, 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 2023 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 2023 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 28, 2024

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.

Separate Financial Statements at 31 December 2023

TOD'S s.p.a.

Financial Statements

Income statement

euro 000's	Notes	Year 23	Year 22
Revenues			
Sales Revenue [1]	5.1	722,179	651,170
Other income	5.1	14,083	17,541
Total revenues and income		**736,262**	**668,711**
Operating costs			
Change in inventories of work in progress and finished		45,738	18,030
Cost of raw materials, supplies and material for consur		(234,172)	(207,124)
Costs for services	5.2	(257,736)	(212,438)
Costs of use of third party assets	5.3	(31,556)	(27,248)
Personnel costs	5.4	(125,006)	(113,818)
Other operating charges	5.5	(19,837)	(16,695)
Amortisation and depreciation	6-7-8	(48,512)	(44,934)
Write downs/Reversing of assets	9-15	(630)	(693)
Total operating costs		**(671,711)**	**(604,920)**
EBIT		**64,551**	**63,791**
Financial income and expenses			
Financial income	5.6	37,122	40,799
Financial expenses	5.6	(48,973)	(60,543)
Total financial income (expenses)		**(11,851)**	**(19,744)**
Income (losses) from equity investments	5.7	(3,863)	18,515
Profit before taxes		**48,837**	**62,562**
Income taxes	5.8	(9,793)	(4,072)
Profit for the period		**39,045**	**58,491**
Earnings/(loss) per share	24	1.18	1.77
Earnings/(loss) per share diluted	24	1.18	1.77

Note:

(1) Sales revenues include transactions with Group's entities for 278.3 and 278.8 million euros, respectively, in the FY 2023 and 2022.

Statement of Comprehensive Income

euro 000's	Notes	Year 23	Year 22
Profit/(loss) for the period (A)		**39,045**	**58,491**
Other Comprehensive Income(losses) that will be reclassified subsequently to profit and loss:			
Gain/(losses) on derivative financial instruments (cash flow hedge)	16	(5,229)	13,656
Total other Comprehensive/(losses) Income that will be reclassified subsequently to profit and loss (B)		**(5,229)**	**13,656**
Other Comprehensive Income(losses) that will not be reclassified subsequently to profit and loss:			
Cumulated actuarial gains/(losses) on defined benefit plans	20	(147)	925
Total other Comprehensive Income/(losses) that will not be reclassified subsequently to profit and loss (C)		**(147)**	**925**
Total Comprehensive Income/(losses) (A)+(B)+(C)		**33,669**	**73,072**

Statement of Financial Position

euro 000's	Notes	12.31.23	12.31.22
Non current assets			
Right of use assets			
Right of use assets	6	197,638	177,255
Total right of use assets		**197,638**	**177,255**
Intangible fixed assets			
Assets with indefinite useful life	7	139,219	139,219
Others	7	29,261	26,072
Total intangible fixed assets		**168,480**	**165,291**
Tangible fixed assets			
Buildings and land	8	50,471	52,230
Plant and machinery	8	9,494	8,558
Equipment	8	8,307	8,354
Leasehold improvement	8	5,731	5,558
Others	8	7,747	7,624
Total property, plant and equipment		**81,751**	**82,324**
Other assets			
Investments properties	10	1	5
Investments in subsidiaries	11	507,724	510,361
Deferred tax assets	12	59,572	62,412
Others	13	17,939	17,168
Derivative financial instruments	16	1,370	6,472
Total other assets		**586,606**	**596,417**
Total non-current assets		**1,034,476**	**1,021,288**
Current assets			
Inventories	14	272,707	226,514
Trade receivables [(1)]	15	222,339	203,225
Tax receivables	15	6,780	9,671
Derivative financial instruments	16	10,968	9,563
Others	15	77,984	62,004
Cash and cash equivalents	17	12,698	71,440
Total current assets		**603,475**	**582,418**
Total assets		**1,637,951**	**1,603,706**

Note:

(1) Trade receivables include receivables from Group's entities for 152.0 and 143.0 million euros, respectively, at 31 December 2023 and 31 December 2022.

continuing

euro 000's	Notes	12.31.23	12.31.22
Shareholders' equity			
Share capital	18	66,187	66,187
Capital reserves	18	416,507	416,507
Hedging reserve	18	6,719	11,948
Other reserves	18	404,491	346,378
Profit/(Loss) for the period	18	39,045	58,491
Shareholders' equity		**932,948**	**899,510**
Non-current liabilities			
Provisions for risks	19	7,465	7,496
Employee benefits	20	8,264	9,788
Non-current borrowings	21	79,524	148,897
Non-current lease liabilities	6	179,662	159,731
Others	22	25,793	24,568
Total non-current liabilities		**300,708**	**350,480**
Current liabilities			
Trade payables [(2)]	23	166,524	167,494
Tax payables	23	9,383	8,689
Derivative financial instruments	16	576	836
Others	23	84,948	71,062
Current borrowings	21	114,409	79,268
Current lease liabilities	6	28,454	25,767
Provisions for risks	19		600
Total current liabilities		**404,295**	**353,716**
Total Shareholders' equity and liabilities		**1,637,951**	**1,603,706**

Note:

(2) Trade payables include payables to Group's entities for 35.9 and 31.8 million euros, respectively, at 31 December 2023 and 31 December 2022.

Statement of Cash Flows

euro 000's	Notes	12.31.23	12.31.22
Profit/(Loss) for the period		**39,045**	**58,491**
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	53,141	40,220
Other non monetary expenses/(income)	16-18-19-20	12,974	3,323
Income taxes for the period	5.8	9,793	4,072
Changes in operating assets and liabilities:			
Trade receivables	15	(18,860)	(43,876)
Inventories	14	(47,046)	(23,577)
Tax receivables and tax payables	15-23	(2,116)	2,537
Trade payables	23	(970)	24,312
Other assets and liabilities	15-23	(257)	1,455
Change in reserve for employee	20	(261)	(660)
Cash flows from operating activities		**45,443**	**66,296**
Interests (paid)/collected		(2,506)	(5,307)
Interests (paid) on lease liabilities		(6,602)	(4,952)
Income taxes (paid)/refunded		(1,251)	(1,251)
Net cash flows from operating activities (A)		**35,083**	**54,786**
Acquisitions of intangible and tangible fixed assets	7-8	(24,232)	(19,424)
Transfers of intangible and tangible fixed assets	7-8	687	412
(Increase) decrease of equity investments	11	(1,263)	(2,359)
Reduction (increase) of other non-current assets	13	(770)	58
Cash flows generated (used) in investing activities (B)		**(25,578)**	**(21,312)**
Loans to subsidiaries	13-15	19,133	(9,044)
Repayments of lease liabilities	6	(27,382)	(25,249)
Repayments of financial liabilities	21	(80,000)	(40,000)
Proceeds from financial liabilities	21	20,000	
Cash flows generated (used) in financing (C)		**(68,249)**	**(74,292)**
Translation differences (D)			
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)		**(58,744)**	**(40,819)**
Cash flow from assets held for sale (F)			
Cash flows generated (used) (G)=(E)+(F)		**(58,744)**	**(40,819)**
Net cash and cash equivalents at the beginning of the period		71,440	112,259
Net cash and cash equivalents at the end of the period		12,698	71,440
Change in net cash and cash equivalents		**(58,744)**	**(40,819)**

Statement of Changes in Equity

Year 2023 euro 000's	Share capital	Capital reserves	Hedging reserve	Retained earnings	Total
Balances as of 01.01.23	**66,187**	**416,507**	**11,948**	**404,868**	**899,511**
Profit & Loss account				39,045	39,045
Directly in equity			(5,229)	(147)	(5,376)
Total Comprehensive Income			**(5,229)**	**38,898**	**33,669**
Dividends					
Capital increase					
Share based payments					
Others [(1)]				(232)	(232)
Balances as of 12.31.23	**66,187**	**416,507**	**6,719**	**443,535**	**932,948**

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)**	**345,453**	**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					
Others					
Balances as of 12.31.22	**66,187**	**416,507**	**11,948**	**404,868**	**899,510**

Note:

(1) These include use of the reserve for the pursuit of solidarity projects at a local level.

TOD'S s.p.a.

Notes to the Separate Financial Statements

s.p.a.

1. General notes

The Company TOD'S S.p.A., registered office in Sant'Elpidio a Mare (Fermo) at Via Filippo Della Valle 1, is listed on the Euronext Milan (EXM) market of Borsa Italiana S.p.A.

At 31 December 2023, 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 2023 have been prepared by the Board of Directors of TOD'S S.p.A. on 12 March 2024 for the approval of the shareholders meeting on 24 April 2024 and are subject to audit by Deloitte & Touche S.p.A. 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 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, the statement of changes in equity and related explanatory notes.

The Separate Financial Statements are 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 organized 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 2022, except for the information reported below in relation to any amendments, interpretations and new accounting standards applicable from 1 January 2023.

