

Milan - September 6th, 2023

TOD'S S.p.A. – Excellent results for the Tod's Group in the first half of 2023: profitability improved significantly, driven by the 21.7% revenue growth.

Strong performance across all brands and product categories.

Tod's: +21.3%, Roger Vivier: +28.4%, retail: +23.6%, leather goods: +32.9%

The Board of Directors approved Tod's Group 2023 Half-Year Report

Group's sales: 569.1 million Euros, +21.7% from H1 2022

EBITDA: 138.8 million Euros, with a 24.4% margin on sales

EBIT: 60.3 million Euros, with a 10.6% margin on sales

Group's Net Result: 30.9 million Euros

The Board of Directors also approved the new Policy for the protection of Human Rights

The Board of Directors of Tod's S.p.A., the Italian company listed on the Milan Stock Exchange and holding of the luxury goods group of the same name operating in luxury and quality shoes, accessories and apparel with the Tod's, Roger Vivier, Hogan and Fay brands, today approved the Group's report for the first half of 2023 (January 1st – June 30th, 2023).

Message of the Group's Chairman and CEO

Diego Della Valle, Chairman and CEO of the Group, commented as follows:

"I'm very satisfied with the results achieved by our Group in the first half of 2023: the double-digit growth in revenues, for all brands, was accompanied by a strong improvement of profitability, with the operating result more than tripling compared to last year.

The results of Tod's and Roger Vivier were particularly brilliant, in all their product categories, confirming the ever-increasing appreciation by customers for the very high quality of the products, their craftsmanship and their style.

Excellent results were recorded in the domestic market and in the rest of Europe, driven by local demand, as well as by tourist purchases; Asian markets also made a large contribution to revenue growth over the period.

In this period, we are gathering a growing consensus on our products from consumers, who are very attracted by the great quality, refinement and desirability of our brands.

We continue to invest in the supply chain, with a hiring plan dedicated to young people, to work alongside our expert artisans, to protect the precious know-how of our company and guarantee the highest possible quality of our products. We also confirm the strong sensitivity and attention of the Group to issues related to sustainability and social solidarity, carrying forward numerous initiatives. At this time, particular attention is dedicated to encouraging the younger generations to choose professional trades representative of the best quality Italian craftsmanship.

Despite the uncertainties and volatility of the macroeconomic context at an international level, the solidity of the Group's results, the good quality of the management team and the excellent feedback received from the next collections make me confident about our future results, in terms of growth in sales and profitability.”

Comments to the Group's sales

In the first six months of 2023, the consolidated turnover of the Tod's Group amounts to 569.1 million Euros, up 21.7% from H1 2022¹. The impact of currencies was negative by 5 million Euros; at constant exchange rates, i.e. using the same average exchange rates as in the first six months of 2022, including the effects of hedging, the Group's revenues would amount to 574.0 million Euros, up 22.8% compared to H1 2022.

Breakdown of consolidated sales by brand: double-digit growth of all brands

(million Euros)

	Half-year 2023		H1 2022	% change	
	reported rates	constant rates		reported rates	constant rates
Tod's	283.3	286.5	233.5	+21.3%	+22.7%
Roger Vivier	152.5	154.0	118.7	+28.4%	+29.7%
Hogan	108.5	108.7	95.0	+14.3%	+14.4%
Fay	23.5	23.5	19.6	+19.8%	+19.6%
Other	1.3	1.3	0.7	n.m.	n.m.
TOTAL	569.1	574.0	467.5	+21.7%	+22.8%

All Group brands registered a solid double-digit revenue growth in the first half of 2023; the specific trend of each brand obviously reflects its geographical and channel sales mix.

¹ As also highlighted in recent years, the analysis of the data of the individual quarters is not fully meaningful, given the imperfect homogeneity in the different months of the year of the revenues from industrial activity. Therefore, annualize quarterly results would be misleading.

Outstanding results for Tod's and Roger Vivier across all product categories, confirming the strong appreciation by customers for the quality, craftsmanship and desirability of their products.

Breakdown of consolidated sales by product category: leather goods: +32.9%, double-digit growth across all categories

(million Euros)

	Half-year 2023		HI 2022	% change	
	reported rates	constant rates		reported rates	constant rates
Shoes	439.3	442.4	369.3	+18.9%	+19.8%
Leather goods and accessories	95.4	97.1	71.8	+32.9%	+35.3%
Apparel	33.1	33.2	25.7	+28.7%	+29.0%
Other	1.3	1.3	0.7	n.m.	n.m.
TOTAL	569.1	574.0	467.5	+21.7%	+22.8%

All product categories posted solid double-digit growth.

Outstanding results were registered by the revenues of "leather goods and accessories", driven by the excellent feedback from customers from all over the world.

