# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**WASHINGTON, D.C. 20549**

# FORM 20-F

**(Mark One)**

☐ **REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES EXCHANGE ACT OF 1934**
**OR**

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
**For the fiscal year ended December 31, 2022**

**OR**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934**
**OR**

☐ **SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number: 001-41180**

# Ermenegildo Zegna N.V.
**(Exact name of Registrant as specified in its charter)**

**Not applicable** (Translation of Registrant's name into English) **The Netherlands** (Jurisdiction of incorporation or organization)

**Viale Roma 99/100 13835**
**Valdilana loc. Trivero**
**Italy**
**Tel: +39 01575911**
**(Address of principal executive offices)**

**Gianluca Ambrogio Tagliabue**
**Tel: +39 01575911**
**Facsimile: +39 015756139**
**Viale Roma 99/100, 13835 Valdilana loc. Trivero, Italy**
**(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)**

**Securities registered pursuant to Section 12(b) of the Act:**

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| Ordinary Shares, nominal value €0.02 per share | ZGN | New York Stock Exchange |

**Securities registered or to be registered pursuant to Section 12(g) of the Act: None**

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None**

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

At December 31, 2022, the issuer had 242,802,746 ordinary shares, nominal value €0.02 per share, outstanding.

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes ☐ No ☒

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or an emerging growth company. See definitions of "accelerated filer," "large accelerated filer," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | ☒ | Accelerated filer | ☐ |
| Non-accelerated filer | ☐ | Emerging growth company | ☐ |

If an emerging growth company that prepares its financial statements in accordance with U.S. GAAP, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards† provided pursuant to Section 13(a) of the Exchange Act. ☐

The term "new or revised financial accounting standard" refers to any update issued by the Financial Accounting Standards Board to its Accounting Standards Codification after April 5, 2012.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☐

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to § 240.10D-1(b). ☐

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

| | | |
|---|---|---|
| U.S. GAAP ☐ | International Financial Reporting Standards as issued by the International Accounting Standards Board ☒ | Other ☐ |

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow. Item 17 ☐ Item 18 ☐

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

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## CERTAIN DEFINED TERMS

In this report, unless otherwise specified, the terms "*we,*" "*our,*" "*us,*" the "*Group,*" the "*Company*" and "*Zegna*" refer to the Registrant, Ermenegildo Zegna N.V., a Dutch public limited liability company (naamloze vennootschap), in each case together with its consolidated subsidiaries, or any one or more of them, as the context may require.

In this report:

"*Affiliate*" means, with respect to any Person, any other Person who directly or indirectly, through one or more intermediaries, controls, is controlled by, or is under common control with, such Person. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "controlled" and "controlling" have meanings correlative thereto.

"*Audit Committee*" means the audit committee of the Zegna Board.

"*Business Combination*" means the business combination between Zegna and IIAC, which was completed on December 17, 2021.

"*Business Combination Agreement*" means that certain Business Combination Agreement, dated as of July 18, 2021, by and among IIAC, Zegna, and Zegna Merger Sub, as amended or supplemented from time to time.

"*Capital Distribution*" means a return of capital distribution under Cayman Islands law whereby, on the Closing Date, immediately following the PIPE Financing and prior to the Share Repurchase, IIAC distributed the Capital Distribution Amount to Zegna.

"*Capital Distribution Amount*" means an amount of €191,806,537.10 plus $105,380,150.53.

"*Cash Consideration*" means an amount of €455,000,000.

"*Class A Shares*" means the Class A ordinary shares, par value $0.0001 per share, of IIAC prior to the Merger.

"*Class B Shares*" means the Class B ordinary shares, par value $0.0001 per share, of IIAC prior to the Merger.

"*Closing*" means the closing of the Business Combination.

"*Closing Date*" means December 17, 2021.

"*Compensation Committee*" means the compensation committee of the Zegna Board.

"*Conversion*" means the cross-border conversion whereby, on December 17, 2021, Zegna, by means of the execution of a Dutch notarial deed of cross-border conversion and amendment of its articles of association, converted into a Dutch public limited liability company (naamloze vennootschap) and transferred its legal seat from Italy to the Netherlands and amended its articles of association, as a result of which Zegna assumed its current legal name "Ermenegildo Zegna N.V."

"*DCGC*" means the Dutch Corporate Governance Code.

"*Demerger*" has the meaning set forth in "*Item 5.A—Operating Results—Trends, Uncertainties and Opportunities—Disposition of certain businesses.*"

"*Disposition*" has the meaning set forth in "*Item 5.A—Operating Results—Trends, Uncertainties and Opportunities—Disposition of certain businesses.*"

"*DOSs*" means directly operated stores.

"*DTC*" means direct-to-consumer.

"*Effective Time*" means the time the Merger became effective on the Closing Date.

"*Escrowed Shares*" means the portion of the Ordinary Shares issued to the IIAC Initial Shareholders (in exchange for their Class B Shares) which are currently held in escrow subject to the release conditions described in the Business Combination Agreement.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended.

"*Forward Purchase*" means the transactions contemplated by the Forward Purchase Agreement.

"*Forward Purchase Agreement*" means the forward purchase agreement between IIAC and the FPA Purchaser, dated as of November 18, 2020, as amended on July 26, 2021.

"*FPA Purchaser*" means Strategic Holding Group S.à r.l., an affiliate of the IIAC Sponsor.

"*Governance and Sustainability Committee*" means the governance and sustainability committee of the Zegna Board.

"*Hedged Positions*" means the hedging positions and arrangements that effectively transfer the economic interest of any member of the Sponsor Group in Zegna to a third party (e.g., forward sale contracts); provided, that the definition of "Hedged Positions" shall not include hedging positions and arrangements (a) in which the economic interest of any member of the Sponsor Group in Zegna is retained (e.g., pledges and margin loans), (b) that minimize exposure to certain risks independent of the business operations of Zegna (e.g., currency exchange swaps) or (c) that marginally cap or limit the upside/downside risk of any member of the Sponsor Group while maintaining material economic exposure (e.g., puts, calls and collars), as determined in good faith by the Zegna Board and such member of the Sponsor Group.

"*IIAC*" means Investindustrial Acquisition Corp., a Cayman Islands exempted company.

"*IIAC* Initial Shareholders" means the FPA Purchaser, Sergio P. Ermotti, Audeo Advisors Limited, Jose Joaquin Guell Ampuero, Dante Roscini and Tensie Whelan.

"*IIAC Ordinary Shares*" means collectively the Class A Shares and the Class B Shares prior to the Merger.

"*IIAC Private Placement Warrants*" means the warrants that were issued to the IIAC Sponsor in a private placement at the time of the IIAC initial public offering consummated on November 23, 2020, each of which was exercisable for one Class A Share at an exercise price of $11.50 per share.

"*IIAC Public Warrants*" means warrants to acquire Class A Shares, issued as part of units in the IIAC initial public offering consummated on November 23, 2020, at an initial exercise price of $11.50 per share.

"*IIAC Sponsor*" means Investindustrial Acquisition Corp. L.P., a limited partnership incorporated in England and Wales.

"*IIAC Sponsor Lock-Up Agreement*" means the lock-up agreement, entered into at the Closing, by and among Zegna, IIAC Sponsor and the IIAC Initial Shareholders.

"*IIAC Warrants*" means the IIAC Private Placement Warrants and the IIAC Public Warrants.

"*Insider PIPE Subscribers*" means certain inside subscribers among the PIPE Investors (including the FPA Purchaser, Sergio P. Ermotti and Ermenegildo Zegna di Monte Rubello).

"*Lead Non-Executive Director*" means the Zegna Director serving as lead non-executive director.

"*Loyalty Register*" means the separate part of Zegna's shareholder register instrumental to Zegna's loyalty voting structure.

"*Merger*" means the merger of Zegna Merger Sub with and into IIAC, with IIAC being the surviving company.

"*Minimum Holding Requirement*" means the beneficial ownership (as such term is defined in Rule 13d-3 under the Exchange Act) by the Sponsor Group, of at least 5% of the issued and outstanding Ordinary Shares, excluding (i) any Hedged Positions as evidenced by the IIAC Sponsor in writing and (ii) any Escrowed Shares that have not been released from escrow to the applicable Sponsor Group member.

"*Monterubello*" means Monterubello s.s., an Italian società semplice.

"*New Warrant Agreement*" means the Warrant Agreement entered into concurrently with the Closing, by and between Zegna, Computershare Trust Company, N.A., and Computershare Inc.

"*NYSE*" means the New York Stock Exchange.

"*Offset PIPE Financing*" means the private placement of 12,500,000 Ordinary Shares to the Offset PIPE Investors, for gross proceeds to Zegna in an aggregate amount of $125,000,000, pursuant to the Offset Subscription Agreements.

"*Offset PIPE Investors*" means investors in the Offset PIPE Financing pursuant to the Redemption Offset Agreements and the Offset Subscription Agreements.

"*Offset Subscription Agreements*" means those certain subscription agreements entered into on December 16, 2021, among IIAC, Zegna and the Offset PIPE Investors named therein.

"*Ordinary Shares*" means the ordinary shares, nominal value €0.02 per share, of Zegna.

"*Person*" means an individual, partnership, corporation, limited liability company, joint stock company, unincorporated organization or association, trust, joint venture or other similar entity, whether or not a legal entity.

"*PIPE Financing*" means the private placement of 25,000,000 Ordinary Shares to the PIPE Investors, for gross proceeds to Zegna in an aggregate amount of approximately $250,000,000, pursuant to the PIPE Subscription Agreements.

"*PIPE Investors*" means the investors (including the Insider PIPE Subscribers) in the PIPE Financing pursuant to the PIPE Subscription Agreements.

"*PIPE Shares*" means the 37,500,000 Ordinary Shares that were issued to certain securityholders in connection with the closing of a private placement offering concurrent with the Closing.

"*PIPE Subscription Agreements*" means those certain subscription agreements entered into on July 18, 2021, among IIAC, Zegna and the PIPE Investors named therein relating to the PIPE Financing.

"*Private Placement Warrants*" means warrants to acquire Ordinary Shares on the same contractual terms and conditions as the IIAC Private Placement Warrants.

"*Public Warrants*" means warrants to acquire Ordinary Shares on the same contractual terms and conditions as the IIAC Public Warrants.

"*Redemption Offset Agreements*" means the agreements entered into on December 3, 2021, among IIAC, Zegna and the Offset PIPE Investors named therein relating to the offset of redemptions of Class A Shares by IIAC public shareholders up to a certain level.

"*Registration Rights Agreement*" means the registration rights agreement entered into at Closing, pursuant to which the IIAC Initial Shareholders and the Zegna Initial Shareholders have been granted certain registration rights with respect to their respective equity securities in Zegna, in each case, on the terms and subject to the conditions in such registration rights agreement.

"*Sarbanes-Oxley Act*" means the Sarbanes-Oxley Act of 2002, as amended.

"*SEC*" means the United States Securities and Exchange Commission.

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Share Repurchase*" means the repurchase by Zegna of 54,600,000 Ordinary Shares from Monterubello in exchange for the Cash Consideration.

"*Shareholders Agreement*" means the shareholders agreement entered into at Closing by and among Zegna, the IIAC Sponsor, Monterubello and Mr. Ermenegildo Zegna.

"*Sponsor Group*" means the IIAC Sponsor together with its Affiliates.

"*Sponsor Nominee*" means the Zegna Non-Executive Director to be nominated by the IIAC Sponsor in accordance with the Zegna Articles of Association.

"*Surviving Company*" means IIAC following the Merger.

"*Terms and Conditions of the Zegna Special Voting Shares*" means the terms and conditions that apply to the issuance, allocation, acquisition, conversion, sale, holding, repurchase and transfer of the Zegna Special Voting Shares and certain aspects of the registration of the Ordinary Shares in the Loyalty Register.

"*Warrant Redemption*" means the redemption of all our outstanding Warrants, which was completed on February 27, 2023 and as described in the notice of redemption dated as of January 26, 2023.

"*Warrant Agreement*" means the Warrant Agreement, dated as of November 23, 2020, between IIAC and Continental Stock Transfer & Trust Company, as subsequently amended by the Warrant Agreement Amendment and the Warrant Assumption and Amendment Agreement.

"*Warrant Agreement Amendment*" means the Warrant Agreement Amendment, entered into immediately prior to the Effective Time, by and between IIAC and Continental Stock Transfer & Trust Company.

"*Warrant Assumption and Amendment Agreemen*t" means the Warrant Assumption and Amendment Agreement, entered into concurrently with the Closing, by and among IIAC, Zegna, Continental Stock Transfer & Trust Company, Computershare Trust Company, N.A. and Computershare Inc.

"*Warrants*" means, collectively, the Public Warrants and the Private Placement Warrants.

"*Zegna Articles of Association*" means the articles of association of Zegna.

"*Zegna Board*" means Zegna's board of directors.

"*Zegna Board Regulations*" means the regulations of the Zegna Board, as amended or supplemented from time to time.

"*Zegna Director*" means a Zegna Executive Director or a Zegna Non-Executive Director.

"*Zegna Executive Director*" means an executive member of the Zegna Board.

"*Zegna General Meeting*" means the corporate body that consists of the shareholders of Zegna and all other Persons with meeting rights and also the meeting in which shareholders of Zegna and all other Persons with meeting rights assemble, as the case may be.

"*Zegna Initial Shareholders*" means, collectively, Monterubello, Ermenegildo Zegna and the other shareholders of Zegna immediately prior to the Closing.

"*Zegna Merger Sub*" means EZ Cayman, a Cayman Islands exempted company.

"*Zegna Non-Executive Director*" means a non-executive member of the Zegna Board.

"*Zegna Shareholders Lock-Up Agreement*" means the lock-up agreement, entered into at the Closing, by and among Zegna and the Zegna Initial Shareholders.

"*Zegna Special Voting Shares*" means, collectively, the Zegna Special Voting Shares A, the Zegna Special Voting Shares B and the Zegna Special Voting Shares C.

"*Zegna Special Voting Shares A*" means the special voting shares class A, nominal value of €0.02 per share, of Zegna.

"*Zegna Special Voting Shares B*" means the special voting shares class B, nominal value of €0.08 per share, of Zegna.

"*Zegna Special Voting Shares C*" means the special voting shares class C, nominal value of €0.18 per share, of Zegna.

## NOTE ON PRESENTATION

This document includes the consolidated financial statements of Ermenegildo Zegna N.V. at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, prepared in accordance with International Financial Reporting Standards ("*IFRS*") as issued by the International Accounting Standards Board ("*IASB*"), as well as IFRS as adopted by the European Union. There is no effect on these consolidated financial statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union. We refer to these consolidated financial statements collectively as the "*Consolidated Financial Statements*."

*Basis of Preparation of the Consolidated Financial Statements*

On December 17, 2021 we closed the previously announced Business Combination pursuant to the Business Combination Agreement, dated as of July 18, 2021, as amended, by and among us, IIAC and Zegna Merger Sub, our wholly owned subsidiary. For more information on the Business Combination, see "*Item 4.A—History and Development of the Company*" and *Note 1 — General information* to the Consolidated Financial Statements included elsewhere in this report.

The Group's financial information is presented in Euro. In certain instances, information is presented in U.S. Dollars. All references in this document to "Euro" and "€" refer to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty on the Functioning of the European Union, as amended, and all references to "U.S. Dollars," "US$" and "$" refer to the currency of the United States of America (the "*United States*").

The language of this document is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Certain totals in the tables included in this document may not add due to rounding.

## TRADEMARKS, SERVICE MARKS AND TRADE NAMES

This report includes trademarks, trade names and service marks, certain of which belong to Zegna and others that are the property of other organizations. Solely for convenience, some of the trademarks, service marks, logos and trade names referred to in this report are presented without the ® and ™ symbols, but such references are not intended to indicate, in any way, that we will not assert, to the fullest extent under applicable law, our rights or the rights of the applicable licensors to these trademarks, service marks and trade names. This report contains additional trademarks, service marks and trade names of others. All trademarks, service marks and trade names appearing in report are, to our knowledge, the property of their respective owners. We do not intend our use or display of other companies' trademarks, service marks, copyrights or trade names to imply a relationship with, or endorsement or sponsorship of us by, any other companies.

## MARKET AND INDUSTRY INFORMATION

Information contained in this report concerning the market and the industry in which we compete, including our market position, general expectations of market opportunity and market size, is based on information from various third party sources, assumptions made by us based on such sources and our knowledge of the personal luxury goods market. This information and any estimates provided herein involve numerous assumptions and limitations, and you are cautioned not to give undue weight to such information. Third-party sources generally state that the information contained in such source has been obtained from sources believed to be reliable but that there can be no assurance as to the accuracy or completeness of such information. We have not independently verified any third-party information. The industry in which we operate is subject to a high degree of uncertainty and risk. As a result, the estimates and market and industry information provided in this report are subject to change based on various factors, including those described in the sections entitled "*Cautionary Note Regarding Forward-Looking Statements*" and "*Item 3.D—Risk Factors*" and elsewhere in this report. The information relating to the industry contained in the section entitled "*Item 4.B—Business Overview—Industry*," unless otherwise indicated, has been based on the Bain-Altagamma Luxury Goods Worldwide Market Study, Fall 2022, dated November 15, 2022.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements. Forward-looking statements provide the current expectations or forecasts of future events of Zegna. Forward-looking statements include statements about Zegna's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "objective," "ongoing," "plan," "potential," "predict," "project," "should," "will" and "would," or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. Examples of forward-looking statements in this report include, but are not limited to, statements regarding Zegna's disclosure concerning Zegna's operations, cash flows, financial position and dividend policy.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. The risks and uncertainties include, but are not limited to:

- the ability of Zegna to safeguard the recognition, integrity and reputation of its brands and to identify and respond to new and changing customer preferences;
- the impact of COVID-19 or similar public health crises on Zegna's business;
- disruptions arising from political, social and economic instability, geopolitical tensions or civil unrest, including the current conflict in Ukraine and sanctions imposed onto Russia;
- the ability of Zegna to successfully implement its strategy;
- the ability of Zegna to achieve the expected benefits of businesses we may acquire, including in relation to the anticipated TFI Acquisition;
- disruptions to Zegna's manufacturing and logistics facilities, as well as DOSs, including as a result of the COVID-19 pandemic;
- risks related to the operation of Zegna's DOSs, including as a result of difficulties in renewing the existing lease agreements, an increase in rental charges or a decline in sales, and the operation of points of sale by third parties in the wholesale channel;
- fluctuations in the price or quality of, or disruptions in the availability of, raw materials used by Zegna for its products or of commodities such as energy, which could cause Zegna to incur increased costs, disrupt its manufacturing processes or prevent or delay Zegna from meeting its customers' demand;
- the ability of Zegna to negotiate, maintain or renew license or co-branding agreements with high end third party brands;
- shifts in travel patterns or declines in travel volumes, including as a result of the COVID-19 pandemic;
- the ability to attract and retain key senior and skilled personnel and preserve craftsmanship skills;
- Zegna's ability to protect its intellectual property rights;
- disruptions or breaches in Zegna's information technology systems compromising Zegna's business or the personal information of Zegna's customers, including as a result of cybercrimes;
- the fact that the market price of Zegna's securities may be volatile due to a variety of factors;
- the ability to develop and maintain effective internal controls;
- Zegna has identified material weaknesses in its internal control over financial reporting; if Zegna fails to remediate these material weaknesses or maintain an effective system of internal controls, this could result in a

material misstatement in Zegna's consolidated financial statements and may subject us to adverse regulatory consequences and affect investor confidence in us and, as a result, the price of our securities and our ability to access the capital markets and other forms of financing in the future may be impaired;

- changes in local economic, business, regulatory, social and political conditions, as well as changes in general economic conditions (such as significant inflation) and in demand for luxury goods;
- exchange rate fluctuations, interest rate changes, credit risk and other market risks;
- the high levels of competition in the luxury goods market;
- compliance with laws, including laws and regulation related to intellectual property, competition, product safety, packaging and labeling, import and processing of certain raw materials and finished goods, data protection, limits on cash payments, worker health and safety and the environment;
- risks related to climate change and other environmental impacts, as well as an increased focus by regulators and stakeholders on environmental, social and governance matters;
- changes in trade policy, the imposition of tariffs, the enactment of tax reforms and other changes in laws and regulations; and
- other factors discussed elsewhere in this report in the section "*Item 3.D—Risk Factors.*"

Actual results could differ materially from those anticipated in forward-looking statements for many reasons, including the factors described in the section "*Item 3.D—Risk Factors*" of this report. Accordingly, you should not rely on such forward-looking statements, which speak only at the date of this report. Zegna undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this report or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks Zegna describes in the reports it will file from time to time with the SEC.

Although Zegna believes the expectations reflected in the forward-looking statements were reasonable at the time made, it cannot guarantee future results, level of activity, performance or achievements. Moreover, neither Zegna, nor any other person assumes responsibility for the accuracy or completeness of such forward-looking statements. You should carefully consider the cautionary statements contained or referred to in this section in connection with the forward-looking statements contained in this report and any subsequent written or oral forward-looking statements that may be issued by Zegna or persons acting on its behalf.

## PART I

### ITEM 1 IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable.

### ITEM 2 OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable.

### ITEM 3 KEY INFORMATION

**A. [Reserved]**

**B. Capitalization and Indebtedness**

Not applicable.

**C. Reasons for the Offer and Use of Proceeds**

Not applicable.

**D. Risk Factors**

**Summary of Risk Factors**

The following is a summary of the principal risk factors that could have a material adverse effect on our business, results of operations and financial condition. Please carefully consider all of the information discussed in this "*Item 3.D—Risk Factors*" for a detailed description of such risks.

- Our business depends on the recognition, integrity and reputation of our brands and on our ability to identify and respond to new and changing customer preferences.
- The resurgence of the COVID-19 pandemic or similar public health crises may materially and adversely affect our business.
- Disruptions arising from political, social and economic instability, geopolitical tensions or civil unrest, including the current conflict in Ukraine and sanctions imposed onto Russia, may adversely affect our business.
- We may not be able to successfully implement our strategy, including the successful consolidation of the shift toward luxury leisurewear and enhanced brand positioning, the successful design and introduction of new iconic products, the continuous development of the retail experience and the use of digital tools to strengthen business processes, attract new customers and retain the existing customer base as well as pursuing the growth of the Thom Browne brand and increasing the productivity of our stores.
- Disruptions to our manufacturing and logistics facilities, including as a result of the COVID-19 pandemic, may adversely affect our business.
- The sale of our products through our DTC channel and directly operated stores is subject to certain risks, including as a result of difficulties in renewing the existing lease agreements, increases in rental charges or declines in sales, which may adversely affect our business.
- In the wholesale channel, we are subject to certain risks arising from points of sale operated by third parties, and we are dependent on our local partners to sell products in certain markets.

- Fluctuations in the price or quality of, or disruptions in the availability of, raw materials used in our products or of commodities such as energy, could cause us to incur increased costs, disrupt our manufacturing processes or prevent or delay us from meeting our customers' demands.

- We could be adversely affected if we are unable to negotiate, maintain or renew our co-branding or license agreements.

- We could be adversely affected by fluctuations in exchange rates.

**Risk factors relating to Zegna's business, strategy and operations**

***Our business depends on the recognition, integrity and reputation of our brands.***

We design, manufacture, promote and sell luxury goods under a number of brands, including Zegna and Thom Browne. Our sales and our ability to achieve premium pricing depend on the perception, recognition and reputation of our brands, which, in turn, depend on factors such as product design, the distinctive character and the quality of our products and customer service, the image of our stores and those of our franchisees and other wholesale customers, the success of our advertising and communication activities and our general corporate profile.

The recognition, integrity and reputation of our brands are among our most valuable assets, which are influenced by several factors, some of which are outside of our control. Factors that may adversely affect our brands' image include our inability to respond adequately to the needs and expectations of our customers with regard to the quality, style and design of our products, the service we provide in our stores, the dissemination by third parties of information that is untrue or defamatory, the commencement of litigation proceedings against us, as well as factors attributable to the parallel distribution and counterfeiting of our products.

As we expand into new marketing channels, we may pursue new collaborations with designers, artists, promoters and influencers to attract new customers and drive engagement with existing customers. Such collaborators could engage in behavior, make statements or use their platforms in a manner that reflects poorly on our brand or otherwise adversely affect us. We may be unable prevent such actions, and the actions we take to address them may not be effective in all cases. Each of these factors could harm the recognition, integrity and reputation of our brands, causing us to lose existing customers or fail to attract new customers, or otherwise having a material adverse effect on our business, results of operations and financial condition.

Our reputation may also suffer as a result of facts depending on our suppliers. While we closely monitor our suppliers to ensure that they comply with all applicable laws and regulations, if suppliers fail to comply with applicable law, including those relating to labor, social security, health and safety, or if they deliver products that are defective or differ from our specifications or quality standards or do not comply with applicable law, this could have adverse effects on our production cycle and cause delays in product deliveries to our customers, which in turn could damage our reputation, with possible adverse effects on our business, results of operations and financial condition.

***Our success depends on our ability to anticipate trends and to identify and respond to new and changing consumer preferences.***

Our continued success depends in part on our ability to set and define product and fashion trends, and in part on our ability to identify and respond to changing consumer preferences in a timely manner. Our products must appeal to an evolving customer base whose preferences cannot be predicted with certainty and are subject to increasingly rapid change, while preserving the image and recognition of our brands. Although we dedicate considerable resources to market analysis and the identification of new fashion trends, we may not be able to promptly anticipate fashion trends or to quickly adapt to these trends during the design and manufacturing stages. If we fail to identify or promptly respond to new trends or changing consumer preferences, including concerns or perceptions regarding the sustainability and environmental impact of our products, our brands' reputation may be affected, which could result in unsold products, a decline in sales to customers and could have a material adverse effect on our business, results of operations and financial condition.

***We are subject to risks related to the COVID-19 pandemic or similar public health crises that may materially and adversely affect our business.***

Public health crises such as pandemics could adversely impact our business. Over the last three years, the global spread of COVID-19, including variants thereof, led to governments around the world mandating restrictive measures, including quarantine, social distancing, "shelter in place" or similar orders, travel restrictions and suspension of non-essential business activities. The COVID-19 pandemic has caused significant disruption to the global economy, consumer spending and behavior, tourism, supply chains and financial markets, leading to a global economic slowdown and a severe recession in several of the markets in which we operate, which may persist even after all restrictions are lifted. The COVID-19 pandemic has also resulted in a decline in the level of consumer purchases of discretionary items and luxury retail products, including our products, caused by lower disposable income levels, travel restrictions, the prevalence of remote working arrangements and other factors.

During the course of 2020 and 2021, we experienced suspension or slowdown of production at our manufacturing and logistics facilities, as well as delays in deliveries of raw materials from suppliers and of our products to wholesale customers, temporary closures of our DOSs and our distribution partners' stores, as well as running costs related to our workforce, despite furlough or reduced hours schemes we implemented with respect to certain of our employees. Since early 2022, due to a new wave of the virus and the resulting lockdown restrictions in certain parts of the Greater China Region, we have been required to temporarily close certain of our DOSs in the Greater China Region. In addition, DOSs that remained open in the region have been experiencing significantly lower customer traffic, resulting in significantly lower sales in 2022. As a result of store closures and lower consumer demand, we experienced a build-up of inventory. The continuation or reintroduction of these restrictions or any new restrictions may adversely affect our business, results of operations and financial condition. The abandonment of the so-called "zero-COVID" policy in Mainland China in early December 2022 has resulted in a rapid spread of contagions in the region, where we had to temporarily close several of our stores due to the illness of our personnel.

While at times when we were required to close our stores we continued to serve our customers through our remote selling and online e-commerce websites, the store closures resulted in a significant decline in our revenues and ability to generate cash flows from operations. For further information on the impact of the COVID-19 pandemic on our results of operations and liquidity, see *"Item 5.A—Operating Results—Trends, Uncertainties and Opportunities."*

Although COVID-19-related restrictions have generally been lifted or relaxed across the markets where we operate, our businesses may continue to experience impacts from a resurgence of COVID-19 or other widespread public health crises, such as incremental health and safety measures and related increased expenses, capacity restrictions and closures. We may experience a new shutdown or slowdown of all or part of our manufacturing and logistics facilities, and of our stores.

Management time and resources were required to be, and in the future may need to be, spent on mitigation efforts in response to the impacts of COVID-19 or other widespread public health crises, distracting them from the implementation of our strategy.

Our suppliers, customers and other contractual counterparties may be restricted or prevented from conducting business activities for indefinite or intermittent periods of time. In the first months of 2022 we experienced minor delays in production in certain countries where a significant number of our and our suppliers' employees had to stay at home after becoming infected with COVID-19. During the course of 2022, we continued to experience some minor delays in deliveries from suppliers, primarily due to the resurge in demand determined by some retailers' need to replenish inventory levels and due to certain suppliers' partial capacity reduction caused by the COVID-19 pandemic; if such delays persist, our future deliveries may in turn be delayed. The COVID-19 pandemic or other widespread public health crises may lead to financial distress for our suppliers or wholesale customers, as a result of which they may have to permanently discontinue or substantially reduce their operations. Any of the foregoing could disrupt our supply chain and/or limit customer demand or our capacity to meet customer demand and have a material adverse effect on our business, results of operations and financial condition.

The impact of the COVID-19 pandemic on our business, results of operations and financial condition will depend largely on future events outside of our control, including ongoing developments in the pandemic (including the appearance of new variants of the virus), the success of containment measures, vaccination campaigns and other actions taken by governments around the world, as well as the overall condition and outlook of the global economy. However, the effects on our business, results of operations and financial condition may be material and adverse.

The COVID-19 pandemic or other widespread public health crises may also exacerbate other risks disclosed in this "*Item 3.D—Risk Factors,*" including, but not limited to, our competitiveness, demand for our products, shifting consumer preferences, exchange rate fluctuations, and availability and price of raw materials.

***We operate in many countries around the world and, accordingly, we are exposed to various international business, regulatory, social and political risks.***

We operate in approximately 80 countries worldwide through a direct and indirect distribution network. For the year ended December 31, 2022, 43% of our revenues were generated in APAC, 35% were generated in EMEA, 20% were generated in North America and 2% were generated in Latin America.

Our operations in various international markets expose us to various risks, including those arising from: competition with local competitors (which may have greater resources and/or more favorable market positions); the diversity of consumers' tastes and preferences and our ability to anticipate or respond to such tastes and preferences; changes in the political and economic environments in the countries where we operate; changes in regulations, including tax regulations, and the imposition of new duties or other protectionist measures; strict regulations affecting the import and processing of certain raw materials and finished goods; the occurrence of acts of terrorism or similar events, conflicts, civil unrest or situations of political instability; parallel imports of goods at terms inconsistent with our guidelines and distribution of our products, in violation of exclusive territorial rights granted to other importers and licensees (the so-called "gray market"), which may force us to reposition our pricing in certain countries and erode our profitability. These or other factors may harm our business in international markets or cause us to incur significant costs in these markets, which could have a material adverse effect on our business, results of operations and financial condition.

***The conflict in Ukraine and sanctions imposed onto Russia may adversely affect our business.***

The ongoing conflict in Ukraine and resulting geopolitical tensions have had an abrupt impact on the global economy resulting in a sharp increase in energy prices and higher prices for certain raw materials and goods and services, which in turn is contributing to higher inflation around the world. The Russian/Ukrainian conflict has continued to escalate without any resolution foreseeable in the near future, with the short and long-term impact on financial and business conditions in Europe remaining highly uncertain. Many governments around the world, including those of the United States, the European Union, the United Kingdom and other jurisdictions, have announced the imposition of sanctions on certain industries and parties in Russia and the Ukrainian regions of Donetsk and Luhansk, as well as export controls on certain industries and products, including luxury goods, and the exclusion of certain Russian financial institutions from the SWIFT system. On March 11, 2022, the President of the United States issued an executive order prohibiting exports to Russia of luxury goods (including, inter alia, apparel, footwear and certain accessories with a per unit wholesale price of $1,000 or more). Shortly thereafter, on March 15, 2022, the Council of the European Union imposed new sanctions on Russia prohibiting the export of luxury goods having a value in excess of €300 per item (including clothing, footwear, leather and fashion accessories). These and any additional sanctions or export controls, as well as any counter responses by the governments of Russia or other countries, are adversely affecting, and will continue to adversely affect, directly or indirectly, our supply chain and customers, as well as the global financial markets and financial services industry.

The Russian market represented 0.3%, 1.5% and 2.0% of our revenues in 2022, 2021 and 2020, respectively. Our business operations in such market were conducted through franchisees and distribution partners. Pursuant to the aforementioned sanctions, we suspended indefinitely deliveries to our franchisees and distributors in Russia. Accordingly, we have suspended production of products starting with the Fall/Winter 2022 collection ordered by our Russian franchisees and distributors and it is uncertain whether and when we will be able to resume such production.

In general, the banking, economic and monetary crisis, as well as the escalating energy prices triggered by the conflict may reduce customers' interest for, and financial ability to buy, luxury products. An expansion of the conflict to other European countries, the United States or other parts of the world, or the worsening of the world economic situation in terms of inflation, energy prices and purchase power, is likely to translate into a lower propensity to spend on luxury good products and potentially impact our business.

***Developments in Greater China and other growth and emerging markets may adversely affect our business.***

We operate in a number of growth and emerging markets, both directly and through our distribution partners. In particular, a significant proportion of our sales are in the Greater China Region (which for Zegna's reporting purposes

includes the Chinese mainland, Hong Kong S.A.R., Macau S.A.R. and Taiwan), representing 33%, 46% and 43% of our revenues in 2022, 2021 and 2020, respectively, where we have had a direct retail presence since 1991. While demand in these markets has increased in recent years due to sustained economic growth and growth in personal income and wealth, economic growth in these markets may not be sustained in the future. For example, rising geopolitical tensions and potential slowdown in the rate of growth there and in other emerging markets (such as the recent decline in investments in the real estate market in the Greater China Region) could cause a decline in our sales there, or limit the opportunity for us to increase sales of our products and revenues in those regions in the near term. For example, any increase in tensions around Taiwan, including threats of military actions or escalation of military activities, as well as the rising of protests, could adversely affect our sales in the Greater China Region.

Economic and political developments in emerging markets, including economic crises, political instability or geopolitical tensions, have had and could have in the future material adverse effects on our business, results of operations and financial condition. Government actions may also impact the market for luxury goods in these markets, such as tax changes, measures aiming at limiting the import of foreign goods or the active discouragement of luxury purchases. Consumer spending habits in these markets may also change due to other factors that are outside of our control. For instance, starting from the end of August 2021, the President of the People's Republic of China has repeatedly signaled the government's intention to regulate excessively high incomes and encourage high-income groups and enterprises to return more to society. Resulting regulatory action or similar statements by governmental authorities may affect the social acceptability of spending on luxury goods.

Maintaining our position in these growth and emerging markets is a key component of our global strategy. However, initiatives from several global luxury goods manufacturers have increased competitive pressures for luxury goods in several emerging markets. As these markets continue to grow, we anticipate that additional competitors, both international and domestic, will seek to enter these markets and that existing market participants will try to aggressively protect or increase their sales. Increased competition may result in pricing pressure, reduced margins and our inability to increase or maintain our sales levels, which could have a material adverse effect on our results of operations and financial condition. See also "*—Risk factors relating to the industry in which Zegna operates—The markets in which we operate are highly competitive*."

***Failure to implement our strategy could adversely affect our results of operations***.

Our ability to increase our revenues and pursue growth and development objectives depends, in part, upon our success in carrying out our strategic plan. As part of our strategy, we are pursuing, among other things, for Zegna: (i) the successful consolidation of our One Brand strategy and shift toward luxury leisurewear; (ii) the successful design and introduction of new iconic products; (iii) an enhanced brand positioning; (iv) the continuous development of a unique retail experience; (v) the use of digital tools to strengthen our processes, attract new customers and retain our existing customer base as well as to increase productivity of our stores. Furthermore, we are pursuing the growth of the Thom Browne brand, which depends on the brand's positive momentum and successful customer proposition. In addition, we are working to strengthen our supply chain and to achieve higher diversification by geography, category and gender. See "*Item 4.B—Business Overview—Strategy*" If our One Brand strategy proves unsuccessful, our brand positioning may suffer and we may have undertake markdown activities. In addition, as a result of our strategy relating to iconic products, we could become significantly exposed to certain specific products and, should they lose their appeal, it may be difficult to replace the revenues generated therefrom.

Our strategy is premised upon certain assumptions about the global economy and the evolution of demand for luxury goods in various regions of the world in which we operate or seek to operate our competitive position and the ability of our management team to carry out our strategic plan. If we fail to implement our strategic plan, if our assumptions prove to be incorrect or if the geopolitical situation triggers an economic crisis or a conflict situation in the regions where we operate, our ability to increase our revenues and profitability could be affected, which could have a material adverse effect on our business, results of operations and financial condition.

***We are exposed to risks relating to recent and potential future acquisitions, including the TFI Acquisition.***

Our growth strategy may, from time to time, include acquisitions. Such acquisitions, including the TFI Acquisition which is expected to close in the second quarter of 2023 subject to antitrust approvals and other customary closing conditions, may cause us to face uncertainties concerning the economic and financial outcomes of such transactions. With respect to both past and future acquisitions, we may be exposed to liabilities (including tax liabilities) not detected during the due diligence process or not covered by contractual provisions. Furthermore, other assessments of the acquired business made at the time of

the initial investment could prove to be incorrect. The achievement of the anticipated benefits of an acquisition is subject to a number of uncertainties, including general competitive factors in the marketplace, our ability to integrate the businesses in an efficient and effective manner and establish and implement effective operational principles and procedures. We may also encounter unexpected difficulties and costs if we are unable to retain certain key employees and achieve minimal unplanned attrition, which could increase our hiring and training costs and disrupt our business, or in connection with hiring new senior managers. The process of coordinating and integrating businesses acquired by Zegna has required and will continue to require significant management and financial resources that may otherwise have been focused on the ordinary course management of our activities. The integration process also requires the application of financial reporting and management control systems to the acquired companies, as well as the integration of IT systems and the training of new personnel. Each of these needs could require considerable resources from us, entailing significant costs. If we incur liabilities as a result of acquisitions and these liabilities exceed the contractual indemnification caps, or if indemnification is not available for any other reason, this could have a material adverse effect. Furthermore, we are exposed to the risk that the evaluations and assumptions underlying investment decisions could turn out to be incorrect, which could lead to unexpected difficulties in the process of integrating the acquired assets or companies with our business, or costs and other unforeseen liabilities for Zegna, and we may not obtain the benefits and synergies expected from such transactions. Any of the above circumstances could have adverse effects on our business, results of operations and financial condition.

Acquisitions of new businesses may also expose us to other risks relating specifically to the business being acquired. For example, pursuant to the arrangements governing the TFI Acquisition (and subject to its closing), Mr. Tom Ford, Founder and CEO of Tom Ford International, will continue to serve as the brand's creative visionary after closing and through the end of 2023. His eventual departure could have a material adverse effect on the TOM FORD fashion business, and therefore on our results of operations and financial condition.

***We depend on our manufacturing and logistics facilities, which are subject to disruption.***

We operate manufacturing and logistics facilities in Italy, Switzerland and Turkey and logistics facilities in the People's Republic of China and the United States. These facilities are subject to operational risks, including mechanical and information technology system failure, work stoppage, civil unrest, increases in transportation costs, natural disasters, fire, government imposed shutdowns and disruption to supplies of raw materials or of commodities such as energy. Any interruption of activity in our manufacturing or logistics facilities due to these or other similar events outside of our control could result in disruption to our operations and a reduction in sales, which could have an adverse effect on our business, results of operations and financial condition. See "— *We are subject to risks related to the COVID-19 pandemic or similar public health crises that may materially and adversely affect our business."*

***We are subject to certain risks related to the sale of our products through our DTC channel and in particular our directly operated stores.***

In our distribution model, the DTC channel consists of single branded stores managed directly by us, or DOSs, outlets, concessions within department stores, as well as a directly managed online boutique and other e-commerce platforms through which we sell directly to our customers. At December 31, 2022, we operated 239 Zegna DOSs and 63 Thom Browne DOSs (245 Zegna DOSs and 52 Thom Browne DOSs at December 31, 2021). The DTC channel generated revenues of €918.2 million in 2022 (or 62% of our consolidated revenues in such period). The risks related to managing currently existing DOSs mainly relate to possible difficulties in renewing the existing lease agreements, an increase in rental charges and a decline in sales.

Our DOSs are all located in properties that we lease from third parties. There is significant competition among retail operators in our industry to obtain commercial spaces in prestigious locations in major cities, towns and resort destinations worldwide. Accordingly, to renew our lease agreements, we may have to compete with other operators, including those in our same industry, some of which have greater economic and financial resources than ours or otherwise more bargaining power. If we are unable to renew our lease agreements with economic terms consistent or more beneficial than those currently applicable, or if we are forced to accept rental charges which are substantially higher than the existing ones, this could have a material adverse effect on our business, results of operations and financial condition.

Our DOSs have a high level of fixed costs, which affect profits from the retail channel. A reduction in sales or a decrease in revenues from the retail channel could, in light of the high level of fixed costs, have a material adverse effect on our business, results of operations and financial condition.

We analyze the performance of each of our DOSs and market trends in order to assess whether to open new DOSs (or move DOSs to a different location), renew existing leases, or close DOSs that are underperforming. If our analysis is inadequate or based on the wrong assumptions, we could select sub-optimal locations for our stores, or keep or open underperforming stores, which could have a material adverse effect on our business, results of operations and financial condition. In the event we decide to close an underperforming DOS, the terms of the lease may not allow us to terminate the lease without significant penalties (such as payment of rent until the expiry of the contractual term).

In addition, although we have adopted internal policies and training initiatives to ensure that the staff in our DOSs operate in a manner consistent with the image and prestige of our brands, there can be no assurance that such staff will abide by such policies or that inappropriate or illicit behavior by certain employees will not occur. If there is any allegation brought against us as a result of negligence or other impermissible conduct by our DOS staff, we may be exposed to legal or other proceedings or increased public scrutiny, which may result in substantial costs, diversion of resources and management's attention and potential harm to our reputation.

The operations of our retail channel and DOSs are also subject to risks such as information technology system failure, work stoppage, civil unrest, natural disasters, fire and government imposed shutdowns. Any interruption of activity in our retail channel and DOSs due to these or other similar events out of our control could result in disruption to our operations and a reduction in sales, which could have an adverse effect on our business, results of operations and financial condition.

***In the wholesale channel, we are subject to certain risks arising from points of sale operated by third parties, and we are dependent on our local partners to sell our products in certain markets.***

In the wholesale channel, we sell our products to franchisees, specialty stores, department stores and online retailers. For the year ended December 31, 2022, revenues attributable to the wholesale channel for Zegna Branded Products and Thom Browne amounted to €335.7 million (or 22% of our consolidated revenues in the same period). The loss of existing commercial relationships with our primary wholesale customers, the failure to develop new commercial relationships on economically favorable terms (or at all) or a significant decrease in wholesale channel revenues could have a material adverse effect on our business, results of operation and financial condition. In addition, any failure by retailers not directly operated by us to manage their stores, or by our local partners to act, in a manner consistent with the image and prestige of our brands or in line with any agreed contractual commitments (including in terms of sale prices), or failure by online retailers to comply with consumer protection laws or provide accurate product descriptions, could damage the competitive position and image of our brand, with potential material adverse effects on our business, results of operations and financial condition. See "*—Our business depends on the recognition, integrity and reputation of our brands*."

In certain of the geographic markets in which we operate, the distribution of our products is carried out, sometimes exclusively, through franchising agreements with local operators. Although we generally have not experienced significant problems in the past with such wholesale customers, the loss of one or more important commercial relationships with, or the occurrence of material disagreements with, our distribution partners or a failure to renew or develop commercial relationships on economically favorable terms (or at all) with them could have a material adverse effect on our business, results of operations and financial condition.

Our operations are also subject to the risk of insolvency of our wholesale customers. Despite our efforts to mitigate such risk, there can be no assurance that we will be able to do so successfully, and our business, results of operations and financial condition could be materially adversely affected.

***Fluctuations in the price or quality of, or disruptions in the availability of, raw materials used in our products could cause us to incur increased costs, disrupt our manufacturing processes or prevent or delay us from meeting our customers' demands.***

We require high quality raw materials in order to produce our products. The market price of the raw materials that we require for our production depends on many factors that are largely out of our control and which are difficult to predict. The primary raw materials we use are yarns (in particular, wool yarns), silk, cotton, linen, cashmere, fabrics and leather. The availability of wool and silk depends on unpredictable factors which are outside our control, including weather conditions in the areas where these raw materials originate (mainly Australia and New Zealand for wool, Greater China and Mongolia for cashmere, Turkey and Egypt for cotton, and Greater China for silk), as well as diseases and pests affecting livestock and plants and, as a result, fiber quality. We also use rare raw materials, such as vicuna yarns, which are only available in a very limited quantity and subject to strict export and processing regulations, which may change. Possible legislative, political and

economic developments, potential social instability or the introduction of export restrictions or tariffs in the countries in which our suppliers operate, or the introduction of import restrictions on products from such countries, could have a negative impact on our procurement activities. These and other factors could affect the availability and price of the raw materials required for our production. For instance, the price of cashmere raised significantly through 2021 and 2022.

If the supply of such raw materials decreases (including due to shortages or to a decrease in the number of producers or suppliers of raw materials), we may face difficulties in obtaining sufficient supplies of high quality raw materials, and the relevant prices may increase. Thus, we could face supply shortages in the medium term and rising costs of purchasing, which we may be unable to pass on to our customers. In addition, our suppliers could cancel or delay the delivery of raw materials to us, or may fail to provide raw materials that meet our high quality standards. This could delay our manufacturing process or cause us to incur increased costs to obtain raw materials of the quality we require. Any of the foregoing factors could have a material adverse effect on our business, results of operations or financial condition. Suppliers' actions may also damage our reputation.

***We could be adversely affected if we are unable to negotiate, maintain or renew our license or co-branding agreements with high end third party brands.***

We are a party to various agreements with third party brands, as licensee or supplier, and license agreements, as licensor. In particular, we have been acting as licensee for the production and distribution of Tom Ford menswear from 2004 until the expiry of the license upon completion of the production and distribution activities for the Fall/Winter 2022 collection. Since then, pursuant to an agreement entered into in January 2021, we have been acting as an exclusive supplier for certain Tom Ford products, starting from the Spring/Summer 2023 season. We are also supplier of menswear for several brands such as Dunhill and Gucci. During the year ended December 31, 2022, we recorded revenues of €97.8 million from these agreements with third party brands (after eliminations). See *"Item 4.B—Business Overview—Zegna Segment—Third Party Brands Product Line"* for further information on our business with third party brands. If we were to fail to comply with our obligations under these arrangements (including with respect to required quality standards and timeliness of deliveries), our third party brand partners may terminate, fail to renew, amend in a manner adverse to us the existing arrangements, or initiate legal proceedings against Zegna, which may have material adverse consequences on our business, results of operations and financial condition.

The definitive agreements for the acquisition of TFI, entered into on November 15, 2022, provide that at the closing of the TFI Acquisition, TFI (which will then become Zegna's wholly-owned subsidiary) will enter into a license agreement (the "TFI License"), under which TFI will become the licensee of The Estée Lauder Companies for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products, for a term of 20 years, subject to renewal at Zegna's option for further 10 years subject to certain minimum performance conditions. Under the TFI License (once in effect) we will be required to pay royalties to the licensor. If we are unable to run the licensed business efficiently (considering the royalties and other costs), our profitability may be adversely affected. In addition, the TFI License, once in effect, will provide for certain minimum guaranteed royalties payable to The Estée Lauder Companies regardless of the level of sales actually achieved.

We are also party to certain license agreements whereby we grant, for a certain period of time, the use of our brand to third parties for the production of products in adjacent luxury sectors (including fragrances, glasses and sunglasses, cufflinks, and beachwear and underwear). For the year ended December 31, 2022, royalties relating to these arrangements were €3.2 million. If any of these licensees were not to perform their obligations towards Zegna (including by failing to ensure the required quality standards, comply with our directions with respect to distribution channels and after sale services), we may be unable, in a commercially reasonable time, to replace such licensee with another producer capable of ensuring equivalent quality and production standards, or procure its services upon the same or substantially the same financial terms. Our inability to maintain a presence in these adjacent luxury sectors or to provide products in these sectors of a quality comparable to that of our other products may reflect negatively on the reputation and integrity of our brands.

We are also pursuing the negotiations with different brands to enter into co-branding projects for the design, production and sale of certain selected co-branded products, as we did with Fear of God and currently with The Elder Statesman. If we fail to conclude the negotiations in a mutually satisfactory manner for both brands, in particular with respect to the distribution of the co-branded products and the ownership and protection of the intellectual property rights related to these projects, we may be unable to replace the revenues generated in the past from these collaborations. As part of certain collaborations we may also diversify our offer by entering new product categories (such as with Norda), which efforts may prove unsuccessful and result in lower sales than expected.

If any of the foregoing licensing agreements or agreements or co-branding projects with third party brands are terminated for any reason, not renewed upon their expiration or renewed but with less favorable terms and conditions, this could have a material adverse effect on our business, results of operations and financial condition.

***Our business depends on tourist traffic and demand.***

A substantial amount of our sales is generated by customers who purchase products while travelling. Consequently, adverse economic conditions (such as financial crises), global political developments, other social and geopolitical sources of unrest, instability, disorders, riots, civil wars or military conflicts, natural disasters such as fire, floods, blizzards, global pandemics such as the COVID-19 pandemic and earthquakes or other events, as well as travel restrictions imposed by governments, which result in a shift in travel patterns or a decline in travel volumes, have had in the past, and may have in the future, an adverse effect on our business, results of operations and financial condition. See also *"—We are subject to risks related to the COVID-19 pandemic or similar public health crises that may materially and adversely affect our business," "—Global economic conditions and macro events may adversely affect us." and "—The conflict in Ukraine and sanctions imposed onto Russia may adversely affect our business*."

***Our business success depends on certain key senior personnel as well as skilled personnel, and their loss or unavailability could adversely affect our business.***

The performance of our business depends significantly on the efforts and abilities of some key senior personnel, including without being limited to our Chairperson and Chief Executive Officer, Mr. Ermenegildo Zegna. Such key personnel have substantial experience and expertise in the luxury goods business and have made significant contributions to the success of our business.

If such key personnel were to leave us abruptly, or become otherwise unable or unwilling to continue in their roles, we may not be able to replace them in a timely fashion. The failure to retain or replace such key personnel with other skilled personnel capable of integrating into our operations efficiently could lead to delays in the development of collections, inefficiencies in management of our business, and, accordingly, could have a material adverse effect on our business, results of operations and financial condition.

In addition, our future success depends on our ability to continue to attract, retain and motivate skilled employees. Competition for employees is becoming more intense. The ability to attract, hire and retain skilled personnel depends on our ability to provide meaningful work at competitive compensation. The inability to do so effectively would constrain our ability to timely complete certain projects, which could adversely affect our business, results of operations and financial condition.

***We depend on highly specialized craftsmanship and skills.***

One of the distinguishing features of certain of our products is the highly specialized craftsmanship involved in their manufacturing, which is also a result of the experience that our specialized employees have acquired over the course of the years.

Although we try to preserve these craftsmanship skills and ensure that they are passed on to the next generations, the number of our specialized employees may decrease in the future and their craftsmanship skills may no longer be readily available. If this were to occur, it could affect our ability to ensure the distinctive quality of certain of our products in the future, which in turn could have a material adverse effect on our business, results of operations and financial condition.

***We depend on the protection of our intellectual property rights.***

We believe that our intellectual property is essential to the success of our products and to our competitive position. We dedicate significant resources to the protection of our intellectual property assets (including trademarks, designs, production processes and technologies, utility patents and other distinctive marks) in the jurisdictions in which we operate. There can be no assurance, however, that we will succeed in protecting our intellectual property rights.

With respect to patents in particular, patent rights do not prevent our competitors from developing products that are substantially equivalent to or better than our products, while not infringing our intellectual property rights. Moreover, any actions we take to establish and protect our patents, trademarks and other intellectual property rights may not be adequate to prevent counterfeiting, imitation of our products by competitors or other third parties or to prevent these persons from

asserting rights in, or ownership of, our brand trademarks and other intellectual property rights. We may therefore be forced to spend significant resources to defend our intellectual property from infringement or from third party claims. In addition, should third parties register intellectual property rights which overlap with ours, or should we attempt to enter new markets where third parties have registered intellectual property rights which are similar to those which we would wish to register, we may be constrained from developing our business in such markets. Moreover, changes in law or adverse judicial or administrative judgments could deprive us of the ownership or use of one or more of our intellectual property rights, which could require us to grant licenses to or to obtain licenses from third parties, to pay damages or to cease production of certain merchandise benefiting from such rights. Each of the above could have a material adverse effect on our business, results of operations and financial condition.

Third parties could make claims or bring legal action against us for an alleged infringement of such third parties' intellectual property rights. As a result, we may be required to discontinue the sale of certain products, pay damages, incur licensing costs, modify our production processes and/or products, or have the scope or validity of our intellectual property rights determined in court in order to be authorized to sell such products. For instance, on June 28, 2021 Adidas AG ("adidas") commenced an action against Thom Browne, Inc. in the Southern District of New York, for, among others, trademark infringement, unfair competition, dilution and various state claims, in connection with the use of Thom Browne's five color grosgrain ribbon and the four bars on sleeves and pants on its sporting goods, sportswear and athletic wear, allegedly infringing the three stripe marks of adidas. The case was assigned to a jury trial and on January 12, 2023, the jury found that at no time did Thom Browne, Inc. infringe on any of adidas' trademarks. Adidas filed a notice of appeal, in pursuance of which Thom Browne, Inc. filed a notice of cross-appeal. Meanwhile, Thom Browne, Inc. has also initiated cancellation proceedings against a number of adidas marks registered in the European Union, alleging that the marks lack distinction, as well as in England, on the ground of non-use. In 2022, adidas commenced an action before the Nuremberg-Furth District Court in Germany against Thom Browne, Inc. and Thom Browne Retail Italy Srl, alleging Thom Browne's four-bar signature infringed adidas' three stripe mark. Counsel's service of the documentation was flawed and formed the basis of default judgments against both Thom Browne, Inc. and Thom Browne Retail Italy Srl. Upon discovery of the defaults, Thom Browne successfully moved to suspend judgment against Thom Browne Retail Italy Srl. Thom Browne, Inc. has filed a motion to set aside that default judgment on the same grounds. All such proceedings remain pending. Thom Browne intends to vigorously defend its position. This or any other such events may entail significant losses in addition to legal costs, with possible adverse effects on our business, results of operations and financial condition. For information on legal costs incurred in connection with this matter until December 31, 2022, see *"Item 5—Operating and Financial Review and Prospects—Non-IFRS Financial Measures"* and *Note 5 — Segment reporting* to the Consolidated Financial Statements included elsewhere in this document.

***A disruption in our information technology, including as a result of cybercrimes, could compromise confidential and sensitive information.***

We depend on our information technology and data processing systems to operate our business, and a significant malfunction or disruption in the operation of our systems, human error, interruption to power supply, or a security breach that compromises the confidential and sensitive information stored in those systems, could disrupt our business and adversely impact our ability to operate. Our ability to keep our business operating effectively depends on the functional and efficient operation by us and our third party service providers of our information, data processing and telecommunications systems, including our product design, manufacturing, distribution, sales and marketing, billing and payment systems. We rely on these systems to enable a number of business processes and help us make a variety of day-to-day business decisions as well as to track operations, billings, payments and inventory. Such systems are susceptible to malfunctions and interruptions due to equipment damage, power outages, connection interruption, and a range of other hardware, software and network problems. Those systems are also susceptible to cybercrime, or threats of intentional disruption, which are increasing in terms of sophistication and frequency, with the consequence that such cyber incidents may remain undetected. For any of these reasons, we may experience system malfunctions or interruptions. For example, in August 2021 we were subject to a ransomware attack that impacted the majority of our IT systems. As we refused to engage in discussions relating to the payment of the ransom, the responsible parties published certain accounting materials extracted from our IT systems. We publicly announced the IT systems breach and gradually restored our IT systems from secure back up servers during the weeks following the breach. Although our systems are diversified, including multiple server locations, third party cloud providers and a range of software applications for different regions and functions, and we periodically assess and implement actions to ameliorate risks to our systems, a significant or large scale malfunction or interruption of our systems could adversely affect our ability to manage and keep our operations running efficiently, and damage our reputation if we are unable to track transactions and deliver products to our customers. A malfunction that results in a wider or sustained disruption to our business could have a material adverse effect on our business, results of operations and financial condition.

In addition to supporting our operations, we use our systems to collect and store confidential and sensitive data, including information about our business, our customers and our employees. Any unauthorized access to our information systems may compromise the privacy of such data and expose us to claims as well as reputational damage. Ultimately, any significant violation of the integrity of our data security could have a material adverse effect on our business, results of operations and financial condition. See "*—We are exposed to the risk that personal information of our customers, employees and other parties collected in the course of our operations may be damaged, lost, stolen, divulged or processed for unauthorized purposes."* Our recently acquired businesses may use different information technology and data processing systems than those used at a broader group level, which could make it more complex to prevent or timely address any of the foregoing events.

***We are exposed to the risk that personal information of our customers, employees and other parties collected in the course of our operations may be damaged, lost, stolen, divulged or processed for unauthorized purposes.***

In carrying out our business, we collect, store and process personal data of our customers, employees and other parties with whom we deal, including data we gather for product development and marketing purposes. Therefore we are subject to a variety of strict and ever-changing data protection and privacy laws on a global basis, including the EU General Data Protection Regulation and the Personal Information Protection Law of the People's Republic of China.

We are exposed to the risk that personal data we store and use may be damaged or lost, stolen, divulged or processed for unauthorized purposes by the individuals responsible for data management or by unauthorized individuals (including third parties and Zegna employees). The destruction, damage to or loss of personal data, as well as its theft, unauthorized processing or dissemination, could significantly impair our reputation and impact our operations; it could also lead to governmental investigations and the imposition of fines by competent authorities, with possible adverse effects on our business, results of operations and financial condition. See also "*—A disruption in our information technology, including as a result of cybercrimes, could compromise confidential and sensitive information*."

***We are subject to certain risks related to related party transactions.***

We have engaged, and continue to engage, in relationships of a commercial nature with related parties. These relationships consist mainly in the provision of industrial services, licensing agreements, financial guarantees, the purchase of raw materials, as well as an interest-bearing loan, and certain contributions to Fondazione Zegna. In addition, we lease certain real estate properties from related parties. See "*Item 7.B—Related Party Transactions.*"

We believe that the terms and conditions of our transactions with related parties are at arm's length and on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved. However, there can be no assurance that if such transactions had been concluded between or with third parties, such parties would have negotiated or entered into agreements or carried out such transactions under the same or substantially similar terms and conditions. In addition, there is no assurance that we will be able to renew these agreements at the end of their term at the same terms and conditions.

***We are exposed to currency related risks.***

We operate in numerous markets worldwide and are exposed to market risks stemming from fluctuations in currency exchange rates. In particular, changes in exchange rates between the Euro and the main foreign currencies in which we operate affect our revenues and results of operations. The exposure to currency risk is mainly linked to the differences in geographic distribution of our sourcing and manufacturing activities from those in our commercial activities, as a result of which our cash flows from sales are denominated in currencies different from those related to purchases or production activities. In particular, we incur a large portion of our capital and operating expenses in Euro while we receive the majority of our revenues in currencies other than Euro (mainly in Chinese Renminbi, U.S. Dollars, Japanese Yen, United Arab Emirates Dirham and British Pound). Therefore, our results may be adversely affected if these currencies depreciate against the Euro. Such risk is heightened given the extended time period between the moment when the sale prices of a collection are set and the moment when revenues are converted into Euro, which may extend up to 18 months. In addition, foreign exchange fluctuations might also negatively affect the relative purchasing power of our clients, which could also have an adverse effect on our results of operations. See *"Item 5.A—Operating Results—Trends, Uncertainties and Opportunities*." The year ended December 31, 2022 was characterized by high volatility in exchange rates. For example, the U.S. Dollar remained strong against other currencies over the course of 2022, but recorded a slight fall in the last quarter of the year, with

the Euro partly recovering in the last quarter of 2022 after a significant mid-year drop, while the Chinese Renminbi remained strong against the Euro over the course of 2022 but fell in the last quarter of the year to levels similar to 2021 year-end.

An appreciation of the U.S. Dollar against the Euro may adversely affect our results of operations due to certain significant liabilities on our Consolidated Statement of Financial Position which are originally denominated in U.S. Dollars. In particular, we recognize a financial liability corresponding to the present value of the exercise price in U.S. Dollars of the put option granted to the non-controlling interest in our investment in the Thom Browne Group, which is remeasured at fair value at the end of each period. The remeasurement of the liability at each reporting date is recognized through profit or loss based on the latest available information. For additional information refer to *Note 31 — Other current and non-current financial liabilities* to the Consolidated Financial Statements included elsewhere in this document. In addition, our Warrants were classified as derivative financial liabilities and measured at fair value, with changes in fair value each period reported in the Consolidated Statement of Profit and Loss. Any appreciation or depreciation in the U.S. Dollar against the Euro results in a corresponding unrealized loss or gain in the Consolidated Statement of Profit and Loss foreign exchange line item. In 2022, the U.S. Dollar appreciated against the Euro (going from 1.1326 U.S. Dollars for 1 Euro at December 31, 2021 to 1.0666 at December 31, 2022) resulting in an unrealized loss of €10.5 million for the year ended December 31, 2022.

Exchange rate fluctuation may also adversely affect our competitive position as compared to other operators in the luxury goods market, who may incur costs in other currencies with more favorable exchange rates relative to the currencies of our principal markets.

In the Zegna segment, we have historically sought to manage risks associated with fluctuations in currency through financial hedging instruments, mainly forward contracts for the sale of foreign currencies; in the Thom Browne segment, we have recently taken steps that will gradually bring to the adoption of policies similar to those of the Zegna segment. However, there can be no assurance that we will be able to hedge currency related risks successfully, and our business, results of operations and financial condition could nevertheless be adversely affected by fluctuations in market rates, particularly if such fluctuations are extended over time.

In addition, because the Euro is the functional currency used in our consolidated financial statements, fluctuations in exchange rates used to translate figures in our subsidiaries' financial statements that were originally expressed in a foreign currency could have a significant impact on results, net financial indebtedness, and consolidated net shareholders' equity as expressed in Euro in our consolidated financial statements.

***We are exposed to risks relating to fluctuations in interest rates and other market risks.***

We have entered into Euro-denominated financing agreements providing for a floating interest rate. As of December 31, 2022, floating rate loans represented approximately 71% of our total borrowings, for a financed amount of approximately €335 million. In addition, we have entered into certain Euro-denominated revolving credit facilities (for an aggregate available amount of €240 million at December 31, 2022) which, if drawn, would bear interest at a floating rate. Although we have entered into derivative financial instruments to hedge our exposure to interest rate risk, an increase in interest rates during the term of such financing agreements, which would result in higher interest payments thereunder, could have a material adverse effect on our business, results of operations and financial condition. In addition an increase in the interest rate in different countries could have a material impact on the hedging cost related to derivatives instruments to hedge our exposure in foreign currencies. See "—*We are exposed to currency related risks*."

As of December 31, 2022, we had approximately €317 million of other current financial assets invested in listed and unlisted financial instruments. We do not enter into investments for trading or speculative purposes. The primary objective of our investment activities is to preserve principal while maximizing the income that we receive from our investments without significantly increasing risk of loss. In connection with our investment activities, we may be exposed to market risk, i.e. the risk of loss related to changes in market prices, volatility, counterparty and liquidity of financial instruments, which could have a material adverse effect on our business, results of operations and financial condition.

**Risk factors relating to the industry in which Zegna operates**

***The markets in which we operate are highly competitive.***

The markets for our products are characterized by high levels of competition and the presence of a number of established operators and new entrants, some of which have significant financial resources or well-known and fashionable

brands. To succeed, we must interpret and anticipate the tastes, preferences and lifestyles of our customers and anticipate changes in those tastes, preferences and lifestyles, as well as identify fashion and luxury market trends, while producing high quality, desirable luxury products. Our competitors may be more successful in interpreting market trends or may be able to produce their products at lower costs. Our failure to compete effectively in our chosen markets, including through a failure to identify and respond to new and changing trends and consumer preferences, could have a material adverse effect on our business, results of operations and financial condition.

***Global economic conditions and macro events may adversely affect us.***

Our sales volumes and revenues may be affected by overall general economic conditions within the different countries in which we operate. Deteriorating general economic conditions may affect disposable incomes and reduce consumer wealth impacting client demand, particularly for luxury goods, which may negatively impact our profitability and put downward pressure on our prices and volumes. Furthermore, during recessionary periods, social acceptability of luxury purchases may decrease and higher taxes may be more likely to be imposed on certain luxury goods including our products, which may affect our sales.

We sell our products throughout the world. In particular, we conduct our business in EMEA, North and Latin America and APAC. Our presence in various international markets exposes us to the risks connected, among other things, with the geopolitical and macroeconomic conditions of the countries in which we operate. Sales could be affected by various events, such as, for example, market instability, terrorism, war, natural disasters or socio-political upheavals. In particular, the majority of our current sales are in Greater China and the United States. Therefore, slowing economic conditions in those countries may adversely affect our revenues in those regions. See also "*—Risk factors relating to Zegna's business, strategy and operations—Developments in Greater China and other growth and emerging markets may adversely affect our business*" and "*—Risk factors relating to Zegna's business, strategy and operations—The conflict in Ukraine and sanctions imposed onto Russia may adversely affect our business.*"

If these events, which are difficult to predict, occur, this could have an adverse effect on the demand for luxury goods in a specific country or could cause a contraction in tourist flow, and may have a material adverse effect on our business, results of operations and financial condition.

***Significant inflation could adversely affect our results of operations and financial condition.***

Economies around the world have recently experienced significant inflationary pressures, coupled with government measures to fight inflation and prevent or mitigate economic recessions. For instance, throughout 2022 we assisted to a significant increase in the price of energy and, although the price of energy has moderately decreased in the first months of 2023, it may increase again in the future. If inflation remains elevated or increases in the future, we could face further increases in costs for raw materials, energy costs, labor costs or other production costs, which could adversely affect our business and results of operations if we are not able to pass on the increased costs to our customers, or successfully implement other mitigating actions. The foregoing could reduce our profit margins, with a material adverse effect on our results of operations and financial condition. Additionally, many central banks have increased, and may increase further, interest rates as a result of the recent inflation, which in turn may increase our borrowing costs.

In addition, significant increases in the costs of other products required by consumers, as well as a raise in interest rates may affect consumer spending power and result in overall reduced spending. Further, a significant increase in the price of our products as a result of inflationary pressure could result in a decline in our sales.

***We are subject to legal and regulatory risk.***

We are required to comply with the laws and regulations applying to our products and operations in the various jurisdictions in which we operate, particularly in relation to the protection of intellectual property rights, competition, product safety and traceability, packaging and labeling, import and processing of certain raw materials and finished goods, data protection, limits on cash payments, worker health and safety, human rights and the environment. New legislation (or amendments to existing legislation) may require us to adopt stricter standards, which could lead to increased costs for adapting product characteristics, performing due diligence across the supply chain and reporting thereon, requiring us to collect external data on which we have little or no control. It could also lead us to change our suppliers or limit our operations, which may have a material adverse effect on our business, results of operations and financial condition. For example, pursuant to the Uyghur Forced Labor Prevention Act entered into force in the United States on June 21, 2022,

importers of goods originating in China must demonstrate that such goods were not produced or manufactured, in whole or in part, in Xinjiang and, if they were, provide evidence that they were not manufactured with forced labor. If our suppliers are unable to provide the certificates of origin demanded by Zegna in a timely manner, our supply chain and in turn, our deliveries in the United States, could be adversely impacted.

In addition, we are subject to the U.S. Foreign Corrupt Practices Act of 1977, as amended, and other anti-bribery, anti-corruption and anti-money laundering laws in the countries in which we conduct activities. We and our distribution partners may have direct or indirect interactions with officials and employees of government agencies or state owned or affiliated entities and other third parties where we may be held liable for corrupt or other illegal activities, even if we do not explicitly authorize them. We are also subject to sanctions legislation, which may lead to commercial and economic sanctions, prohibitions and other restrictive measures imposed by the different authorities and governments involved, including the European Union, the United States, the United Nations and other international organizations. See also "*—Risk factors relating to Zegna's business, strategy and operations—The conflict in Ukraine and sanctions imposed onto Russia may adversely affect our business.*" From time to time, we may conduct some limited activities in countries subject to sanctions or other restrictive measures. While we believe that our activities are in compliance with the applicable laws and sanctions legislation, including embargoes, we cannot exclude the possibility that we or our distribution partners may violate such laws. Any violation of the foregoing laws could lead to regulatory and/or judicial proceedings and sanctions (including civil penalties, denial of export privileges, injunctions, asset seizures and revocations or restrictions of licenses, as well as criminal fines and imprisonment), which may have a material adverse effect on our reputation, business, results of operations and financial condition.

***We are subject to risks associated with climate change and other environmental impacts and increased focus by stakeholders on environment, social and governance matters.***

Our business is subject to risks associated with climate change, both physical and transitional. The widespread impact of climate-related effects can lead to reduced availability or quality of our core raw materials, with consequent possible increases in price or in available volumes for selected top-quality specimen thereby adversely affecting our financial performance. Additionally, the increased frequency and intensity of physical events (including storms and floods) due to climate change could also lead to business interruptions in our production processes or at our production facilities, supply chain disruption, scarcity of raw materials and more frequent closures of DOSs or lost sales as customers prioritize basic needs. Finally, the increasing introduction of new national and international laws and regulations with the aim to reduce the potential impacts of climate change may hinder our efforts to enter specific markets and may cause increased costs to comply with new and evolving climate change regulatory requirements and obligations.

There is also increased focus from our stakeholders, including consumers, employees and investors, on corporate responsibility (including environment, social and governance ("*ESG*")) matters. We plan to announce in the near future our advances and accomplishments in sustainability strategy and ESG goals, as well as possibly add new commitments. There can be no assurance that our stakeholders will agree with our strategy or will be satisfied with our disclosures, or that we will be successful in achieving our goals. If our ESG practices do not meet our stakeholders' expectations and standards, or if we fail (or are perceived to fail) to implement our strategy or achieve our goals, our reputation could be damaged, causing our investors or consumers to lose confidence in us and our brands, negatively impacting our employee retention and our business, or having a negative effect on our sales and results of operations. In addition, implementing our ESG strategy and pursuing our ESG goals might involve higher than expected costs and investments which might adversely affect our results of operations.

**Risk factors relating to Tax Matters**

***Changes in tax, tariff or fiscal policies could adversely affect demand for our products.***

Imposition of any additional taxes and levies on our products could adversely affect the demand for our products and our results of operations. Changes in corporate and other taxation policies as well as changes in export and other incentives given by various governments, or import or tariff policies, could also adversely affect our results of operations. Considerable uncertainty surrounds the introduction and scope of tariffs by countries around the world, as well as the potential for trade actions, and the imposition of tariffs and trade restrictions as a result of international trade disputes or changes in trade policies may adversely affect our sales and profitability. The occurrence of any of the above may have a material adverse effect on our business, results of operations and financial condition.

***Changes to taxation or the interpretation or application of tax laws could have an adverse impact on our results of operations and financial condition.***

Our business is subject to various taxes in different jurisdictions (mainly Italy), which include, among others, the Italian corporate income tax ("*IRES*"), regional trade tax ("*IRAP*"), value added tax ("*VAT*"), excise duty, registration tax and other indirect taxes. We are exposed to the risk that our overall tax burden may increase in the future.

Changes in tax laws or regulations, or in the position of the relevant Italian and non-Italian authorities regarding the application, administration or interpretation of these laws or regulations, particularly if applied retrospectively, could have a material adverse effect on our business, results of operations and financial condition. These changes include the introduction of a global minimum tax at a rate of 15% under the Two-Pillar Solution to Address the Tax Challenges of the Digitalisation of the Economy, agreed upon by over 130 jurisdictions under the Organisation for Economic Co-operation and Development/G20 Inclusive Framework on Base Erosion and Profit Shifting. Council Directive (EU) 2022/2523 on ensuring a global minimum level of taxation for multinational enterprise groups and large-scale domestic groups in the EU (Pillar Two Directive) was published on the Official Journal of the EU on December 22, 2022 and entered into force on December 23, 2022. EU Member States are required to transpose the rules of the Pillar Two Directive into domestic law by December 31, 2023 gradually applying those measures for fiscal years starting from December 31, 2023. This measure will ensure that multinationals that are in scope of the Pillar Two rules are always subject to a corporation tax rate of at least 15%. We do not currently expect the Pillar Two Directive and the implementation thereof under domestic law to lead to adverse tax consequences for us, however it may have an adverse effect on our tax compliance burden.

In addition, tax laws are complex and subject to subjective valuations and interpretive decisions, and we periodically may be subject to tax audits aimed at assessing our compliance with direct and indirect taxes. The tax authorities may not agree with our interpretations of, or the positions we have taken or intend to take on, tax laws applicable to our ordinary activities and extraordinary transactions. In case of challenges by the tax authorities to our interpretations, we could face long tax proceedings that could result in the payment of additional tax and penalties, with potential material adverse effects on our business, results of operations and financial condition.

***Passive Foreign Investment Company tax considerations for US holders***

A non U.S. corporation is treated as a "passive foreign investment company," or a "PFIC," for U.S. federal income tax purposes with respect to a U.S. holder if for any taxable year in which such U.S. holder held shares of our stock, after the application of applicable "look-through rules" (i) 75 percent or more of our gross income for the taxable year consists of "passive income" (including dividends, interest, gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business, as defined in applicable Treasury Regulations), or (ii) at least 50 percent of our assets for the taxable year (averaged over the year and determined based upon value) produce or are held for the production of "passive income." U.S. persons who directly own, or are treated as indirectly owning, shares of a PFIC are generally subject to annual reporting requirements and potentially disadvantageous U.S. federal income tax treatment with respect to any distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition (directly or indirectly) of their shares in the PFIC.

While we believe that shares of our stock are not stock of a PFIC for U.S. federal income tax purposes during the reporting period, this conclusion is based on a factual determination made annually and thus is subject to change. Moreover, our common shares may become stock of a PFIC in future taxable years if there were to be changes in our assets, income or operations. For further discussion, see "*Item 10.E—Taxation—Material United States Federal Income Tax Considerations—Passive Foreign Investment Company Rules.*"

***We intend to be treated exclusively as a resident of the Republic of Italy for tax purposes, but other tax authorities may seek to treat us as a tax resident of another jurisdiction as a result of which we could be subject to increased and/or different taxes.***

We intend to maintain our management and organizational structure in such a manner that (i) our place of effective management would be in Italy and we should be regarded as a tax resident of Italy for Italian domestic law purposes; (ii) we should be considered to be exclusively tax resident in Italy for purposes of the applicable tax treaties, including the Convention between the Kingdom of the Netherlands and the Republic of Italy for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (the "*Italy-Netherlands Tax Treaty*"); and (iii) we

should not be regarded as a tax resident of any jurisdiction other than Italy for purposes of the domestic tax laws of such jurisdiction or for the purposes of any applicable tax treaty. However, the determination of our tax residency depends primarily upon our place of effective management, which is largely a question of fact, based on all relevant circumstances. Therefore, no assurance can be given regarding the final determination of our tax residency by tax authorities. In addition, changes to applicable laws and income tax treaties, including a change to the provisional reservation made by Italy under the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "*MLI*") made at the time of signing the MLI with respect to Article 4 (Dual Resident Entities) of the MLI, or interpretations thereof and changes to applicable facts and circumstances (e.g., a change of board members or the place where board meetings take place), may have a bearing on the determination of our tax residency and the consequent tax treatment.

If the competent tax authorities of a jurisdiction other than Italy take the position that we should be treated as (exclusively) tax resident of that jurisdiction for purposes of an applicable tax treaty, we would be subject to corporation tax and all distributions made by us to our shareholders would be subject to any applicable dividend withholding tax in such other jurisdiction(s) as well as in Italy. To resolve any dual tax residency issue, we may have access to a mutual agreement procedure and/or dispute resolution mechanisms under an applicable tax treaty and the dispute resolution mechanism under the EU Arbitration Directive (if it is an EU jurisdiction), or we could submit our case for judicial review by the relevant courts. These procedures would require substantial time, costs and efforts, and it is not certain that double taxation issues can be resolved in all circumstances.

Our dividends are generally subject to Italian dividend withholding tax. We believe that our dividends are not subject to Dutch dividend withholding tax, regardless to whom they are made, because the rule based on which a company incorporated under Dutch law is deemed to be a Dutch tax resident should not apply to a company incorporated under Italian law and converted into a Dutch company, such as Zegna. This view has been confirmed by the Dutch tax authorities in a tax ruling, which was obtained in September 2022 and covers the tax years from January 1, 2022 to December 31, 2026. Any amount relating to Dutch dividend withholding tax held back prior to the receipt of the ruling will be refunded to our shareholders.

***The consequences of the loyalty voting program are uncertain.***

No statutory, judicial or administrative authority directly discusses how the receipt, ownership or disposition of Zegna Special Voting Shares under the Zegna loyalty voting program implemented in connection with the Business Combination should be treated for Italian or U.S. tax purposes and, as a result, the tax consequences in those jurisdictions are uncertain.

The fair market value of the Zegna Special Voting Shares, which may be relevant for tax purposes, is a factual determination and is not governed by any guidance that directly addresses such a situation. Because, among other things, the Zegna Special Voting Shares will not be transferable (other than, in very limited circumstances, together with the associated Ordinary Shares) and a shareholder will receive amounts in respect of the Zegna Special Voting Shares only if Zegna is liquidated, we expect to take the position that the fair market value of each Zegna Special Voting Share is minimal. However, the relevant tax authorities could assert that the value of the Zegna Special Voting Shares as determined by Zegna is incorrect.

The tax treatment of the loyalty voting program implemented in connection with Business Combination is unclear and shareholders are urged to consult their tax advisors in respect of the consequences of acquiring, owning and disposing of Zegna Special Voting Shares. See "*Taxation— Material United States Federal Income Tax Considerations—Loyalty Voting Program and Zegna Special Voting Shares*" for further discussion.

***We benefit or seek to benefit from certain special tax regimes, which may not be available in the future.***

We currently calculate taxes due in Italy based, among other things, on certain tax incentives recognized by Italian tax regulations for research and development expenses. In the past we have received tax benefit for research and development expenses in 2017.

In addition, we benefit from the measures introduced in Italy by art. 110 of Law Decree no. 104/2020, converted into Law no. 126/2020, which re-opened the voluntary step-up of tangible assets, with the application of a 3% substitutive tax rate.

Furthermore, Italian Law no. 190/2014, as subsequently amended and supplemented, introduced an optional Patent Box regime in the Italian tax system. The Patent Box regime is a tax exemption related to, among others, the use of intellectual property assets. Business income derived from the use of each qualified intangible asset is partially exempted from taxation for both IRES and IRAP purposes. We have applied the Patent Box tax regime for the period from 2015 to 2021, in line with applicable tax regulations in Italy. The amount of the related tax benefits that we have received from the tax regime remains subject to limited uncertainty.

The old Patent Box regime has been recently revised. The current one does not provide anymore for a partial exemption of the business income derived from the use of qualified intangible assets. Differently, under the new regime, the amount of qualifying expenses, relevant for both IRES and IRAP purposes, is increased by 110%. Specific rules regulate the transition from the old Patent Box regime to the new one.

Special tax regimes and tax incentives may allow us to mitigate our tax burden in Italy. Significant changes in regulations or interpretation thereof might adversely affect the availability of such exemptions and result in higher tax charges, which may result in a material adverse effect on our business, results of operations and financial condition.

***We are subject to risks related to the complexity and uncertainty in interpretation of transfer pricing rules.***

We operate in approximately 80 countries worldwide with integrated industrial, commercial, stylist and communication functions, trademarks used in different jurisdictions and are subject to taxation in Italy and in other foreign countries in which our subsidiaries are located. Within Zegna, transactions between related parties located in different countries are carried out in the ordinary course of business and are mainly related to the purchase and sale of goods and the provision of services.

These transactions are subject to transfer pricing rules defined globally by the Organization for Economic Co-operation and Development ("*OECD*") and local tax laws. In this respect, our intercompany prices are set up consistently with the guidance provided by the OECD Transfer Pricing Guidelines and we and our subsidiaries prepare specific transfer pricing documentation with respect to such transactions.

Although we believe that our transfer pricing is compliant with the international tax laws, due to the complexity of these rules and the uncertainties in their interpretation, the tax authorities might challenge the prices of certain of our intercompany transactions and propose transfer pricing adjustments. Consequently, such adjustments may increase the related taxes and impose penalties and late payment interests, which may result in a material adverse effect on our business, results of operations and financial condition.

**Risk factors relating to holding our Ordinary Shares**

***An active and liquid trading market for our Ordinary Shares may not be maintained, the market price may be volatile and investors may suffer a loss.***

Our shares were listed on the NYSE on December 20, 2021. However, there can be no assurance that an active and liquid trading market for our Ordinary Shares will be maintained. Active, liquid trading markets generally result in lower price volatility and more efficient execution of buy and sell orders for investors. The actual market price of the Ordinary Shares may fluctuate because of several factors, including those described in this "*Item 3.D—Risk Factors*," may not reflect our actual operating performance and may be lower than the price investors paid to purchase the Ordinary Shares.

***The price of the Ordinary Shares may be volatile.***

The price of Ordinary Shares may fluctuate due to a variety of factors, including: changes in the industries in which we and our customers operate; variations in our operating performance and the performance of our competitors in general; material and adverse impact of the COVID-19 pandemic on the markets and the broader global economy; actual or anticipated fluctuations in our annual or interim operating results; publication of research reports by securities analysts about us or our competitors or our industry; the public's reaction to our press releases, other public announcements and filings with the SEC; our failure or the failure of our competitors to meet analysts' projections or guidance that we or our competitors may give to the market; additions and departures of key personnel; changes in laws and regulations affecting our business; commencement of, or involvement in, litigation involving us; mergers, acquisitions or significant corporate restructurings; harm to our reputation, including due to dissemination by third parties of information that is untrue or defamatory; changes in

our capital structure, such as future issuances of securities or the incurrence of additional debt; the volume of Ordinary Shares available for public sale; general economic and political conditions such as recessions, interest rates, fuel prices, foreign currency fluctuations, inflation, international tariffs, social, political and economic risks and acts of war or terrorism; and the other factors described in this "*Item 3.D—Risk Factors.*" These market and industry factors may materially reduce the market price of Ordinary Shares regardless of our operating performance.

In addition, the price of our Ordinary Shares may fluctuate in case of substantial sales of our Ordinary Shares by shareholders. Following the consummation of the Business Combination, certain of our shareholders were subject to restrictions on share resales for certain periods of time, most of which restrictions have recently expired. See "*Item 10.B—Memorandum and Articles of Association—Registration Rights and Lock-Up Arrangements.*" The majority of our Ordinary Shares is not subject to any contractual resale restrictions. A sale of a significant number of Ordinary Shares, or the anticipation by the market of a possible sale, could have the effect of depressing the market price for our Ordinary Shares.

***Reports published by analysts, including projections in those reports that differ from our actual results, could adversely affect the price and trading volume of our shares.***

Securities research analysts may establish and publish their own periodic projections for Zegna. These projections may vary widely and may not accurately predict the results we actually achieve. Our share price may decline if our actual results do not match the projections of these securities research analysts. Similarly, if one or more of the analysts who write reports on us downgrades our stock or publishes inaccurate or unfavorable research about our business, our share price could decline. If one or more of these analysts ceases coverage of us or fails to publish reports on us regularly, our share price or trading volume could decline.

***The loyalty voting program may affect the liquidity of the Ordinary Shares and reduce share price.***

The implementation of Zegna's loyalty voting program could reduce the trading liquidity and adversely affect the trading prices of the Ordinary Shares. The loyalty voting program is intended to reward shareholders for maintaining long-term share ownership by granting persons holding Ordinary Shares continuously for at least two years the option to elect to receive Zegna Special Voting Shares. Zegna Special Voting Shares cannot be transferred (except in very limited circumstances) and, if Ordinary Shares participating in the loyalty voting program are transferred they must be deregistered from the Loyalty Register and any corresponding Zegna Special Voting Shares transferred to us for no consideration (*om niet*). See "*Item 10.B—Memorandum and Articles of Association—Loyalty Voting Structure*". This loyalty voting program is designed to encourage a stable shareholder base and, conversely, it may deter trading by shareholders that may be interested in participating in the loyalty voting program. Therefore, the loyalty voting program may reduce liquidity in Ordinary Shares and adversely affect their trading price.

***Our majority shareholders exercise control over Zegna, which may limit other shareholders' ability to influence corporate matters and could delay or prevent a change in corporate control. The interests of our majority shareholders may differ from those of our other shareholders.***

At March 28, 2023, Monterubello held approximately 60.2% of the Ordinary Shares issued and outstanding. Please see "*Item 7.A—Major Shareholders.*" As a result, Monterubello is able to influence our management and affairs and control the outcome of matters submitted to our shareholder meetings for approval, including the election of directors and any sale, merger, consolidation, or sale of all or substantially all of our assets. In addition, the loyalty voting program established by the Zegna Articles of Association may make it more difficult for a third party to acquire, or attempt to acquire, control of Zegna, even if a change of control were considered favorably by shareholders holding a majority of Ordinary Shares. As a result of Monturubello's ownership and the loyalty voting program, a relatively large proportion of the voting power in Zegna could be concentrated in a relatively small number of shareholders who would have significant influence over Zegna. Monterubello and other shareholders participating in the loyalty voting program may have the power effectively to prevent or delay change of control or other transactions that may otherwise benefit Zegna's shareholders, which may also prevent or discourage shareholder initiatives aimed at changing Zegna's management or strategy or otherwise exerting influence over Zegna. In addition, Monterubello will exercise its voting power in its own interest, which may not be in line or even be in conflict with the interests of the remaining shareholders.

***We incurred and will incur significant costs in connection with the Business Combination.***

We have incurred and expect to incur significant costs in connection with consummation of the Business Combination and the transition to becoming a public company. These costs may have an adverse impact on our results of operations. We cannot provide assurance that the benefits of the Business Combination will offset the incremental transaction costs in the near term, if at all.

***Zegna is a Dutch public company with limited liability, and its shareholders may have rights different to those of shareholders of companies organized in the United States.***

The rights of the shareholders of Zegna may be different from the rights of shareholders of companies governed by the laws of U.S. jurisdictions. Zegna is a Dutch public company with limited liability (*naamloze vennootschap*). Its corporate affairs are governed by the Zegna Articles of Association, the Zegna Board Regulations and Dutch law. The rights of Zegna's shareholders and the responsibilities of members of the Zegna Board may be different from the rights of shareholders and the responsibilities of members of board of directors of companies governed by the laws of other jurisdictions including the United States. The responsibilities of the Zegna Executive Directors and Zegna Non-Executive Directors may be different from the rights and obligations of board members in companies governed by the laws of U.S. jurisdictions. In the performance of its duties, the Zegna Board is required by Dutch law to consider Zegna's interests and the interests of its shareholders, employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties have interests that are different from, or in addition to, the interests of shareholders. There can be no assurance that Dutch law will not change in the future or that it will serve to protect investors in a similar fashion afforded under corporate law principles in the U.S., which could adversely affect the rights of investors.

***Zegna is a "foreign private issuer" under the rules and regulations of the SEC and, thus, is exempt from a number of rules under the Exchange Act and permitted to file less information with the SEC than a company incorporated in the United States.***

As a "foreign private issuer" Zegna is exempt from rules under the Exchange Act, that impose certain disclosure and procedural requirements for proxy solicitations under Section 14 of the Exchange Act. In addition, our officers, directors and principal shareholders are exempt from the reporting and "short-swing" profit recovery provisions of Section 16 of the Exchange Act and the rules under the Exchange Act with respect to their purchases and sales of the Ordinary Shares. Moreover, Zegna is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor required to comply with Regulation FD, which restricts the selective disclosure of material information. Accordingly, there may be less publicly available information concerning Zegna than there is for U.S. public companies.

***We have identified material weaknesses in our internal control over financial reporting. If we are unable to remediate these material weaknesses or otherwise fail to maintain an effective system of internal controls, this could result in material misstatements in our consolidated financial statements and a failure to comply with applicable laws and regulations, which may adversely affect our business and the price of our securities.***

In connection with our preparation and the audit of our consolidated financial statements at December 31, 2022 and 2021, and for each of the three years in the period ended December 31, 2022 (included elsewhere in this report), we identified material weaknesses in our internal control over financial reporting. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

As of December 31, 2022 we identified material weaknesses primarily relating to the following areas: (i) resources hired in the accounting department with appropriate experience in IFRS and SEC reporting were not in place for a sufficient period of time to operate the control activities; (ii) inadequate and untimely implementation of operating effectiveness of control activities, including management review controls, across substantially all financial statement account balances and disclosures; (iii) general information technology controls related to users' access management, segregation of duties and change management; (iv) the inability to generate and provide quality information and communication necessary to support the functioning of internal control; and (v) untimely performance of control testing and the evaluation and communication of internal control deficiencies to those parties responsible for taking corrective action, including senior management and the Zegna Board in a timely manner to allow for remediation.

The material weaknesses described above could result in a misstatement of our accounts or disclosures, which may result in a material misstatement in our annual or interim consolidated financial statements. As a result of the material weaknesses in our internal controls over financial reporting, our management concluded that as of December 31, 2022, our disclosure controls and procedures and our internal control over financial reporting were not effective. To address the material weaknesses identified we plan to continue remediation actions. During the year ended December 31, 2022 we expanded our finance, accounting, compliance, and IT teams, including hiring several additional individuals with the IFRS technical accounting and finance skills and experience, and we engaged external consultants with extensive expertise in internal control and SEC matters to assist management in implementing its internal control framework, performing a gap analysis and designing enhanced business and IT processes and controls. Management's remediation plan to address the material weaknesses existing as of December 31, 2022 includes: (i) allowing the aforementioned resources with IFRS and SEC reporting experience to implement or operate the newly designed controls over a sufficient period of time; (ii) continuing to enhance and expand across the organization the implementation of the general information technology processes and controls, including implementing segregation of duties within the IT environment and (iii) continuing the monitoring of our system of internal control to timely communicate internal control deficiencies to those parties responsible for taking corrective action. Our remediation plan can only be accomplished over time, and we can offer no assurance that these initiatives will ultimately have the intended effects. We cannot provide assurance as to when we will be able to complete full remediation or if we will be able to avoid the identification of additional material weaknesses in the future. In addition, the process of assessing the effectiveness of our internal control over financial reporting may require the investment of significant time and resources, including by members of our senior management. As a result, this process may divert internal resources and take a substantial amount of time and effort to complete.

If we are unable to remediate the material weaknesses we have identified, or if we identify additional material weaknesses in the future or otherwise fail to develop and maintain an effective system of internal controls, we may not be able to produce timely and accurate consolidated financial statements, which may subject us to adverse regulatory consequences and adversely affect investor confidence in us and, as a result, the price of our securities and our ability to access the capital markets and other forms of financing in the future.

***Zegna's ability to pay dividends may be limited and the level of future dividends is subject to change.***

Payment of dividends on Zegna's shares in the future will be subject to business conditions, financial conditions, earnings, cash balances, commitments, strategic plans and other factors that the Zegna Board may deem relevant at the time it recommends approval of the dividend. Any dividend policy, once adopted, will be subject to change based on changes in statutory requirements, market trends, strategic developments, capital requirements and a number of other factors. In addition, under the Zegna Articles of Association and Dutch law, dividends may be declared on the Ordinary Shares only if the amount of equity exceeds the paid up and called up capital plus the reserves that have to be maintained pursuant to Dutch law or the Zegna Articles of Association. Further, even if Zegna is permitted under the Zegna Articles of Association and Dutch law to pay cash dividends on its shares, it may not have sufficient cash to pay dividends in cash on its shares. Zegna is a holding company and its operations are carried out through its subsidiaries. As a result, Zegna's ability to pay dividends will primarily depend on the ability of its subsidiaries to generate earnings and to provide Zegna with the necessary financial resources.

***It may be difficult to enforce U.S. judgments against us.***

Zegna is a company incorporated under the laws of the Netherlands, and a substantial portion of its assets are outside of the United States. Most of our directors and senior management and independent auditors are resident outside the United States, and all or a substantial portion of their respective assets may be located outside the United States. As a result, it may be difficult for U.S. investors to effect service of process within the United States upon these persons. It may also be difficult for U.S. investors to enforce within the United States judgments predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. In addition, there is uncertainty as to whether the courts outside the United States would recognize or enforce judgments of U.S. courts obtained against us or our directors and officers predicated upon the civil liability provisions of the securities laws of the United States or any state thereof. Therefore, it may be difficult to enforce U.S. judgments against us, our directors and officers and independent auditors.

## ITEM 4 INFORMATION ON THE COMPANY

### A. History and Development of the Company

Ermenegildo Zegna N.V. is a Dutch public limited liability company (*naamloze vennootschap*) and is the parent company of the Zegna Group. It is named after our founder Ermenegildo Zegna (the grandfather of our Chief Executive Officer), who started his business in the Northern Italian town of Trivero in 1910 with the dream of creating the most beautiful and luxurious fabrics in the world. Ermenegildo Zegna N.V. results from the cross-border conversion whereby, on December 17, 2021, Ermenegildo Zegna Holditalia S.p.A., an Italian joint stock company (*società per azioni*), transferred its legal seat from Italy to the Netherlands and amended its articles of association.

Born as a wool mill, the company sourced the best quality natural fibers directly from their countries of origin, imported them to Italy to be expertly woven, and subsequently exported these luxury fabrics worldwide. In the late 1920s, the wool mill employed more than 700 workers, growing to more than 1,000 workers in the late 1940s and today the Zegna Group employs over 6,000 people.

Our founder's vision, which continues to inspire and guide our business today, was that product quality can only flourish when there is a culture of beauty that must also respect the environment and the well-being of local communities. With that goal in mind, our founder built facilities including a swimming pool, a school, a hospital and a road in order to enrich the lives of people in his town. He also launched an extensive reforestation project in the hills surrounding the Lanificio wool mill, which expanded over the course of the years and is now known as "Oasi Zegna."

In the mid-1960s under the guidance of Ermenegildo's sons Aldo and Angelo, the label expanded its business to ready-made suits and established new plants and distribution networks abroad. In 1968, the first factory producing sleeve-units and trousers was opened in Novara, Italy, followed by factory openings in Spain, Greece, and Switzerland. In 1972, Zegna launched its made-to-measure service called "Su Misura."

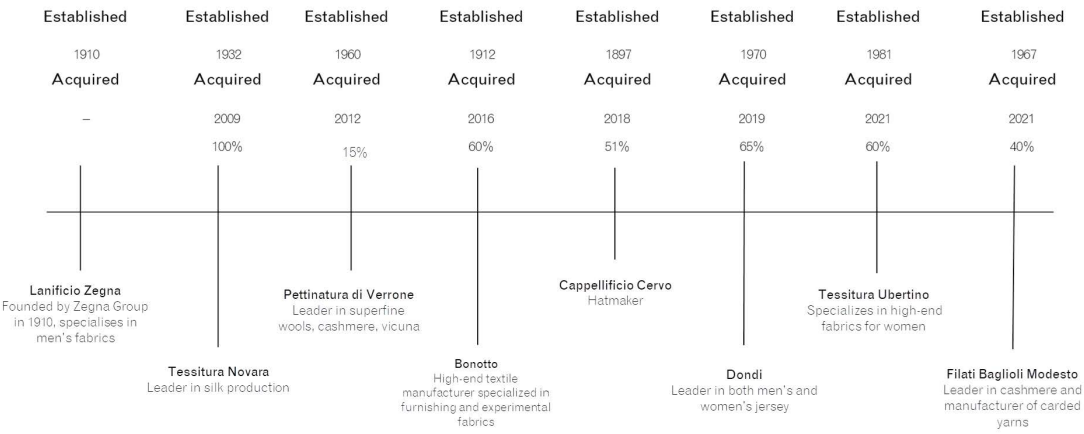
Sales and marketing departments were also established in France, Germany, the United Kingdom and the United States in order to expand Zegna's international presence and Zegna's brand internationalization strategy continued with the opening of Zegna's first boutique in Paris (1980), followed by boutiques in Milan (1985), London (1987), Tokyo (1989), Beijing (1991) and Hong Kong (1993), making Ermenegildo Zegna one of the first luxury brands to establish a presence in Greater China.

The Company was incorporated as an Italian joint stock company (with the name Ermenegildo Zegna Holditalia S.p.A.) in 1984, being the conversion of a limited partnership called Ermenegildo Zegna e Figli S.a.s.

Between 1979 and the 1990s, the third generation of the Zegna family entered the business. In 1998, Angelo's son, Ermenegildo "Gildo" Zegna, and Aldo's son, Paolo, became the co-Chief Executive Officers. In 2006, Ermenegildo "Gildo" Zegna became the sole Chief Executive Office and Paolo Zegna was elected Chairman. Under their leadership, Zegna began a strategy of brand extension, both organically and through strategic acquisitions, as well as full verticalization of its supply chain.

Over the years, the Group acquired equity interests in a number of specialized textiles manufacturers as illustrated in the image below, thus creating its "Made in Italy Luxury Textiles Platform" and enhancing control over its textile supply chain (the percentages indicated in the image refer to the equity interests acquired).

**The Made in Italy Luxury Textiles Platform Acquisitions**




Zegna's expansion continued in 2018 with the acquisition of an 85% interest in Thom Browne, a leading and fast-growing luxury brand focused on high-end menswear and womenswear that was founded by Mr. Thom Browne in 2021 and is based in New York. Zegna subsequently acquired an additional 5% interest in Thom Browne in June 2021.

On July 18, 2021, Zegna entered into the Business Combination Agreement and certain ancillary agreements. Also on July 18, 2021, the PIPE Investors that had chosen to participate in the PIPE Financing delivered executed PIPE Subscription Agreements to Zegna and IIAC. The Business Combination was consummated on December 17, 2021. On December 20, 2021, our Ordinary Shares started trading on NYSE. See "*—The Business Combination.*"

On November 15, 2022, we entered into arrangements to acquire the 85% interest not already owned by us in Tom Ford International ("TFI"), and to enter into a long-term license agreement (the "TFI License") with The Estée Lauder Companies (together, the "TFI Acquisition") for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products. The TFI Acquisition is subject to antitrust approvals and other customary closing conditions, and is contingent upon the closing of the acquisition of the TOM FORD brand and all its intellectual property by The Estée Lauder Companies. TFI, together with its subsidiaries, owns the operations of the TOM FORD fashion business necessary to act as licensee under the TFI License. The closing of the TFI Acquisition is expected in the second quarter of 2023.

*The Business Combination*

The Business Combination was consummated on December 17, 2021 through the following transactions:

- on the Closing Date prior to the Effective Time, Zegna (at the time Ermenegildo Zegna Holditalia S.p.A., an Italian joint stock company) implemented the Conversion and became a Dutch public limited liability company (*naamloze vennootschap*), upon which it changed its name to Ermenegildo Zegna N.V.;

- in connection with the Conversion, Zegna underwent a share split such that immediately following the Closing (including the Share Repurchase) the then-existing shareholders of Zegna would hold 155,400,000 Ordinary Shares (excluding any Ordinary Shares purchased in connection with the PIPE Financing);

- on the Closing Date following the Conversion and prior to the Effective Time, the FPA Purchaser purchased from IIAC and IIAC issued to such FPA Purchaser 22,500,000 Class A Shares for an aggregate purchase price of €191.8 million;

- immediately following the consummation of the Forward Purchase, at the Effective Time, Zegna Merger Sub merged with and into IIAC, with IIAC being the Surviving Company in the Merger;

- in connection with the Merger, (a) each share in the capital of Zegna Merger Sub issued and outstanding immediately prior to the Effective Time was automatically cancelled and extinguished and converted into one ordinary share in the share capital of the Surviving Company, (b) each Class A Share and Class B Share of IIAC issued and outstanding immediately prior to the Effective Time (excluding shares tendered for redemption) remained outstanding as one ordinary share of the Surviving Company for further contribution as a contribution in kind, immediately following the Effective Time, to Zegna in consideration for one Ordinary Share, (c) each IIAC Ordinary Share held immediately prior to the Effective Time by IIAC as treasury shares was cancelled, and no consideration was paid with respect thereto, (d) each outstanding IIAC Public Warrant automatically ceased to represent a right to acquire one Class A Share and automatically was converted and represented, at the Effective Time, a right to acquire one Ordinary Share on the same contractual terms and conditions as were in effect immediately prior to the Effective Time under the terms of the Warrant Agreement, and (e) 5,900,000 IIAC Private Placement Warrants that were outstanding immediately prior to the Effective Time were exchanged, at the Effective Time, for the issuance by Zegna of a Private Placement Warrant representing a right to acquire one Ordinary Share on the same contractual terms and conditions as those of the IIAC Private Placement Warrants as were in effect immediately prior to the Warrant Agreement Amendment, while the remaining 800,000 IIAC Private Placement Warrants were transferred by the FPA Purchaser to Zegna pursuant to the Business Combination Agreement, and Zegna issued a corresponding number of Private Placement Warrants to certain of its directors, namely the directors who were members of the Zegna Board prior to the Conversion, the Lead Non-Executive Director and the chairperson of the Audit Committee;

- immediately following the Effective Time, Zegna consummated the PIPE Financing and the Offset PIPE Financing;

- after the consummation of the PIPE Financing and the Offset PIPE Financing, the Surviving Company distributed an amount of cash equal to the Capital Distribution Amount to Zegna by way of the Capital Distribution; and

- promptly following the Capital Distribution, Zegna completed the Share Repurchase, acquiring 54,600,000 Ordinary Shares from Monterubello in exchange for a promissory note in the amount of the Cash Consideration. Such promissory note was repaid by Zegna on December 21, 2021.

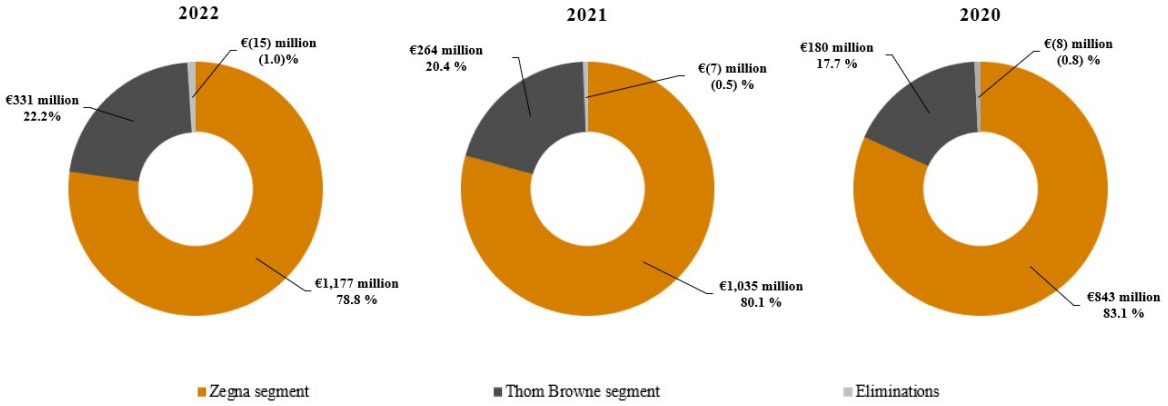
**B. Business Overview**

We are a leading global luxury group, internationally recognized for the distinctive heritage of craftsmanship, quality and design associated with our Zegna and Thom Browne brands and the noble fabrics and fibers of our in-house luxury textile and knitwear business. We design, manufacture, market and distribute luxury menswear, footwear, leather goods and other accessories under the Zegna and the Thom Browne brands, and luxury womenswear and childrenswear under the Thom Browne brand. We cover the entire value chain from design to manufacturing and distribution.

We operate our business in two segments: the Zegna segment (comprising three product lines: Zegna Branded Products, Textile and Third Party Brands) and the Thom Browne segment.

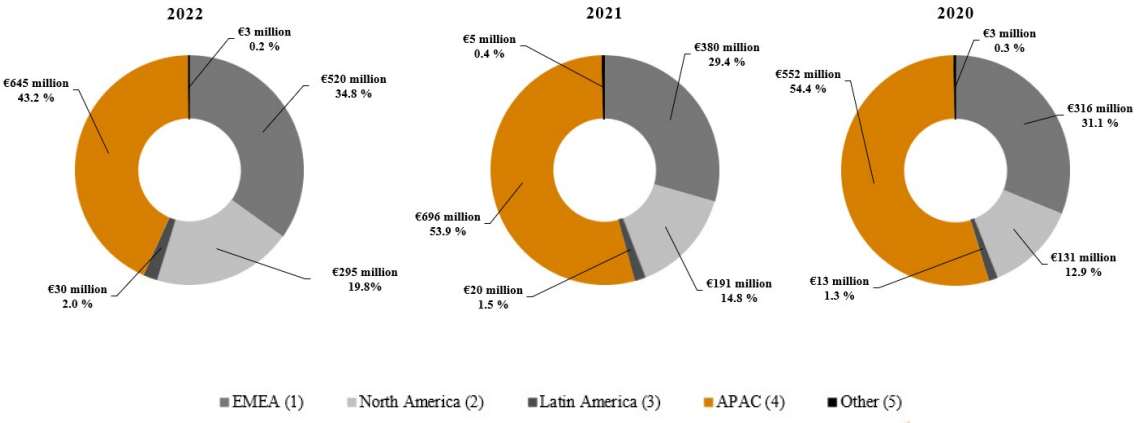
The following chart shows our consolidated revenues by segment for the years ended December 31, 2022, 2021 and 2020.

***Consolidated Revenues by Segment and by Geographic Area (€ millions, except percentages)***




We generate revenues globally, through our DTC and wholesale channels, in four principal geographic markets: EMEA, North America, Latin America and APAC.

The following charts provide a breakdown by geographic area of our consolidated revenues for the years ended December 31, 2022, 2021 and 2020




(1) *EMEA comprises Europe, the Middle East and Africa.*
(2) *North America includes the United States of America and Canada.*
(3) *Latin America includes Mexico, Brazil and other Central and South American countries.*

*(4) APAC includes the Greater China Region, Japan, South Korea, Thailand, Malaysia, Vietnam, Indonesia, Philippines, Australia, New Zealand, India and other Southeast Asian countries.*
*(5) Other includes royalties and certain sales of products from previous seasons' collections.*

See also *"Item 5.A—Operating Results—Revenues."*

***Industry***

Industry information contained in this section is based on the Bain-Altagamma Luxury Goods Worldwide Market Study, Fall 2022 (the "Bain-Altagamma Study"), unless otherwise indicated.

We operate in the personal luxury goods market, which includes the following product segments: accessories, jewelry, beauty, apparel and watches. By product, we primarily focus on the apparel and accessories segments of the personal luxury goods market. For the years ended December 31, 2022, 2021 and 2020, 9%, 8% and 9% of our revenues after eliminations, respectively, were derived from the luxury textiles market, which is not discussed in this section.

Demand in the personal luxury goods market, especially in the absolute luxury segment (in which we operate), tends to have a low price sensitivity. Demand is driven more by the quality of the products and the extent to which the brand is recognizable and exclusive. The equity of the brand and its intrinsic value are key factors and the products designed, distributed and branded by a luxury company are very distinctive, clearly relatable to their brand and unlikely to be confused with products designed and distributed by lower tier brands or companies.

According to the Bain-Altagamma Study, the global personal luxury goods market had a total estimated value for the year 2022 of approximately €353 billion and has grown steadily for about two decades with a compound annual growth rate ("CAGR") of 6% from 1996 to 2019. Over the period from 2019 to 2022, the luxury goods market experienced a strong acceleration with a CAGR of 26%, as a result of a V-shaped rebound in 2021 and 2022 following the sharp decline in demand in 2020 due to the COVID-19 pandemic.

The chart below sets forth the evolution of sales in the global personal luxury goods market from 1996 to 2021 and the expected evolution for the period from 2022 to 2030. With the exception of 2009 and 2020, the global personal luxury goods market has grown by mid-single-digit annual growth and is expected to have a CAGR of between 5% to 7% from 2022 through 2030.

**Personal Luxury Goods Market Evolution – €bn**




*Source: Bain-Altagamma Luxury Goods Worldwide Market Study, Fall 2022, dated November 15, 2022.*

The Bain-Altagamma Study estimates that over 32% of personal luxury goods sales will occur online by 2030 (compared to approximately 21% in 2022), Chinese consumers will represent about 40% of the total global personal luxury goods sales (compared to approximately 18% in 2022) and Gen Z and Gen Y and a new Gen Alpha combined will represent approximately three-quarters of the market (compared to approximately 65% in 2022).

Several recent trends are expected to continue to be the main drivers of growth for the industry in the coming years, including the expansion and increasing sophistication of the customer base, the increasing popularity of casual luxury, a rise in domestic purchases coupled with a gradual return of tourists' spending and an increasing focus on sustainability, ethical and diversity considerations.

The personal luxury goods market is characterized by certain barriers to entry, such as, among others: (i) brand equity and heritage take time to develop; (ii) brand reputation must be sustained over time by significant and continuing investments in advertising and communication; (iii) the need to make substantial investments in the development of a distribution network in line with the quality standards required by the industry; (iv) the competition for prime locations; and (v) the challenge of achieving and maintaining high product quality and service standards, with consistency across geographies and over time.

The personal luxury goods market is not a highly concentrated market and is characterized by the presence of a small number of global players and a large number of locally-based ones.

***Competitive Strengths***

We compete with other luxury brands on the basis of brand recognition, quality, style, price, and customer service, among others. We believe that we have significant competitive advantages because of our history and well-established presence in the luxury industry, the recognition of our brands and the appreciation of the quality of our products and our services by consumers.

We believe that the following key competitive strengths have been the primary drivers of our historic success and continue to be the pillars of our growth strategy.

*Heritage and Sustainability Make Us Distinctive.* Since our foundation over 110 years ago, