

Milan, 7 September 2022

TOD'S S.p.A. – Tod's Group sales totaled 467.5 million Euros in the first half of 2022 (+17.4% from HI 2021); EBIT: 17.7 million Euros

The Board of Directors approved Tod's Group 2022 Half-Year Report

Group's sales: 467.5 million Euros, +17.4% from HI 2021

EBITDA: 90.6 million Euros, with a 19.4% margin on sales

EBIT: 17.7 million Euros

Group's Net Result: 0.8 million Euros

Net Financial Debt¹: 85 million Euros

The Board of Directors has ascertained that one of its members lost the requirements to be qualified as independent director

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 2022 (January 1st – June 30th, 2022).

Message of the Group's Chairman and CEO

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

“The Group's revenues grew by 17.4% in the first half of 2022 and returned to values higher than those of 2019. Thanks to the revenue growth, the half year recorded an improvement also in operating profit. We are satisfied with these results, which confirm the appreciation for the outstanding positioning of our brands and the high quality of our products.

Meanwhile, we carefully look at the performance of international markets, currently difficult and full of unknowns, both from an economic and geo-political point of view.

We therefore pay the utmost attention to the evolution of costs related to energy, logistics and raw materials.

We also consider as priorities the rationalization and efficiency of the distribution network and the development of the omni-channel channel, with the aim of increasing like-for-like and higher-margin turnover.”

¹ The balance is calculated excluding 489.4 million Euros of lease liabilities.

Comments to the Group's sales

In the first half of 2022, consolidated sales were 467.5 million Euros, up 17.4% from HI 2021².

The impact of currencies is positive and is particularly visible for the Tod's and Roger Vivier brands, which have the greatest presence abroad; at constant exchange rates, i.e. using the same average exchange rates as in the first six months of 2021, including the effects of hedging, the Group's revenues amounted to 455.4 million Euros, up 14.3% compared to HI 2021.

Comments on the Profit & Loss key figures

The Group's operating results improved as compared to the first semester of 2021, driven by the sales growth and the more favourable mix of revenues by region, distribution channel and product category, in addition to the lower incidence of promotional sales.

The return to near-normalcy of the business, in almost all the regions, has determined an increase in the percentage incidence on sales of costs for services (equal to 27% of revenues in HI 2022, compared to 23.8% in HI 2021) and the cost for the use of third party assets (equal to 6.8% of revenues in HI 2022, compared to 6% in HI 2021). On the contrary, the percentage weight of personnel costs decreased (equal to 24.7% of revenues in HI 2022, compared to 25.7% in HI 2021), despite the increase of the Group's workforce³.

In the first half of 2022, EBITDA amounted to 90.6 million euros, with an incidence on revenues of 19.4%, more than 300 bps higher than the 16.3% margin of HI 2021.

The amount of ordinary depreciation was broadly stable and equal to 4.5% of sales, i.e. net of depreciation for rights of use assets (which amounted to 52 million euros in HI 2022, compared to 48.4 million euros in HI 2021).

The operating result was 17.7 million euros, with a 3.8% margin on sales, compared to the operating loss of 2.7 million euros in HI 2021.

The impact of currency fluctuations was visibly positive; at constant exchange rates, EBITDA and EBIT would have respectively been 85.3 and 15.6 million Euros.

² As also highlighted in the previous years, the analysis of the data of the individual quarters is not fully significant, given the imperfect homogeneity in the different months of the year of the revenues from industrial activity. This reminder becomes even more important this year, given the huge impact of the Covid-19 pandemic on the results.

³ The Group has 4,890 employees as of 30 June 2022, compared to 4,596 as of 30 June 2021.

The Group's result before taxes, which is also affected by financial charges related to the application of IFRS 16, is positive for 8.1 million euros, while it presented a negative balance of 13.9 million euros in HI 2021.

Net of current and deferred taxes for the period, the Group's net result was positive for 0.8 million Euros, which compares with a loss of 20.7 million Euros in HI 2021.

Comments on the Balance Sheet and Cash Flow key figures

In the first six months of 2022, the Group invested 17 million Euros in tangible and intangible fixed assets, slightly lower than the 19 million Euros of HI 2021. As usual, the majority of these investments were devoted to the widening and update of the DOS network; the remainder was referred to the continuous renewal at industrial and corporate level, with particular focus on digital.

The net operating working capital totalled 314.7 million Euros as of 30 June 2022, broadly aligned with the 314.5 million Euros balance as of 30 June 2021.

As required by the accounting standard IFRS 16, as of 30 June 2022 the Group accounted for lease liabilities of 489.4 million Euros, compared to 425.8 million Euros as of 30 June 2021. Net of these liabilities, the net financial debt was 85 million Euros as of 30 June 2022, which compares to a net debt of 136.6 million Euros as of 30 June 2021, thus confirming a strong cash generation during the last twelve months.

The Net Financial Position was negative and equal to 574.3 million Euros, compared to a debt of 562.3 million Euros, as of 30 June 2021.

As of 30 June 2022, the Group's shareholders' equity was 1,007.2 million Euros, compared to the 984.6 million Euro balance as of 30 June 2021.

Other resolutions

Today, the Board of Directors has taken note that Chiara Ferragni declared the loss of the requirements to be qualified independent director, pursuant to art. 148 of the TUF and art. 2, Recommendation 7 of the Corporate Governance Code, due to a cashed and occasional income for advertising services made in favor of the Company – in accordance with the positive opinion of the OPC Committee -, and since further future opportunities of collaboration can't be excluded. Therefore, the board of directors assessed the loss of the independence requirements on Chiara Ferragni.

Chiara Ferragni is not a member of any committee of the board.

Breakdown of consolidated sales by brand

(million Euros)

	HI 2022		HI 2021	% change	
	reported rates	constant rates		reported rates	constant rates
Tod's	233.5	227.2	188.0	+24%	+21%
Roger Vivier	118.7	114.3	112.7	+5%	+1%
Hogan	95.0	93.6	80.5	+18%	+16%
Fay	19.6	19.6	16.8	+17%	+17%
Other	0.7	0.7	0.4	n.m.	n.m.
TOTAL	467.5	455.4	398.4	+17%	+14%

Breakdown of consolidated sales by product category

(million Euros)

	HI 2022		HI 2021	% change	
	reported rates	constant rates		reported rates	constant rates
Shoes	369.3	358.9	327.1	+13%	+10%
Leather goods and accessories	71.8	70.3	49.8	+44%	+41%
Apparel	25.7	25.5	21.1	+22%	+21%
Other	0.7	0.7	0.4	n.m.	n.m.
TOTAL	467.5	455.4	398.4	+17%	+14%

Breakdown of consolidated sales by region

(million Euros)

	HI 2022		HI 2021	% change	
	reported rates	constant rates		reported rates	constant rates
Italy	109.5	109.5	88.8	+23%	+23%
Europe (excl. Italy)	102.3	101.4	74.9	+37%	+36%
Americas (*)	38.0	34.9	25.4	+49%	+38%
Greater China (**)	135.7	126.6	156.2	-13%	-19%
Rest of World	82.0	83.0	53.1	+54%	+56%
TOTAL	467.5	455.4	398.4	+17%	+14%

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

(**) This line includes Mainland China, Hong Kong SAR, Macao SAR and Taiwan Region.

Breakdown of consolidated sales by distribution channel

(million Euros)

	I ^ semestre 2022		I ^ semestre 2021	% change	
	reported rates	constant rates		reported rates	constant rates
Retail (DOS+online)	348.6	337.8	292.0	+19%	+16%
Third parties (Franchised stores + Independent retailers)	118.9	117.6	106.4	+12%	+11%
TOTAL	467.5	455.4	398.4	+17%	+14%

At 30 June 2022, the Group's distribution network was made up of 318 DOS and 85 franchised stores, compared to 304 DOS and 96 franchised stores at 30 June 2021.

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

Unaudited

euro 000's	H1 2022	H1 2021
Revenue		
Sales revenue	467,539	398,365
Other income	8,493	6,691
Total revenue and income	476,031	405,056
Operating Costs		
Change in inventories of work in progress and finished goods	18,188	(22,704)
Cost of raw materials, supplies and materials for consumption	(114,971)	(85,088)
Costs for services	(126,464)	(94,751)
Costs of use of third party assets	(31,581)	(23,705)
Personnel costs	(115,694)	(102,482)
Other operating charges	(14,697)	(11,013)
Amortisation and depreciation	(72,887)	(67,624)
Write downs/Reversing of assets	(250)	(349)
Total operating costs	(458,355)	(407,716)
Operating profit	17,677	(2,660)
Financial income and expenses		
Financial income	20,604	9,701
Financial expenses	(30,219)	(20,907)
Total financial income (expenses)	(9,615)	(11,206)
Income (losses) from equity investments		
Profit before taxes	8,062	(13,866)
Income taxes	(7,307)	(6,862)
Profit/(loss) for the period	755	(20,729)
Non-controlling interests		
Profit/(loss) of the Group	755	(20,729)
Basic Earnings/(Loss) per share (in euro)	0.02	(0.63)
Diluted Earnings/(Loss) per share (in euro)	0.02	(0.63)

TOD'S Group

Consolidated Statement of Comprehensive Income

Unaudited

euro 000's	H1 2022	H1 2021
Profit (loss) for the period (A)	755	(20,729)
Other comprehensive income that will be reclassified subsequently to profit and loss:		
Gains/(Losses) on derivative financial instruments (cash flow hedge)	4,244	(4,092)
Gains/(Losses) on currency translation of foreign subsidiaries	4,539	1,477
Gains/(Losses) on net investments in foreign operations	(1,680)	532
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)	7,102	(2,083)
Other comprehensive income that will not be reclassified subsequently to profit and loss:		
Cumulated actuarial gains/(losses) on defined benefit plans	769	284
Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)	769	284
Total Comprehensive Income (A) + (B) + (C)	8,627	(22,528)
Of which:		
Attributable to Shareholders of the Parent company	8,627	(22,528)
Attributable to non-controlling interests		

TOD'S Group

Consolidated Statement of Financial Position

Unaudited

euro 000's	06.30.22	12.31.21	06.30.21
Non current assets			
<i>Right of use assets</i>			
Right of use assets	474,814	436,786	411,684
Total Right of use assets	474,814	436,786	411,684
<i>Intangible fixed assets</i>			
Assets with indefinite useful life	554,236	554,234	554,234
Other intangible assets	27,559	27,551	27,166
Total Intangible fixed assets	581,795	581,785	581,400
<i>Tangible fixed assets</i>			
Buildings and land	53,051	53,741	52,777
Plant and machinery	9,264	9,011	9,031
Equipment	11,275	11,298	10,919
Leasehold improvement	31,288	34,108	30,969
Others	32,241	32,352	31,016
Total Tangible fixed assets	137,119	140,511	134,712
<i>Other assets</i>			
Investment properties	6	8	10
Deferred tax assets	108,185	109,392	106,570
Others	23,904	22,287	18,847
Derivative financial instruments	5,693		
Total other assets	137,789	131,687	125,427
Total non current assets	1,331,517	1,290,770	1,253,223
Current assets			
Inventories	336,759	306,985	334,787
Trade receivables	88,215	87,564	78,117
Tax receivables	13,077	15,082	11,515
Derivative financial instruments	3,772	318	483
Others	79,695	70,248	70,553
Cash and cash equivalents	185,517	223,312	188,147
Total current assets	707,036	703,508	683,601
Total assets	2,038,552	1,994,278	1,936,823

to be continued

euro 000's (continuing)	06.30.22	12.31.21	06.30.21
Equity			
Share capital	66,187	66,187	66,187
Capital reserves	416,588	416,588	416,588
Hedging and translation reserves	22,360	15,258	15,228
Other reserves	501,272	506,440	507,374
Profit/(loss) attributable to the Group	755	(5,938)	(20,729)
Total Equity attributable to the Group	1,007,162	998,535	984,648
Non-controlling interest			
Share capital and reserves			
Profit/(loss) attributable to non-controlling interest			
Total Equity attributable to non-controlling interests			
Total Equity	1,007,162	998,535	984,648
Non-current liabilities			
Provisions for risks	16,692	15,778	13,112
Deferred tax liabilities	12,876	10,745	7,288
Employee benefits	16,517	16,814	15,695
Derivative financial instruments			567
Bank borrowings	178,534	228,149	227,902
Non-current lease liabilities	391,378	353,975	333,887
Others	11,748	11,738	12,165
Total non-current liabilities	627,746	637,198	610,615
Current liabilities			
Trade payables	140,290	132,235	98,410
Tax payables	12,599	17,066	7,428
Derivative financial instruments	7,767	6,719	4,935
Others	65,431	56,322	53,057
Banks	78,410	50,396	83,401
Current lease liabilities	97,980	94,640	91,863
Provisions for risks	1,168	1,167	2,465
Total current liabilities	403,645	358,545	341,560
Total Equity and liabilities	2,038,552	1,994,278	1,936,823

TOD'S Group

Consolidated Statement of Cash Flows

Unaudited

euro 000's	Jan.-Jun. 22	Jan.-Jun. 21
Profit/(Loss) for the period	755	(20,729)
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:		
Amortizat., deprec., revaluat., and write-downs	71,927	70,603
Other non monetary expenses/(income)	3,096	3,222
Income taxes for the period	7,307	6,862
Changes in operating assets and liabilities:		
Trade receivables	(933)	(2,303)
Inventories	(28,626)	14,228
Tax receivables and tax payables	(3,057)	(2,547)
Trade payables	8,055	(6,860)
Other assets and liabilities	(2,212)	5,003
Change in reserve for employee	472	745
Cash flows from operating activities	56,782	68,224
Interests (paid)/collected	(2,563)	(2,998)
Interests (paid) on lease liabilities	(6,055)	(5,934)
Income taxes (paid)/refunded	(3,373)	(2,049)
Net cash flows from operating activities (A)	44,791	57,244
Acquisitions of intangible and tangible fixed assets	(16,960)	(18,960)
Transfers of intangible and tangible fixed assets	653	754
Cash flows generated (used) in investing activities (B)	(16,307)	(18,206)
Repayments of lease liabilities	(48,700)	(42,585)
Repayments of financial liabilities	(21,147)	(397,292)
Proceeds from financial liabilities		257,609
Cash flows generated (used) in financing (C)	(69,847)	(182,268)
Translation differences (D)	4,103	1,907
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)	(37,260)	(141,322)
Cash flow from assets held for sale (F)		
Cash flows generated (used) (G)=(E)+(F)	(37,260)	(141,322)
Net cash and cash equivalents at the beginning of the period	215,706	316,172
Net cash and cash equivalents at the end of the period	178,446	174,850
Change in net cash and cash equivalents	(37,260)	(141,322)

TOD'S Group

Consolidated Statement of changes in equity

Unaudited

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

January-June 2021 euro 000's	Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non- controlling interests	Total
Balances as of 01.01.21	66,187	416,588	17,311	507,090	1,007,176		1,007,176
Profit & Loss account				(20,729)	(20,729)		(20,729)
Directly in equity			(2,083)	284	(1,799)		(1,799)
Total Comprehensive Income			(2,083)	(20,445)	(22,528)		(22,528)
Dividend paid							
Capital increase							
Share based payments							
Other							
Balances as of 06.30.21	66,187	416,588	15,228	486,645	984,648		984,648