Breakdown of consolidated sales by region: solid double-digit growth of European and Asian markets

(million Euros)

	Half-year 2023		HI 2022	% change	
	reported rates	constant rates		reported rates	constant rates
Italy	122.9	122.9	109.5	+12.2%	+12.2%
Europe (excl. Italy)	116.7	116.6	102.3	+14.0%	+14.0%
Americas (*)	37.2	36.7	38.0	-1.8%	-3.3%
Greater China (**)	194.4	196.2	135.7	+43.2%	+44.6%
Rest of World	97.9	101.6	82.0	+19.3%	+23.9%
TOTAL	569.1	574.0	467.5	+21.7%	+22.8%

(*) This line includes the whole American continent (Northern and Southern America).

(**) This line includes: mainland China, Hong Kong SAR, Macao SAR and Taiwan Region

The domestic and European markets confirmed the dynamism of demand already highlighted in recent months, in terms of both local consumption and purchases by tourists.

The "Rest of the World" area remained very strong, even after the normalization of the growth rate that began in the second quarter, mainly due to the more demanding comparison basis of 2022. Japan performed particularly well.

Breakdown of consolidated sales by distribution channel: very strong retail (+23.6%); significant growth on both channels

(million Euros)

	Half-year 2023		H1 2022	% change	
	reported rates	constant rates		reported rates	constant rates
Retail (DOS+online)	430.8	436.8	348.6	+23.6%	+25.3%
Third parties (Franchised stores + Independent retailers)	138.3	137.2	118.9	+16.2%	+15.4%
TOTAL	569.1	574.0	467.5	+21.7%	+22.8%

Both distribution channels reported solid double-digit sales growth.

The retail channel, which represents more than 75% of the Group's turnover, recorded a further slight acceleration in growth, at constant exchange rates, compared to the first few months of the year.

The e-commerce channel is also doing well, consolidating the results of the important investments made by the Group in the digital world.

As of June 30th, 2023, the Group's distribution network consisted of 336 DOS and 93 franchised stores, compared to 318 DOS and 85 franchised stores as of June 30th, 2022.

Also revenues of the wholesale channel grew double-digit in the semester; as repeatedly reminded, it is not significant to analyze the trend of the individual quarters of this channel, which is hugely influenced by the different timing of shipments in the various years.

Comments on the Profit & Loss key figures

The Group's industrial margin and operating results improved significantly during the first half of 2023, driven by the solid growth in sales and by their more favourable mix, in terms of geographical area, distribution channel and product categories.

As already happened in the second half of 2022, the return to business normality in almost all geographical areas and the acceleration of investments to support brand development caused the higher incidence on sales of costs for services (equal to 28.5% of sales in H1 2023, compared to 27% in H1 2022); the incidence on sales of rents was broadly stable (equal to 6.6% of sales in H1 2023, compared to 6.8% in H1 2022). On the other hand, the percentage weight of personnel costs decreased significantly (equal to 22.4% of sales in H1 2023, compared to 24.7% in H1 2022), despite the increase by 233 units of the Group's workforce².

In the first half of 2023, EBITDA amounted to 138.8 million euros, with a 24.4% margin on sales, five percentage points higher than the 19.4% margin of H1 2022.

The incidence on sales of ordinary depreciation and amortization was broadly stable, i.e. net of depreciation on assets for right of use (which amounted to 56.9 million euros in the H1 2023, compared to 52 million euros in H1 2022), decreased from 4.5% of H1 2022 to 3.8% of H1 2023.

Consequently, the operating result (EBIT) improved significantly and reached 60.3 million euros in H1 2023 (compared to 17.7 million euros of H1 2022), with a 10.6% margin on sales, approximately three times higher than that of H1 2022.

The impact of currencies was slightly positive; at constant exchange rates, EBITDA and EBIT would have respectively been 138.4 and 58.7 million Euros.

The Group's result before taxes, net of financial charges related to the application of IFRS16, is positive for 46.4 million euros, which compares with a 8.1 million Euros net income of H1 2022.

Net of current and deferred taxes for the period, the Group's net result was positive and equal to 30.9 million Euros, which compares with a 0.8 million Euros net income of H1 2022.

² The Group has 5,123 employees as of June 30th, 2023, compared to 4,890 as of June 30th, 2022.

Comments on the Balance Sheet and Cash Flow key figures

In the first half of 2023, the Group invested 21.3 million Euros in tangible and intangible fixed assets, higher than the 17 million Euros of the first half of 2022. As always, the major part of the resources were devoted to the expansion and renewal of the DOS network; the rest of the investments relate to the continuous modernization at an industrial level and of the corporate structure, with particular emphasis on the development of digital.