Accounting standards, amendments and interpretations endorsed by the European Union, applicable from 1 January, 2023, which were applied on first-time adoption in the TOD'S S.p.A. financial statements at 31 December 2023

- On 18 May 2017, the IASB published IFRS 17 - Insurance Contracts, which is intended to replace IFRS 4 - Insurance Contracts. The standard was applied as of 1 January 2023. The aim of the new standard is to ensure that an entity provides relevant information that accurately represents the rights and obligations arising from insurance contracts issued. The adoption of this standard and related amendment did not have any impact on the Company's separate 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 at the date of first posting, such as leases and decommissioning obligations. The changes were applied as of 1 January 2023. This amendment had an impact on financial statement disclosures, for which please refer to Note 12.

- 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 amendments to IAS 1 require an entity to disclose relevant information on the accounting standards applied by the Company. The changes are intended to improve disclosure on the accounting standards applied, 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 changes were applied as of 1 January 2023. The introduction of the amendment to IAS 1 has led to some refinements and clarifications in some of the descriptions in the following paragraphs concerning the accounting standards and policies applied by the Company. For details, refer to the relevant section. The introduction of the amendment to IAS 8 did not have any impact on the Company's separate financial statements.
- On 23 May 2023 the IASB published an amendment called "Amendments to IAS 12 Income Taxes: International Tax Reform – Pillar Two Model Rules". The document introduces a temporary exception to the recognition and disclosure requirements for deferred tax assets and liabilities related to the Pillar Two Model Rules (which are effective in Italy as of 31 December 2023, but applicable as of 1 January 2024) and provides for specific disclosure requirements for entities affected by the relevant International Tax Reform.

The document provides for the immediate application of the temporary exception, while the disclosure requirements are only applicable to annual financial statements commencing on or after 1 January 2023, but not to interim financial statements with a closing date prior to 31 December 2023. The Company started to apply the mandatory temporary exception concerning the accounting of deferred tax effects arising from Pillar Two as of its effective date. Please refer to Note 5 of this report for the relevant information.

Accounting standards, amendments and interpretations endorsed by the European Union at 31 December 2023, not yet of mandatory application and not early adopted by the Company

- 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 these amendments is to clarify how to classify payables and other liabilities among short- or long-term items. In addition, the amendments also improve the information that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). 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 separate 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 separate financial statements from the adoption of this amendment.

Accounting standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union

- On 25 May 2023 the IASB published "Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements". This requires an entity to provide additional disclosures about reverse factoring arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The amendments will apply from 1 January 2024, with early adoption permitted. The Directors do not expect a material effect on the Company's separate financial statements from the adoption of this amendment.
- On 15 August 2023 the IASB published "Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability". The document requires an entity to apply a consistent methodology for verifying whether one currency can be converted into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will apply from 1 January 2025, with early adoption permitted. The Directors do not expect a material effect on the Company's separate financial statements from the adoption of this amendment.
- On 30 January 2014, the IASB published IFRS 14 - Regulatory Deferral Accounts, which allows only first-time adopters of IFRSs to continue to recognise amounts related to rate-regulated

activities under their previous adopted accounting standards. Since the Company is not a first-time adopter, this standard is not applicable.

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, characterized by a climate of uncertainty, the management has updated its estimates and assumptions, compared to the financial statements as at 31 December 2022, 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 its 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 Tod's Group Consolidated Non-Financial Statement (to which reference should be made for further details) confirmed that, given the nature of the Group's and 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, 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.
At present, there are no items with impacts on accounting items nor impairment triggers to be considered. In particular, without finding any critical issues, the Company examined 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.

In order to obtain a comprehensive view of possible risks and business opportunities related to climate change, in 2024 the Company initiated a Project for the mapping and financial quantification of climate risks and opportunities. The primary objective of this initiative is to clearly identify climate risk areas, facilitating the adoption of proactive strategies to mitigate and adapt with respect to possible negative effects on the business, and at the same time to take advantage of opportunities that may emerge from the evolution of the external environment, developing innovative solutions that improve business efficiency. The project, which was launched in January 2024, will therefore contribute to mitigating the environmental risks faced by the Company and promoting corporate resilience in the face of evolving climate challenges.

This project is part of the Company's sustainability journey, which has already begun with the monitoring of the Corporate Carbon Footprint, which in 2023 was extended to include all categories of the GHG Protocol relating to indirect greenhouse gas emissions generated by the company's upstream and downstream activities along the value chain (Scope 3). The year 2022 will therefore be the baseline for the Company, which continues to calculate the Footprint annually, pursuing ambitious emission reduction targets, in line with current international scientific protocols, as committed to in the Science-Based Targets Initiative in January 2024.

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 recognized 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 recognized 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 recognized in the other comprehensive income, while the portion for the ineffective amount is recognized in the income statement, under financial income and expenses; differences in fair value already recognized on specific reserves are booked in profit and loss, adjusting operating margins, once hedged items (trade receivables/payables) have been already recognized. For hedging derivatives related to interest rate risks on loans, the change in fair value, already recognized 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 recognized;
- for derivatives that hedge receivables and payables recognized in the balance sheet (i.e. fair value hedge), the fair value differences are recognized 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) at 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.

3.4 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 recognized 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 recognized in the income statement.

For acquisitions prior to 1 January 2005, the date of transition to IAS/IFRS, goodwill retained the values recognized on the basis of the previous Italian GAAP, net of accumulated amortisation up to the transition date.

Goodwill is recognized 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 recognized 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 organized 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 recognized 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 recognized 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 recognized 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 characterized 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 recognized at cost, and then recognized 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 recognized on the financial statements.
This test is performed at least once annually for 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 recognized 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 Company.
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 recognized 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 recognized at their historic cost. The value recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized on the financial statements.

3.11 Trade receivables and other receivables. They are initially recognized 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 recognized 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:

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 recognized 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 recognized in the income statement immediately. Actuarial gains and losses are recognized through other changes in comprehensive income under the specific equity item.

Liabilities for post-employment benefits recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized under financial liabilities on the same reference date.

3.21 Revenues recognition.

Revenues are recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized 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 recognized entirely in the income statement and included in the result for the period, unless they are generated by transactions recognized directly to shareholders' equity during the current or another period. In this case, the relative deferred tax liabilities are also recognized 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 recognized, 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 recognized 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 recognized 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 recognized 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 almost 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 2023, including the related provision for bad debts.

euro 000's		Overdue			
Year 2023	Current	0>60	60>120	Over	Total
Third Parties	54,713	9,806	5,729	2,793	73,040

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

As shown in the table above, the exposure in terms of the riskiness of past due receivables increased during the year, compared to 31 December 2022, mainly as a result of the current market environment, characterized by uncertainty, turbulence in the financial markets and increasing geo-political tensions. This situation is constantly monitored by the Company and the most critical positions promptly managed, anticipating, where necessary, the potentially negative effects on credit quality as much as possible.

The prudent estimate of losses on the entire credit mass existing at 31 December 2023 was 2.7 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 2023, equal to 18.3 million euros, is now equal to about 5.2 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, in FY 2023, in order to optimize the Company's and the Group's liquidity management, the implementation of a cash pooling system was started for the centralised treasury management of certain European Group companies. This system, which is already in place, as of 31 December 2023, for certain subsidiaries, makes it possible to centralise the subsidiaries' surplus liquidity with the parent company and, at the same time, manage their liquidity risk (counterparty risk) by centralising the liquidity of the companies included in the cash pooling perimeter with a highly rated credit institution with which the Company has an established and long-lasting relationship. This system is also a flexible and efficient tool for financing any temporary liquidity needs of subsidiaries.
Again as regards the liquidity risk, 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 2023 and 2022:

Credit lines euro 000's	Cash Credit lines	Self-liquidating Credit lines	Financial Credit lines	Total
12.31.23				
Credit lines	23,000	16,741	330,500	370,241
Utilizations				
Credit lines available as of 12.31.23	**23,000**	**16,741**	**330,500**	**370,241**
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**

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 2023 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 2023 and 2022:

euro 000's	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
12.31.23				
Bank borrowings		79,524		79,524
Other non-current liabilities		3,490		3,490
Trade payables	166,524			166,524
Bank	114,409			114,409
Derivative financial instruments	576			576
Other current liabilities	5,205			5,205
Total	**286,714**	**83,014**		**369,728**
12.31.22				
Bank borrowings		148,897		148,897
Other non-current liabilities		8,338		8,338
Trade payables	167,494			167,494
Bank	79,268			79,268
Derivative financial instruments	836			836
Other current liabilities	314			314
Total	**247,912**	**157,235**		**405,147**

The maturity analysis of lease liabilities 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
12.31.23				
Lease liabilities	28,454	102,276	77,386	208,116
Total	**28,454**	**102,276**	**77,386**	**208,116**

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 2023 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 2023	FY 2022	FY 2023	FY 2022
CAD	Canada	(22,678.2)	(11,067.6)	25,065.4	12,232.6
CHF	Switzerland	(11,337.5)	(1,118.2)	12,530.9	1,235.9
GBP	UK	(61,613.5)	51,072.9	68,099.2	(56,449.0)
HKD	Hong Kong	(4,593.1)	(12,036.7)	5,076.6	13,303.7
JPY	Japan	(12,833.7)	(51,052.7)	14,184.6	56,426.6
KRW	Korea	0.0	(18.0)	0.0	19.9
RMB	China	(452,965.8)	70,362.8	500,646.5	(77,769.4)
SGD	Singapore	(93,577.2)	(4,887.5)	103,427.4	5,402.0
USD	USA	(391,017.7)	135,047.7	432,177.5	(149,263.2)
Other	n.a.	(52,975.7)	(312,459.4)	58,552.1	345,349.9
Total		**(1,103,592.5)**	**(136,156.8)**	**1,219,760.1**	**150,489.0**

euro 000's	Revaluation/Devaluation foreign currency	Impact on pre-tax profit	Impact on Shareholders' equity
FY 2023	5%	(1,103.6)	(7,845.0)
	-5%	1,219.8	8,670.8

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 recognized 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. At 31 December 2023, TOD'S S.p.A. has two variable-rate loans outstanding:

- a syndicated loan disbursed to for 250 million euros (part of the term loan), repayable in six-monthly instalments starting on 30 June 2022 and matures in December 2025 which variable rate interest accrues contractually, equal to 6M EURIBOR + 250 basis points. The spread is subject to changes based on trends in the financial and sustainability indicators provided for in the contract and, at 31 December 2023, came to 168 basis points (Note 21);
- a loan taken out with Cassa di Risparmio di Fermo S.p.A. on 13 November 2021 and renewed on 29 May 2023, for an amount equal to 20 million euros, maturing on 30 November 2024. The agreed quarterly interest rate is 1-month Euribor + 55 basis points (Note 21).

In order to hedge the risk deriving from possible fluctuations of interest rates on the 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 Company from the risk of a generalised rise in interest rates, swapping the variable rate on the loan for a contractually fixed rate (-0.185% + spread), subject to variation on the basis of the contractual sustainability indicators (the achievement of which makes for a final rate of -0.205%).

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 2023, the fair value is positive for 6,255 thousand euros. The corresponding derivative asset was recognized, at 31 December 2023, in the amount of 4,885 thousand euros, under current assets and, in the amount of 1,370 thousand euros, under non-current assets.

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 2023 and 2022:

2023 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	17,823				17,823				
Derivative financial instruments				1,370	1,370		1,370		1,370
Total other non-current assets	**17,823**			**1,370**	**19,193**		**1,370**		**1,370**
Trade receivables	222,339				222,339				
Derivative financial instruments				10,968	10,968		10,968		10,968
Other current assets	5,849				5,849				
Bank	12,698				12,698				
Total other current assets	**240,886**			**10,968**	**251,853**		**10,968**		**10,968**

2023 euro 000's	Liabilities							
	Financial liabilities at amortized cost	Financial liabilities at fair value	Hedge accounting	Total	Level 1	Level 2	Level 3	Total
Bank borrowings	79,524			79,524				
Other non-current liabilities	3,490			3,490				
Derivative financial instruments								
Total other non-current liabilities	**83,014**			**83,014**				
Trade payables	166,524			166,524				
Bank	114,409			114,409				
Derivative financial instruments			576	576		576		576
Other current liabilities	5,205			5,205				
Total other current liabilities	**286,138**		**576**	**286,714**		**576**		**576**

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				
Bank	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
Bank 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				
Bank	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**

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 722.2 million euros in 2023 (651.2 million euros in 2022).

In 2023 revenues from TOD'S brand came to 324.0 million euros, showing an increase of 10.4% compared to the previous year. Growth was seen in all geographic areas, confirming the 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 156.8 million euros (132.4 million euros in 2022), up 18.5% on 2022, confirming the strong customer appreciation for this brand.

The HOGAN brand recorded revenues of 173.9 million euros, an increase of 4.5%, compared to 2022, while those of the FAY brand amounted to 59.7 million euros, an increase of 12.9%, compared to 2022. The performance of these brands was affected by the higher exposure to the wholesale channel.

As regards product categories, sales data confirm that the Company's core business is conducted in the segment of footwear, whose revenues amounted to 534.9 million euros in 2023 (495.3 million euros at 31 December 2022), accounting for 74.1% of total turnover, yet down on the previous year, when they accounted for 76,1%. This performance was mainly the result of the performance of the leather goods and accessories category, whose revenues amounted to 107.3 million euros (85.4 million euros as at 31 December 2022), an increase of 25.6% compared to the previous year. Sales from apparel came to 72.2 million euros (64.4 million euros at 31 December 2022), up 12% on 2022.

Revenues from the domestic market improved slightly, relying on the dynamism of purchases by domestic customers and the good attendance of intra-European, American and Middle Eastern tourists, but still suffering from the absence of Asian and, in particular, Chinese tourists. Coming to 261.4 million euros, revenues reported a rise of 14.3 million euros (+5.8%) compared to the previous year. In Europe, revenues amounted to 170.2 million euros, an increase of 16.5%, compared with FY 2022, when they amounted to 146.2 million euros. Revenues in the Americas market remained substantially unchanged at 44.5 million euros, as in the previous year. This reflects the weakness of domestic demand in the US market, which, on the other hand, is buoyant on the foreign purchasing front, especially in Europe. In the Greater China region, there was an increase of 2% (revenue of 177.3 million euros), characterized not only by the challenging comparison basis, but also by a slowdown in the second half of the year, due to the weakness of local demand, which is experiencing a period of economic slowdown. The "Rest of the world" area recorded revenues of 68.7 million euros (39.6 million euros in 2022), showing a rise of 73.8% compared to the previous year, driven by the performance recorded in Japan.

Other revenues amounted to 14.1 million euros (17.5 million euros in 2022), and mainly include royalties income, contingent assets and insurance refunds, sundry refunds and other non-taxed revenues.

5.2 Costs for services

Service costs amounted to 257.7 million euros, compared with 212.4 million euros in the previous year. The increase is linked to normal business dynamics and, in particular, mainly related to strategies to support growth, both in terms of resources allocated to communication activities, and expenses related to production activities. Service costs as a percentage of sales revenue amounted to 35.7%, whereas it was 32.6% in the previous year.

5.3 Costs of use of third party assets

The expenditure for the use of third-party assets (leases and royalties) increased from 27.2 million euros to 31.6 million euros, mainly owing to both greater royalty expenses and lease charges. The impact on revenues from sales amounts to 4.4% against 4.2% in the previous year.

5.4 Personnel costs

Personnel costs for the 2023 and 2022 financial years are broken down as follows:

euro 000's				% on revenues	
	Year 2023	Year 2022	Change	2023	2022
Wages and salaries	92,838	84,150	8,688	12.9	12.9
Social security contribution	26,195	24,063	2,132	3.6	3.7
Employee sev. indemn.	5,973	5,606	367	0.8	0.9
Total	**125,006**	**113,818**	**11,187**	**17.3**	**17.5**

The increase mainly refers to the strengthening of the corporate structure, especially within the functions dedicated to style and production, as well as to the variable component of expenditure related to sales of the DOS directly managed by the Company. As a percentage of revenue, it stood at 17.3%, compared to 17.5% in the previous year, benefiting from the revenue dynamic. The table below reports the breakdown of the Company's workforce:

	12.31.23	12.31.22	Aver. 23	Aver. 22
Executives	64	57	60	55
White-collar Employees	1.228	1.162	1.207	1.179
Blue-collar Employees	1.047	973	1.009	916
Total	**2.339**	**2.192**	**2.276**	**2.150**

5.5 Other operating charges

At 31 December 2023, Other operating charges amounted to 19.8 million euros, marking an increase compared to the previous year, when they amounted to 16.7 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 2023	Year 2022	Change
Income			
Interest income on current account	1,204	527	678
Foreign exchange gains	34,318	39,706	(5,388)
Other	1,600	567	1,033
Total income	**37,122**	**40,799**	**(3,677)**
Expenses			
Interest on medium-long term financing	(3,498)	(5,528)	2,030
Interest expenses on leases	(7,787)	(5,462)	(2,326)
Foreign exchange losses	(35,133)	(45,420)	10,287
Other	(2,555)	(4,134)	1,579
Total expenses	**(48,973)**	**(60,543)**	**11,570**
Total net income and expenses	**(11,851)**	**(19,744)**	**7,893**

Interest on medium/long-term loans is shown net of the positive effect of 6.9 million euros from hedging transactions on the variable interest rate (Note 4). In 2022, the effect of hedging transactions on the variable interest rate was 0.1 million euros.

Financial costs for leases include interest expense relating to discounting of liabilities for leased assets in the application of IFRS 16, equal to 7.8 million euros (5.5. million euros the previous year).

5.7 Income (losses) from equity investments

Equity investments in subsidiaries were mainly impacted by the 3.9 million euros impairment loss, due to the results of the impairment test of investments in subsidiaries (Notes 9 and 11), of the investment held in the US sub-holding An.Del. USA Inc., parent company of the companies that manage part of the Group's retail business in the United States.

Note, moreover, that the management of equity investments during the previous year also included income of 23,000 thousand euros from dividends paid by subsidiary undertakings.

5.8 Income taxes

Taxes accrued in 2023 (both current and deferred) posted a total of 9.7 million euros (4.1 million euros in 2022), including the effects of deferred taxation. Below is the breakdown of current and deferred taxes:

euro 000's	Year 23	Year 22	Change
Current taxes	2,446	140	2,306
Deferred taxes	7,347	3,932	3,414
Total	**9,793**	**4,072**	**5,720**

The theoretical tax rate for 2023 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 mn	Taxes	Rate %
Theoretical income taxes	**11,721**	**24.0%**
IRAP effect	2,333	4.8%
Previous year taxes	(3,160)	-6.5%
Tax effects of non-deductible expenses	2,624	5.4%
Non-taxable revenues and other taxes variations	(3,724)	-7.6%
Effective income taxes	**9,793**	**20.1%**

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.

Pillar 2 regulations. On 8 October 2021, the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) countries reached an agreement on international taxation reform, as well as on how to implement it. In particular, the reform consists of two pillars: (i) the allocation (Pillar I) of taxing rights over the largest multinational corporations in favour of the jurisdictions where the profits are realised in order to ensure a fairer distribution of profits and taxing rights between the countries where the large multinational corporations operate; (ii) the introduction (Pillar II) in

individual jurisdictions of rules to reduce the possibilities of base erosion and profit shifting through minimum effective taxation that allows the largest multinational groups to be subject to a minimum tax rate.
At an EU level, this second pillar was implemented in Directive (EU) 2022/2523, which was published in the Official Journal of the European Union on 22 December 2022 and aims to ensure a global minimum level of taxation for multinational groups of companies and domestic groups operating in the EU. Following the agreement reached in the OECD, the Directive set at 15% the minimum effective tax rate to which, within the European Union, large national and multinational groups with a consolidated turnover of at least 750 million euros must be subject, together with the modalities of its application and the deadline (31/12/2023) by which the countries of the Union should implement it within their national legislation.

With Legislative Decree No. 209 of 27 December 2023 ('Implementation of the tax reform in the field of international taxation'), published in the Official Journal No. 301 of 28 December 2023, Italy transposed the provisions of the aforementioned Directive, introducing a system based on a three-tier taxation system: (i) "a domestic minimum tax" of 15% which is levied on undertakings of a multinational or domestic group and jointly controlled entities resident in the territory of the Italian State which are subject to a level of effective taxation below the above limit; (ii) "an additional minimum tax" which is levied on the parent company of a multinational or domestic group located in the territory of the Italian State which, in a given fiscal year, is subject to an effective taxation below 15% or which has held, at any time during the fiscal year, directly or indirectly shareholdings in low-tax enterprises located in another country or which are stateless entities; (iii) "a supplementary minimum tax" to which all enterprises located in the territory of the Italian State, other than investment entities, are subject, jointly and severally, where the ultimate parent company is located in a third country which does not apply an equivalent supplementary minimum tax or is an excluded entity. The national provisions apply with respect to tax periods commencing on or after 31 December 2023 and, therefore, for the Company, from 2024.
The Company has analysed the levels of implementation of this legislation in the different jurisdictions in which it operates: local implementation provisions, where already introduced, will apply from 2024 or later.
In a context of regulatory uncertainty, the Company has, however, initiated an analysis on both the year 2022 and the data available to date of 2023; based on the information and tests performed, no material impact to the Company is expected from the application of the Pillar II model. The preparatory analyses and assessments will continue during 2024.

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 2023:

euro 000's	12.31.23	12.31.22
Leased buildings	195,970	175,844
Leased machineries	557	336
Leased office machines	189	71
Leased cars	922	1,004
Total	**197,638**	**177,255**

euro 000's	12.31.23	12.31.22
Opening balance	**177,255**	**131,612**
Increases	48,268	69,699
Decreases	(175)	(8)
Impairment losses		(290)
Amortization for the period	(27,710)	(23,757)
Translation differences		
Other changes		
Closing balance	**197,638**	**177,255**

Lease liabilities totalled 208.1 million euros at 31 December 2023 (compared to 184.3 million euros at 31 December 2022) and are stated at the present value of fixed lease payments not yet made.

Changes in the nominal value of the lease liability that includes accrued interest are summarised below; consequently, for comparative purposes, the information as at 31 December 2022, which did not include accrued interest, has been restated:

euro 000's	12.31.23	12.31.22
Opening balance	**185,498**	**140,653**
Increases	56,602	75,046
Payments	(33,984)	(30,201)
Translation differences		
Other changes		
Closing balance	**208,116**	**185,498**

Lease financial charges were equal to 7,787 thousand euros at 31 December 2023, compared to 5,462 thousand euros at 31 December 2022.

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 2.5 million euros at 31 December 2023 (1.4 million euros at 31 December 2022);
- lease payments relating to those assets included in the definition of low-value assets envisaged by IFRS 16 amounted to 0.9 million euros at 31 December 2023 (0.8 million at 31 December 2022);
- 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 2.1 million euros at 31 December 2023 (1.8 million euros at 31 December 2022).

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 recognized 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	12.31.23	12.31.22
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 01.01.22	**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**
Increases	321	9,608	741	2,435	13,105
Decreases			(28)		(28)
Impairment losses (Note 9)		(130)			(130)
Other changes			(895)		(895)
Amortisation of the period	(490)	(6,924)	(784)	(664)	(8,863)
Balance as of 12.31.23	**1,975**	**20,254**	**4,560**	**2,471**	**29,261**

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 2,390 thousand euros for the value of the intangible asset recognized 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 01.01.22	**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**
Increases	243	3,248	4,288	2,085	1,262	11,127
Decreases		(85)	(354)		(220)	(659)
Impairment losses (Note 9)						
Other changes					895	895
Depreciation of the period	(2,002)	(2,228)	(3,980)	(1,912)	(1,814)	(11,936)
Balance as of 12.31.23	**50,471**	**9,494**	**8,307**	**5,731**	**7,746**	**81,752**

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 11.9 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 2024, for the purposes of the financial statements at 31 December 2023. For the purposes of this procedure, the following points of attention were taken into account, which had been reported:

• by ESMA, in the Public Statement of 25 October 2023, "European common enforcement priorities for 2023 annual financial reports";

• 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 organized 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 2023.

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 2024-2028 cash flows relating to the Company, derived from the 2024 budget of the TOD'S Group, which was approved by the Board of Directors of TOD'S S.p.A. on 24 January 2024, and from the 2025-2028 economic and financial forecasts, prepared by the management on the basis of the 2024 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 24 January 2024. 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 2023 and changes in the market context. Consistent with ESMA's warnings, regarding the circumstance that the uncertainty generated by the current macro-economic context should be reflected in alternative scenarios, management has also formulated a version of the "worst case" of the 2024-2028 economic and financial forecast;

ii. the discount rate based on a fundamental criterion (CAPM), determined as 9,41% (a WACC of 9,2% used at 31 December 2022), essentially in line with 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 2.04% (2.42% is the g rate used at 31 December 2022).

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 18.74%, or a negative growth rate "g" equal to -44.88% - 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 2024-2028 forecasts for each brand;

c) using a discount rate calculated on the basis of the expected rate of return on invested capital (WACC) of 9,41%, essentially aligned with 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%	6.11%	1.18%
Decrease of growth rate "g"	-8.71%	-7.28%	-1.04%

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 did not reveal any necessary impairment losses.

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 2023 on the ROGER VIVIER brand, recorded for an amount equal to 416.4 million euros. The outcome of this test did not reveal any indicators of impairment of the investment held in Roger Vivier S.p.A..

In carrying out the test on the remaining equity investments that showed impairment indicators, account was taken of: i) the 2024-2028 cash flow forecast for the tested companies; ii) the WACC discount rate of 9.41%; 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 became necessary to write down (by 3.9 million euros) the investment in the US sub-holding An.Del. USA Inc., parent company of the companies that manage part of the Group's retail business in the United States. This write-down is mainly the result of a reorganization of certain retail activities, which were transferred during the year from certain subsidiaries of An.Del. USA Inc. to another indirect subsidiary of the Company (Ala Del Inc.), reducing the value of the An.Del. Group's expected cash flows.

Lastly, it should be noted that the value of stock market capitalisation of TOD'S S.p.A. at 31 December 2023, totalling approximately 1,132 million euros, was greater than the value of consolidated shareholders' equity at the same date, totalling 1,091 million euros. This indicator also confirms the substantial absence of exogenous signs of impairment.

10 Investment property

The residual value of investment property at the end of the financial year is equal to 1 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.