Net operating working capital amounted to 347.4 million euros as of June 30th, 2023, which compares with a 284.7 million euros balance as of June 2022. The growth in inventories is mainly determined by the increase in finished products for the autumn season, which were shipped to independent clients and DOS in July and August; this is due to the better production efficiency and better production times, compared to the corresponding season of the previous year.

As required by the accounting standard IFRS 16, as of June 30th, 2023 the Group accounted for lease liabilities of 498.7 million Euros, compared to 489.4 million Euros as of June 2022. Net of these liabilities, the net financial debt was 94 million Euros as of June 30th, 2023, which compares with the 85 million euros balance as of June 2022. The cashflow generated by the business was partially absorbed by the temporary working capital requirements.

The Net Financial Position was negative and equal to 592.7 million Euros June 30th, 2023, compared to a net debt of 574.3 million Euros, as of June 2022.

As of June 30th, 2023, the Group's shareholders' equity was 1,077.3 million Euros, compared to the 1,007.2 million Euro balance as of June 30th, 2022.

Other deliberations

The Board of Directors also approved the new Policy for the protection of Human Rights, with the aim of promoting the dissemination of fundamental rights of the individual and the protection of people's health and well-being, in line with the fundamental principles and rights stated in the International Declarations on human rights and with the Group's Code of Ethics, Supplier Code of Conduct, Sustainability Policy and Policy for the Protection of Diversity, Equity and Inclusion.

The manager responsible for preparing the company's financial reports, Mr. Rodolfo Ubaldi, declares, pursuant to article 154 bis, paragraph 2, of Legislative Decree n. 58/98 (the "Unified Financial Act"), that the accounting information contained in this press release corresponds to the document results, books and accounting records.

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FINANCIAL STATEMENTS

TOD'S Group

Consolidated Income Statement

euro 000's	H1 2023	H1 2022
Revenue		
Sales revenue	569,058	467,539
Other income	6,900	8,493
Total revenue and income	575,958	476,031
Operating Costs		
Change in inventories of work in progress and finished goods	48,264	18,188
Cost of raw materials, supplies and materials for consumption	(140,621)	(114,971)
Costs for services	(162,098)	(126,464)
Costs of use of third party assets	(37,430)	(31,581)
Personnel costs	(127,286)	(115,694)
Other operating charges	(17,819)	(14,697)
Amortisation and depreciation	(78,477)	(72,887)
Write downs/Reversing of assets	(150)	(250)
Total operating costs	(515,617)	(458,355)
Operating profit	60,342	17,677
Financial income and expenses		
Financial income	26,508	20,604
Financial expenses	(40,410)	(30,219)
Total financial income (expenses)	(13,902)	(9,615)
Income (losses) from equity investments		
Profit before taxes	46,440	8,062
Income taxes	(15,491)	(7,307)
Profit/(loss) for the period	30,949	755
Non-controlling interests		
Profit/(loss) of the Group	30,949	755
Basic Earnings/(Loss) per share (in euro)	0.94	0.02
Diluted Earnings/(Loss) per share (in euro)	0.94	0.02

TOD'S Group
Consolidated Statement of Comprehensive Income

euro 000's	H1 2023	H1 2022
Profit (loss) for the period (A)	30,949	755
Other comprehensive income that will be reclassified subsequently to profit and loss:		
Gains/(Losses) on derivative financial instruments (cash flow hedge)	1,300	4,244
Gains/(Losses) on currency translation of foreign subsidiaries	5,088	4,539
Gains/(Losses) on net investments in foreign operations	(1,277)	(1,680)
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)	5,111	7,102
Other comprehensive income that will not be reclassified subsequently to profit and loss:		
Cumulated actuarial gains/(losses) on defined benefit plans	33	769
Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)	33	769
Total Comprehensive Income (A) + (B) + (C)	36,093	8,627
Of which:		
Attributable to Shareholders of the Parent company	36,093	8,627
Attributable to non-controlling interests		

TOD'S Group

Consolidated Statement of Financial Position

euro 000's	06.30.23	12.31.22	06.30.22
Non current assets			
<i>Right of use assets</i>			
Right of use assets	479,359	467,787	474,814
Total Right of use assets	479,359	467,787	474,814
<i>Intangible fixed assets</i>			
Assets with indefinite useful life	554,234	554,234	554,236
Other intangible assets	27,897	28,012	27,559
Total Intangible fixed assets	582,130	582,245	581,795
<i>Tangible fixed assets</i>			
Buildings and land	51,406	52,307	53,051
Plant and machinery	9,867	8,909	9,264
Equipment	11,213	11,345	11,275
Leasehold improvement	33,630	33,007	31,288
Others	32,277	36,016	32,241
Total Tangible fixed assets	138,393	141,584	137,119
<i>Other assets</i>			
Investment properties	3	5	6
Deferred tax assets	104,418	110,601	108,185
Others	23,117	22,902	23,904
Derivative financial instruments	4,315	6,472	5,693
Total other assets	131,853	139,979	137,789
Total non current assets	1,331,735	1,331,596	1,331,517
Current assets			
Inventories	406,278	357,660	336,759
Trade receivables	92,875	96,432	88,215
Tax receivables	15,524	16,587	13,077
Derivative financial instruments	18,980	9,877	3,772
Others	88,227	81,707	79,695
Cash and cash equivalents	112,434	167,709	185,517
Total current assets	734,317	729,971	707,036
Total assets	2,066,052	2,061,566	2,038,552

to be continued

euro 000's (continuing)	06.30.23	12.31.22	06.30.22
Equity			
Share capital	66,187	66,187	66,187
Capital reserves	416,588	416,588	416,588
Hedging and translation reserves	39,230	34,119	22,360
Other reserves	524,330	501,466	501,272
Profit/(loss) attributable to the Group	30,949	23,065	755
Total Equity	1,077,284	1,041,425	1,007,162
Non-current liabilities			
Provisions for risks	15,879	15,863	16,692
Deferred tax liabilities	19,519	16,218	12,876
Employee benefits	14,391	17,559	16,517
Non current borrowings	134,226	148,897	178,534
Non-current lease liabilities	396,913	387,133	391,378
Others	10,440	11,540	11,748
Total non-current liabilities	591,367	597,210	627,746
Current liabilities			
Trade payables	151,778	170,597	140,290
Tax payables	10,753	13,839	12,599
Derivative financial instruments	1,203	1,845	7,767
Others	59,585	51,533	65,431
Current borrowings	70,725	86,331	78,410
Current lease liabilities	101,762	96,783	97,980
Provisions for risks	1,596	2,003	1,168
Total current liabilities	397,401	422,932	403,645
Total Equity and liabilities	2,066,052	2,061,566	2,038,552

TOD'S Group

Consolidated Statement of Cash Flows

euro 000's	Jan.-Jun. 23	Jan.-Jun. 22
Profit/(Loss) for the period	30,949	755
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:		
Amortizat., deprec., revaluat., and write-downs	80,472	71,927
Other non monetary expenses/(income)	5,160	3,096
Income taxes for the period	15,491	7,307
Changes in operating assets and liabilities:		
Trade receivables	3,559	(933)
Inventories	(50,615)	(28,626)
Tax receivables and tax payables	(2,344)	(3,057)
Trade payables	(18,819)	8,055
Other assets and liabilities	(3,440)	(2,212)
Change in reserve for employee	654	472
Cash flows from operating activities	61,067	56,782
Interests (paid)/collected	(2,669)	(2,563)
Interests (paid) on lease liabilities	(8,693)	(6,055)
Income taxes (paid)/refunded	(5,688)	(3,373)
Net cash flows from operating activities (A)	44,017	44,791
Acquisitions of intangible and tangible fixed assets	(21,271)	(16,960)
Transfers of intangible and tangible fixed assets	661	653
Cash flows generated (used) in investing activities (B)	(20,610)	(16,307)
Repayments of lease liabilities	(52,751)	(48,700)
Repayments of financial liabilities	(50,000)	(21,147)
Proceeds from financial liabilities	20,000	
Cash flows generated (used) in financing (C)	(82,751)	(69,847)
Translation differences (D)	4,714	4,103
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)	(54,630)	(37,260)
Cash flow from assets held for sale (F)		
Cash flows generated (used) (G)=(E)+(F)	(54,630)	(37,260)
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	106,017	178,446
Change in net cash and cash equivalents	(54,630)	(37,260)

TOD'S Group

Consolidated Statement of changes in equity

January-June 2023 euro 000's	Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non- controlling interests	Total
Balances as of 01.01.23	66,187	416,588	34,119	524,532	1,041,425		1,041,425
Profit & Loss account				30,949	30,949		30,949
Directly in equity			5,111	33	5,144		5,144
Total Comprehensive Income			5,111	30,981	36,093		36,093
Dividend paid							
Capital increase							
Share based payments							
Other ⁽¹⁾				(234)	(234)		(234)
Balances as of 06.30.23	66,187	416,588	39,230	555,279	1,077,284		1,077,284

January-June 2022 euro 000's	Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non- controlling interests	Total
Balances as of 01.01.22	66,187	416,588	15,258	500,503	998,535		998,535
Profit & Loss account				755	755		755
Directly in equity			7,102	769	7,872		7,872
Total Comprehensive Income			7,102	1,524	8,627		8,627
Dividend paid							
Capital increase							
Share based payments							
Other							
Balances as of 06.30.22	66,187	416,588	22,360	502,027	1,007,162		1,007,162

⁽¹⁾ They include the use of the specific reserve for promoting territorial solidarity projects.