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 2023 and the respective value determined according to the equity method:

euro 000's			a)		b)	a) - b)
Investments in subsidiaries	Percentage of share investment	Share capital	Measurement using equity method adjustmens	of which profit/(loss)	Carrying amount	Difference
Investments in subsiadiries						
TOD'S Deutschland Gmbh	100%	153	15,256	(1,149)	3,153	12,102
TOD'S France Sas	100%	780	19,564	(1,767)	4,800	14,764
TOD'S Hong Kong Ltd	1%	12,209	574	1	129	445
Un. Del. Kft	10%	163	72	1	18	54
TOD'S Macao Lda.	1%	1,846	17	10	19	(2)
TOD'S International BV	100%	2,600	123,475	9,480	56,171	67,305
An.Del. Inc.	100%	3,056	14,360	(9,243)	23,679	(9,319)
Roger Vivier S.p.A.	100%	10,000	568,552	30,016	415,479	153,073
TOD'S Austria Gmbh	100%	50	1,500	228	1,050	450
TOD'S Australia Pty Ltd.	100%	7,362	(153)	(796)	158	(310)
RE.SE.DEL srl	100%	25	432	(3)	325	107
TOD'S Trading Thailand Ltd.	99%	2,639	2,118	(546)	2,613	(495)
TRV Middle East L.L.C.	100%	36	(3,254)	(1,493)	-	(3,254)
Total			**742,513**	**24,740**	**507,593**	**234,920**
Investments in other entities						
Other investments	n.s.				131	
Total					**131**	
Total investments					**507,724**	

It should be noted that against the negative differential, as shown in the table above, referring to the subsidiary TRV Middle East L.L.C., a provision for risks amounting to 3,850 thousand euros was recorded, while the negative differential referring to the subsidiaries An.Del. Inc., Tod's Australia Pty Ltd and Tod's Trading Thailand Ltd (incorporated during the financial year) is deemed to be of a temporary nature.

12 Deferred taxes

At the reporting date, recognition of the effects of deferred tax assets/liabilities, showed a net balance (assets) of 59,572 thousand euros (FY 2022: assets for 62,412 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	12.31.23	12.31.22
	Net Assets	Net Liabilities
Property, plant and equipment	(1,398)	(1,580)
Intangible fixed assets	(1,444)	(561)
Inventory (devaluation)	24,361	24,119
Derivative financial instruments	(2,122)	(3,773)
Costs deductible over several years	8,432	7,576
Reserves for employees	2,187	1,427
Provisions for risks and charges	612	670
IFRS16	3,310	2,754
Other	959	751
Fiscal losses to carry forward	24,675	31,028
Total	**59,572**	**62,412**

Net deferred tax assets recognized on temporary changes resulting from the application of IFRS 16 amounted to 3,310 thousand euros as at 31 December 2023 (2,754 thousand euros as at 31 December 2022). Following the adoption of the Amendment to IAS 12, which became effective on 1 January 2023, it should be noted that, as at 31 December 2023, deferred tax assets on lease liabilities amounted to 39,254 thousand euros while deferred tax liabilities on right-of-use assets amounted to 35,945 thousand euros (as at 31 December 2022, deferred tax assets amounted to 31,141 thousand euros while deferred tax liabilities amounted to 28,387 thousand euros).

Deferred tax assets, accounted for on tax losses that can be carried forward, amounted to 24.7 million euros (31 million at 31 December 2022). In FY 2023, 6.4 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 2024-2028.

13 Other non-current assets

The item Other non-current assets amounted to 17,939 thousand euros (17,168 thousand euros at 31 December 2022) and mainly related to security deposits paid to third parties, in the amount of 606 thousand euros (649 thousand euros at 31 December 2022), and medium/long-term loans receivable granted to subsidiaries (Note 25), in the amount of 16,181 thousand euros (16,408 thousand euros at 31 December 2022). The change in loans to subsidiaries is related to the exchange rate adjustment of loans disbursed in currencies other than the euro.

14 Inventories

The following table shows the book value of the inventories:

euro 000's	12.31.23	12.31.22	Change
Raw materials	79,137	77,782	1,355
Semi-finished goods	7,665	9,227	(1,562)
Finished products	271,946	224,692	47,254
Write-downs	(86,041)	(85,187)	(854)
Total	**272,707**	**226,514**	**46,193**

The increase in finished products, recognized during the year, is mainly related to finished products from the following (compared to the year-end) sales season, the production of which has been brought forward thanks to various production efficiency drives launched during the previous year. 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	12.31.23	12.31.22
Opening balance	**85,187**	**94,674**
Increase	8,640	7,631
Utilization	(7,787)	(17,118)
Other		
Closing balance	**86,041**	**85,187**

15 Trade receivables and other current assets

15.1 Trade receivables.

euro 000's	12.31.23	12.31.22	Change
Third parties	73,040	63,259	9,781
Subsidiaries	152,036	142,957	9,079
Allowances for doubtful accounts	(2,737)	(2,991)	254
Net trade receivables	**222,339**	**203,225**	**19,114**

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 recognized 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	12.31.23	12.31.22
Opening balance	**2,991**	**2,707**
Increase	500	400
Decrease	(754)	(116)
Closing balance	**2,737**	**2,991**

The amount of the allowance for doubtful accounts at 31 December 2023 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 6,780 thousand euros (2022: 9,671 thousand euros) and mainly consisted of receivables versus tax administration for instalments of current income taxes, further to withholding taxes. This item had also included the excess income tax advances paid in the previous year.

15.3 Other

euro 000's	12.31.23	12.31.22	Change
Prepaid expenses	3,893	2,992	901
Financial assets	5,849	500	5,349
Others	68,243	58,513	9,730
Total	**77,984**	**62,004**	**15,980**

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	12.31.23	12.31.22	Change
Financing within 12 months		500	(500)
Credit lines	5,628		5,628
Cash pooling receivables	222		
Total current assets	**5,849**	**500**	**5,349**
Financing beyond 12 months	17,217	16,408	809
Total financial assets	**23,066**	**16,908**	**6,158**

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	57,700	52,217	-	-
Hong Kong Dollar	417,000	48,312	75,000	8,689
Singapor Dollar	8,100	5,551	-	-
Japanese Yen	4,095,000	26,195	560,000	3,582
British Pound	21,650	24,912	-	-
Swiss Franc	7,850	8,477	-	-
Chinese Renmimbi	1,220,000	155,396	44,000	5,604
Canadian dollar	7,300	4,986	-	-
Dirham United Emirates	6,000	1,479	-	-
Australian dollar	9,050	5,565	-	-
Thailandese Baht	6,000	158	-	-
Total		**333,248**		**17,876**

All derivative contracts will expire during the year 2024.

Below is summarised the composition of the outstanding derivatives at 31 December 2023 and 31 December 2022, 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	12.31.23			12.31.22		
	Assets	Liabilities	Hedging Reserve	Assets	Liabilities	Hedging Reserve
Non-current						
Interest rate swaps - cash flow hedges	1,370		1,041	6,472		4,919
Forward foreign exchange contracts - cash flow hedges						
Forward foreign exchange contracts - fair value hedges						
Total non-current	**1,370**		**1,041**	**6,472**		**4,919**
Current						
Interest rate swaps - cash flow hedges	4,885		3,713	6,597		5,014
Forward foreign exchange contracts - cash flow hedges	2,840	238	1,965	811	346	2,015
Forward foreign exchange contracts - fair value hedges	3,242	337	-	2,155	490	
Total current	**10,968**	**576**	**5,678**	**9,563**	**836**	**7,029**
Total	**12,337**	**576**	**6,719**	**16,034**	**836**	**11,948**

It should be noted that the release of the cash flow hedge reserve used for the hedging of exchange risk amounted to 7,442 thousand euros, totally taken as an increase in revenues.

The overall effect on the income statement of interest rate hedging transactions amounted to 6,902 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 12,698 thousand euros (71,440 thousand euros at 31 December 2022). For further information see the statement of cash flows.

18 Shareholders' equity

18.1 Share Capital. At 31 December 2023, the share capital of the Company amounted to 66,187,078 euros, unchanged compared to 31 December 2022, 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 2023, 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 2023, 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 2023 (416,507 thousand euros at 31 December 2022).

18.3 Hedging reserve. The following schedule illustrates the changes occurred in FY 2023:

euro 000's	Hedging reserve
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 01.01.23	**11,948**
Change in fair value of hedging derivatives	5,673
Transfer to Profit and Loss Account of hedging derivates	(10,902)
Other	-
Balance as of 12.31.23	**6,719**

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 01.01.22	**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 01.01.23	**346,378**	**58,491**	**404,869**
Allocation of 2022 result	58,491	(58,491)	
Dividends			
Profit for the period		39,045	39,045
Other changes	(379)		(379)
Balance as of 12.31.23	**404,491**	**39,045**	**443,535**

Other changes are mainly related to the use of the reserve set aside for promoting local solidarity projects, equal to 231 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)	353,730	A,B,C	353,730			
Differences from mergers - other transactions under common control	37,607	A,B,C	37,607			
Other profits/(losses) in OCI	5,896			5,896		
Total share capital and reserves	**893,903**		**821,821**	**72,083**		
Non-distributable reserves						
Residual distributable reserves			**821,821**			

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 237,385.80 euros, which, if distributed, would represent taxable income for the Company.

It is also recalled that, as a result of the tax value realignment of proprietary trademarks, carried out in FY 2020 pursuant to Legislative Decree no. 104/2020, a tax-suspension restriction was placed on the Company's capital reserves, for a total amount of 121,390,726 euros.

19 Provisions and contingent liabilities and assets

19.1 Provisions for risks and charges. 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	12.31.23	12.31.22
Provisions for risks - non current		
Opening balance	**7,496**	**3,429**
Increase	299	4,096
Utilization	(156)	(40)
Reversal	(174)	(11)
Other		23
Closing balance	**7,465**	**7,496**
Provisions for risks - current		
Opening balance	**600**	**2,284**
Increase		600
Utilization	(600)	
Reversal		
Other		(2,284)
Closing balance		**600**

The non-current portion of the provisions for risks and charges includes, for 979 thousand euros (814 thousand as of 31 December 2022), the estimate of costs for the restoration of leased assets and, for 3,850 thousand euros (unchanged from 31 December 2022), the provision for write-down of investments (for the portion of the write-down that exceeds the carrying value of the investments subject to write-down).

Utilisations referring to the current portion of provisions for risks and charges refer, for 600 thousand euros, to the provision for write-downs on future investments, recognized in the previous year in respect of the subsidiary Tod's Oak Ltd, which was placed in liquidation during the year.

19.2 Contingent liabilities and other commitments

i. Guarantees granted to third parties. At 31 December 2023, these total 44,488 thousand euros (FY 2022: 49,395 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 41,814 thousand euros to bank credit lines provided to the subsidiaries, for which the company acts as guarantor (FY 2022: 47,270 thousand euros).

ii. Guarantees received from third parties. These total 31,997 thousand euros (FY 2022: 32,879 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: 3.08%

  It is related to the average yield curve from IBOXX Eurozone Corporates AA of December 2023;
- Inflation rate: 2.00%;
- TFR incremental rate: 3.00%.

The table below shows the variation of the liability occurred in 2023:

euro 000's	Year 2023	Year 2022
Opening balance	**6,744**	**8,075**
Service costs	-	-
Interest costs	250	83
Benefits paid	(511)	(489)
Actuarial (gains)/losses	147	(925)
Other	-	
Closing balance	**6,629**	**6,744**

Employee benefits also include other long term employee benefits.

21 Net financial indebtedness

As at 31 December 2023, net debt amounted to 382,682 thousand euros (344,300 thousand euros at 31 December 2022). Cash and cash equivalents (cash on hand and bank deposits) amount to 12,698 thousand euros, whilst liabilities amount to 406,114 thousand euros, including 262,675 thousand euros for medium/long-term exposure. Net debt includes current and non-current lease liabilities totalling 208,116 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:

Currency 000's Indebitamento finanziario netto	12.31.23	12.31.22	Change
Cash (A)	12,698	71,440	(58,743)
Cash equivalents (B)			
Other current financial assets (C)	10,735	7,097	3,637
Liquidity (D) = (A) + (B) + (C)	**23,432**	**78,538**	**(55,105)**
Current financial debts (E)	25,612	837	24,776
Current portion of non-current financial debts (F)	117,827	105,036	12,792
Current financial indebtedness (G) = (E) + (F)	**143,439**	**105,872**	**37,567**
Net Current financial indebtedness/(surplus) (H) = (G) - (D)	**120,007**	**27,334**	**92,672**
Non-current financial debts (I)	259,186	308,628	(49,442)
Debt instrument (J)			
Non-current trade and other payables (K)	3,490	8,338	(4,849)
Non-current financial indebtedness (L) = (I) + (J) + (K)	**262,675**	**316,966**	**(54,291)**
Total financial indebtedness/(surplus) (H) + (L)	**382,682**	**344,300**	**38,382**

The composition of the financial debt is summarised below:

Currency 000's Financial indebtedness composition	12.31.23	12.31.22	Change
Bank overdraft			
Current portion of m/l loans	89,373	79,268	10,105
Current lease liabilities	28,454	25,767	2,687
Derivative financial instruments	576	836	(260)
Other current financial liabilities	25,036		25,036
Current financial indebtedness	**143,439**	**105,872**	**37,567**
Non current portion of m/l loans	79,524	148,897	(69,373)
Non-current lease liabilities	179,662	159,731	19,931
Other non-current liabilities	3,490	8,338	(4,849)
Non-current financial indebtedness	**262,675**	**316,966**	**(54,291)**

The Company has a single medium and long-term loan in place, for a total of 148,897 thousand euros, at 31 December 2023, in relation to a 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 2023. 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

2023, came to 168 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 4). It should also be noted that the financial covenants envisaged for this syndicated loan have been met as at 31 December 2023.
In addition to the pool loan, at 31 December 2023, a loan is in place, taken out on 13 November 2021 and renewed on 29 May 2023, with Cassa di Risparmio di Fermo S.p.A., for an amount equal to 20 million euros, maturing on 30 November 2024. The agreed quarterly interest rate is 1-month Euribor + 55 basis points.

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
2024	70,000	20,000	90,000
2025	80,000		80,000
2026			-
Over 5 years			-
Total	**150,000**	**20,000**	**170,000**

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 2023, please refer to Note 4.

21.1 Statement of Cash Flows

Cash and cash equivalents as at 31 December 2023, shown in the Statement of Cash Flows, consisted of cash and cash equivalents of 12.7 million euros as at 31 December 2023 (71.4 million euros as at 31 December 2022).
Operating activities during the year generated cash for 45.4 million euros (while it had generated 66.3 million euros in 2022). 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 been brought forward thanks to various efficiency drives started during the previous year; 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 35.1 million euros (54.8 million euros at 31 December 2022).

The cash flow absorbed by investing activities is equal to 25.6 million euros and mainly includes the cash flows associated with investment in fixed capital.

Cash flows from financing activities in 2023 mainly included new loans and the repayment of outstanding loans to subsidiaries during the year, repayments, for 60 million euros, of the pool loan in place, as well as the payment of the nominal amount of lease liabilities for 27.4 million euros (Note 21).

22 Other non-current liabilities

The balance for this item, 25.8 million euros (24.6 million euros at 31 December 2022), refers for about 3.5 million euros to the liability recognized in relation to the agreement made for financing the restoration work of the Coliseum (Note 5), for 21.5 million euros to the non-current part of the return reserve and for 0.8 million euros to other non-current liabilities. The liability in relation to the Coliseum was recognized 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	12.31.23	12.31.22	Change
Third parties	130,639	135,721	(5,081)
Subsidiaries	35,885	31,773	4,112
Total	**166,524**	**167,494**	**(969)**

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.

As at 31 December 2023, tax payables amounted to 9,383 thousand euros (8,689 thousand euros as at 31 December 2022) and mainly related to withholding taxes on employee income. This item also includes, in application of IFRIC 23, the estimate of tax risks.

23.3 Other.

euro 000's	12.31.23	12.31.22	Change
Payables to employees	15,480	9,944	5,536
Social security institutions	6,616	5,532	1,084
Others	62,852	55,586	7,266
Total	**84,948**	**71,062**	**13,886**

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 liabilities mainly includes the current portion of the liability recognized in relation to the agreement signed for financing of restoration work on the Coliseum, in the amount of 5.2 million euros, advances from customers in the amount of 4.0 million euros, the current portion of estimated year-end returns in the amount of 47 million euros, and other liabilities in the amount of 6.7 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 23	Year 22
Profit used to determine basic earning per share	39,045	58,491
Dilution effects		
Profit used to determine diluted earning per share	**39,045**	**58,491**

euro 000's For continuing operations	Year 23	Year 22
Net profit of the year	39,045	58,491
Income (loss) from discontinued operations		
Profit used to determine basic earning per share	**39,045**	**58,491**
Dilution effects		
Profit used to determine diluted earning per share	**39,045**	**58,491**

ii. Reference number of shares.

	Year 23	Year 22
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 2023 is based on the result attributable to holders of ordinary shares of TOD'S S.p.A., totalling 39,045 thousand euros (FY 2022: 58,491 thousand euros), and on an average number of ordinary shares outstanding in the same period of 33,093,539 (unchanged compared to FY 2022).

iv. Diluted earnings/(loss) per share. Calculation of the diluted earnings/(loss) per share for the period January-December 2023 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 2023 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 2022 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 the existing real estate lease agreement with the related company Immobiliare De.IM. S.r.l., relating to the commercial spaces, located at Via Tornabuoni n. 60/r in Florence, which house the TOD'S brand 's single-brand boutique; the transaction is configured as a transaction between related parties, since Immobiliare De.IM. S.r.l. is a company controlled by Diego Della Valle who, in addition to being Chairman of the Board of Directors and indirect controlling shareholder of Tod's S.p.A., holds 56.4% of its share capital, while the remaining 43.6% of the capital of Immobiliare De.IM. S.r.l. is held by the Deputy Chairman of Tod's S.p.A., Andrea Della Valle;
- The renewal of the consulting agreement in place between the Company and the director 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 2023, 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 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 renewal of the existing consultancy agreement between the Company and the related company FV&C S.r.l., effective as of 1 March 2023 and with a duration of two years, concerning the organisation, management and coordination of a series of editorial/digital, marketing & communication projects for the TOD'S brand. The previous consulting agreement, expiring on 31 August 2023, was terminated by mutual consent, effective 28 February 2023, and replaced, with novative effect, by the new agreement that, with respect to the previous one, also added

the exclusivity of the services provided by FV&C S.r.l. in favour of Tod's S.p.A.. The consideration agreed upon between the parties is commensurate in percentage, with respect to the value of the costs sustained for the realisation of the single projects managed and coordinated by the associate. The transaction takes the form of a transaction between related parties, since FV&C S.r.l. is a company wholly owned by Diego Della Valle, Chairman of the Board of Directors and controlling shareholder of Tod's S.p.A.;

- The signing, with Filippo Della Valle and Leonardo Della Valle, of two separate independent collaboration agreements, concerning the development of a digital communication strategy, aimed at monitoring and increasing the presence of the Group's brands on social networks, as well as enhancing their reputation and recognition among network users, with particular regard to those belonging to the "Generation Z", increasing its popularity on major platforms. The two transactions qualify as related party transactions of the Company in accordance with IAS 24 and Article 2.1, letter (a) of the Related Party Transaction Procedure, as the Collaborators qualify as 'close relatives' (children) of the Chairman and Deputy Chairman of the Board of Directors of the Company, respectively. The aforementioned contracts envisage a duration of 12 months, starting from 21 July 2023, and the related activities are contractually envisaged as completely free of charge, since the main interest of the parties is to start a progressive process of mutual acquaintance and involvement, also in terms of contact with the Chairman, the delegated bodies and the Company's top management;
- the consensual termination of the collaboration agreement entered into by the Company with Filippo Della Valle, which has just been mentioned, and the replacement thereof with a subordinate employment agreement, for an indefinite term, effective as of 20 November 2023, with the position of Tod's Marketing and Special Projects Coordinator, for a gross annual remuneration of 30,000.00 euros. The indefinite employment of Filippo Della Valle by the Company qualifies as a transaction between related parties, since, as already indicated, Filippo Della Valle is a close family member (son) of the Chairman of the Board of Directors of TOD'S S.p.A., Diego Della Valle, and, as such, he is a related party of the Company pursuant to IAS 24 and Article 2.1, letter (a) of the Related Parties Transaction Procedure.

Related party transactions pending at 31 December 2023

In addition to the foregoing, in FY 2023 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 2023					
Parent Company (*)	1,552	2		5	8
Directors					
Exec. with strat. respons.					
Other related parties					
Total	**1,552**	**2**	**-**	**5**	**8**
Year 2022					
Parent Company (*)	962	0		5	2
Directors					
Exec. with strat. respons.					
Other related parties					
Total	**962**	**0**	**-**	**5**	**2**

(*) 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 2023					
Parent Company (*)	4	969		5,774	2
Directors					
Exec. with strat. respons.					
Other related parties					
Total	**4**	**969**	**-**	**5,774**	**2**
Year 2022					
Parent Company (*)	6	812		4,213	3
Directors					
Exec. with strat. respons.					
Other related parties					
Total	**6**	**812**	**-**	**4,213**	**3**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle,

iii. Commercial transactions with related parties – Receivables and payables

	12.31.23				12.31.22			
	Asset		Liabilities		Asset		Liabilities	
euro 000's	Right of use	Trade Receivables	Leasing liability	Trade Payables	Right of use	Trade Receivables	Leasing liability	Trade Payables
Parent Company (*)	42,360	595	43,208	624	30,858	373	31,102	288
Total	**42,360**	**595**	**43,208**	**624**	**30,858**	**373**	**31,102**	**288**

(*) 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., mentioned above, 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 2023 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]	1.838,1	10,4		1.800,0		
Andrea Della Valle [2]	1.237,8	10,4		1.200,0		
Luigi Abete	38,1	9,4				
Marilù Capparelli	38,1					
Luca Cordero di Montezemolo	38,1					
Sveva Dalmasso	38,1	9,4				
Chiara Ferragni	37,4					
Romina Guglielmetti [3]	38,1	11,8				11,1
Emilio Macellari [4]	253,1	10,4		320,0		480,0
Vincenzo Manes	37,8	21,2				
Cinzia Oglio	38,1		2,3	45,7	162,0	
Emanuela Prandelli	38,1	11,8				
Pierfrancesco Saviotti	38,1					
Michele Scannavini [5]	38,1					200,0
	3.747,0	**94,7**	**2,3**	**3.365,7**	**162,0**	**691,1**
General Manager						
Simona Cattaneo [6]			9,6	270,0	750,0	
Statutory Auditors						
Pierluigi Pace [7]	90,0					
Piera Tula	60,0					
Fabrizio Redaelli	60,0					
Total	**210,0**					
Executives with strategic responsibilities (8)						
Executives with strategic responsibilities [8]			12,5	411,9	1183,5	

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.*
(6) *General Manager*
(7) *Chairman of the Board of Statutory Auditors*
(8) *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 2023:

euro 000's		12.31.23			12.31.22		
	N° Companies	Receivables	Payables	Net Revenues/ (costs)	Receivables	Payables	Net Revenues/ (costs)
Albania	1	-	2,757	(11,853)	32	2,707	(9,076)
Australia	2	2,362	7	2,140	120	11	152
Austria	1	684	38	3,474	634	52	2,911
Belgium	1	(187)	61	848	(46)	44	823
Canada	1	2,115	33	2,335	2,380	5	3,456
China	3	82,033	130	102,253	79,846	1,860	110,797
Korea	2	13,864	1,676	24,064	10,074	3	28,027
U.A.E.	1	983	200	1,573	1,916	719	1,899
France	3	1,080	6,454	2,945	(205)	4,134	1,520
Germany	2	322	409	7,672	2,373	490	8,256
Japan	2	7,630	687	19,417	1,374	4	2,591
Great Britain	2	(10)	1,029	5,935	3,170	1,023	9,320
Hong Kong	2	7,984	4,138	44,801	23,872	349	72,518
India	1	47	28	0	46	26	14
Ireland	1	-	-	(212)	551	-	199
Italy	2	1,422	21,464	(20,983)	1,170	23,197	(19,102)
Macao	2	795	-	924	24	-	90
Netherlands	1	2,225	231	3,157	284	65	2,961
Singapore	2	4,830	813	3,011	35	1	72
Spain	2	1,456	325	6,016	236	340	3,582
Switzerland	2	1,199	521	5,241	73	430	3,163
Hungary	1	-	789	(1,466)	-	859	(1,523)
Thailand	1	751	-	749			
Usa	15	22,616	2,818	22,245	15,962	2,678	21,761
Total	**53**	**154,200**	**44,608**	**224,286**	**143,922**	**38,998**	**244,411**

Receivables and payables reported in the table above include payables to the Italian companies arising from tax consolidation for 8,467 thousand euros.

Below are details of financial transactions (credit facilities, medium- and long-term loans and cash pooling):

euro 000's	12.31.23	12.31.22
Financial assets		
TOD'S OAK LTD		500
TOD'S AUSTRIA GMBH	1,300	1,300
TOD'S AUSTRALIA PTY LTD	2,275	1,402
TOD'S KOREA INC.	8,000	8,000
TOD'S INTERNATIONAL BV	1,400	
TOD'S SINGAPORE PTE LTD	1,448	
TOD'S BELGIQUE S.P.R.L.	600	600
AN.DEL. USA INC.	1,357	
TRV Middle East Trading LLC	5,428	5,106
Total loans and credit facilities	**21,809**	**16,908**
TOD'S BELGIQUE S.P.R.L.	222	
Total cash pooling	**222**	
Total financial assets	**22,031**	**16,908**
Financial liabilities		
TOD'S FRANCE	(66)	
ROGER VIVIER S.P.A.	(24,916)	
Total cash pooling	**(24,982)**	
Total financial liabilities	**(24,982)**	

Financial receivables relate:

- for 1,300 thousand euros, to a loan with a duration of 5 years, granted to the subsidiary company TOD'S Austria Gmbh on 5 August 2022, repayable in a lump sum at maturity, and on which quarterly interest accrues calculated at a fixed market interest.
- for 1,352 thousand euros, to a five-year loan granted to the subsidiary TOD'S Australia PTY Ltd. on 05 August 2022, in the amount of 2,200 thousand AUD, repayable in a lump sum at maturity, on which interest accrues calculated quarterly based on the fixed market rate; in addition, a total of 923 thousand euros (1,500 thousand AUD) was disbursed to this company on 12 June and 13 September 2023, in respect of a credit facility, with a maturity of 12 months, on which interest accrues quarterly calculated by applying the fixed market rate;
- for 8,000 thousand euros, to a loan with a duration of 5 years, granted to the subsidiary company TOD'S Korea Inc. on 5 August 2022, repayable in a lump sum at maturity, and on which quarterly interest accrues calculated at a fixed market interest.
- for 1,400 thousand euros, to a 12-month credit line utilised by the subsidiary Tod's International BV on 13 September 2023, on which quarterly interest accrues, calculated by applying the fixed market rate;

- for a total of 1,448 thousand euros, to a 12-month credit line utilised by the subsidiary Tod's Singapore PTE Ltd. on 17 July 2023 (750 thousand USD) and on 25 October 2023 (850 thousand USD), on which quarterly interest accrues, calculated applying the fixed market rate;
- for 600 thousand euros, to a loan with a duration of 5 years, granted to the subsidiary company TOD'S Belgique S.p.r.l. on 5 August 2022, repayable in a lump sum at maturity, and on which quarterly interest accrues calculated at a fixed market interest.
- for 1,357 thousand euros, to a 12-month credit line used by the subsidiary An Del USA Inc. (1,500 thousand USD) on 12 June 2023, on which quarterly interest accrues, calculated by applying the fixed market rate;
- for 4,928 thousand euros, to a five-year loan granted to the subsidiary TRV Middle East in three tranches (on 21 September 2021 (for an amount of 9,000 thousand AED), on 11 April 2022 (for an additional 7,500 thousand AED), and on 6 December 2022 (for an additional 3,500 thousand AED)), repayable in a lump sum at maturity, on which quarterly interest accrues calculated by applying the fixed market rate; in addition, on 13 June 2023, a credit facility was granted to this company for 500 thousand euros, with a maturity of 12 months, on which quarterly interest accrues calculated by applying the fixed market rate;
- In the amount of 222 thousand euros, to the credit balance resulting from the centralised cash management system (referred to as "cash pooling"), referred to the subsidiary TOD'S Belgique S.p.r.l., on which interest accrues at a variable market rate.

Financial payables refer to the debit balances arising from the centralised cash management system (referred to as "cash pooling"), referring, for 24,916 thousand euros, to the subsidiary Roger Vivier S.p.A. and, for 66 thousand euros, to the subsidiary Tod's France Sas; interest accrues on these positions at a variable market rate.

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 2023 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.	150
Other services	Deloitte & Touche S.p.A.	TOD'S S.p.A.	32
Auditing services	Deloitte & Touche S.p.A.	Subsidiaries	9
Totale Deloitte & Touche S.p.A.			**192**
Auditing services	Deloitte & Touche (Network)	Subsidiaries	162
Other services	Deloitte & Touche (Network)	TOD'S S.p.A.	178
Other services	Deloitte & Touche (Network)	Subsidiaries	
Totale Deloitte & Touche (Network)			**340**

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	euro Lender	Allowance received	Reason
TOD'S S.p.A.	Fondirigenti - Fondo interprofessionale	25,000	Allowances for training of executives
TOD'S S.p.A.	Regione Marche	39,904	Allowances to companies for recruiting and training of employees
Total		**64,904**	

The grants mentioned above can also be found in the specific national Register that is available for public consultation. With reference to FY 2023, the Group's Italian companies also benefited from the tax credit on capital goods in the amount of about 613 thousand euros, the Gas tax credit (D.L. no. 50 of 17/07/2022) in the amount of 145 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 287 thousand euros, the contribution for the development of electricity from renewable sources (GSE contribution) in the amount of 325 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 414 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 2023, 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 2023.

It should also be noted that, on 10 February 2024, Diego Della Valle, Andrea Della Valle, DI.VI. Finanziaria di Diego Della Valle & C. S.r.l. ("DIVI") and Diego Della Valle & C. S.r.l. ("DDV" and, together with DIVI, Diego Della Valle and Andrea Della Valle, jointly, the "Majority Shareholders") and Crown Bidco S.r.l. (the "Offeror") a company whose share capital is wholly owned by LC10 International AIV, L.P. - fund managed or advised by affiliates of L Catterton Management Limited - ('L Catterton'), announced that they had entered into a framework agreement pursuant to which, inter alia:

i) the Offeror has undertaken to promote a voluntary, all-inclusive tender offer (the "Offer") for a consideration equal to 43.00 euros per share aimed at acquiring a maximum of 11,913,128 ordinary shares of Tod's S.p.A. representing 36% of the Company's share capital and to obtain the delisting of Tod's shares from the listing and trading on Euronext Milan, the regulated market organized and managed by Borsa Italiana S.p.A. (the "Delisting");

ii) DDV undertook to tender to the Offer 3,459,401 shares, representing 10.45% of Tod's S.p.A.'s share capital;

iii) the Majority Shareholders undertook not to tender to the Offer 17,870,511 shares, representing 54% of Tod's S.p.A.'s share capital;

iv) the parties have made certain shareholder commitments with respect to Tod's S.p.A., for the period prior to the Delisting and have undertaken to enter into a shareholders' agreement, as of the date of the Delisting, aimed at regulating their respective rights and obligations as shareholders of Tod's S.p.A., pursuant to which the Offeror will be granted representation on the board of directors of the Company and certain additional governance and so-called exit rights (the "Shareholders' Agreement").

Also on 10 February 2024, the Majority Shareholders, the Offeror and Delphine S.A.S. (the 'Minority Shareholder') signed a separate agreement pursuant to which the Minority Shareholder undertook as follows:

i) not to tender to the Offer the 3,309,900 shares, representing 10% of the share capital of Tod's S.p.A., held by it; and

ii) adhering to the Shareholders' Agreement on the date of the Delisting, thus being granted certain governance and exit rights.

In the event of full acceptance of the Offer: (i) the Majority Shareholders will still own 17,870,511 shares, representing 54% of Tod's S.p.A.'s share capital; (ii) L Catterton will indirectly own 11,913,128 shares, representing 36% of Tod's S.p.A.'s share capital; and (iii) the Minority Shareholder will remain the owner of 3,309,900 shares, representing 10% of Tod's S.p.A.'s share capital. Therefore, even after the completion of the Offer, the Majority Shareholders will retain sole control of Tod's S.p.A..

On 29 February 2024, the Offeror announced that it had filed the offer document with CONSOB, which will be published upon completion of the investigation carried out by CONSOB pursuant to the applicable regulations.

On 6 March 2024, the Offeror announced that CONSOB had interrupted the preliminary investigation deadlines - for a period not exceeding 15 days - in order to acquire certain additional information.

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 2023 to 31 December 2023.

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 recognized 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, 12 March 2024

Diego Della Valle
Chief Executive Officer

Rodolfo Ubaldi
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

–

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 2023, 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.

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 2023 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, 8 meetings of the Board of Statutory Auditors were held, 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.

*

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 2023, issued on 28 March 2024 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 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 2023, 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 not issued our opinions as provided for by the law;

- During the course of the financial year we attended the extraordinary Shareholders' Meeting held on 19 April 2023;
- During the course of the financial year the Board of Statutory Auditors' members, or its President and / or other Statutory Auditor, attended 6 meetings of the Board of Directors, 4 meetings of the Executive Committee, 8 meetings of the Risks and Control Committee, 1 meetings of the Nomination and Compensation Committee;
- 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 28 March 2024 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 8 November 2023, the Board of Directors of Tod's S.p.A. identified, as "strategically significant subsidiaries", the following companies: Tod's (Shanghai) Trading Co. Ltd., Tod's Japan KK, Tod's Singapore Pte. Ltd., Tod's Korea Inc., Deva Inc., Roger Vivier S.p.A., Roger Vivier France s.a.s and Roger Vivier (Shanghai) Trading Co. Ltd.;
- 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 2023, 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 12 March 2024 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 2023, 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 2023 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 2023 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, 28 March 2024

The Board of Statutory Auditors

Pierluigi Pace – Chairman

Fabrizio Redaelli – Standing Auditor

Piera Tula – Standing Auditor

TOD'S s.p.a.

Independent auditor's report

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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 2023, 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 material accounting policy information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, 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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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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Recoverability of assets with an indefinite useful life – Trademarks and Goodwill

Description of the key audit matter	The separate financial statements at 31 December 2023 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 2024, the Directors compared the carrying amount of the above assets with an indefinite useful life at 31 December 2023 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 2024 budget figures and the 2025-2028 financial forecasts, determined according to the guidelines approved by the Board of Directors on 24 January 2024. 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 2023 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 2023, 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 2023 include net deferred tax assets of € 59.6 million, relating to temporary differences between the carrying amounts of the recognised assets and liabilities and their corresponding tax bases for € 34.9 million and to tax losses for € 24.7 million. The Directors have assessed the recoverability of these assets based on the income expected for the period 2024-2028. 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 2024-2028, 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 2023 include closing inventories of raw materials, semi-finished products and finished goods of approximately € 272.7 million, shown net of an allowance for inventory write-down of approximately € 86.0 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 2023, 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 2023 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 2023, 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 2023 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 2023 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 28, 2024

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.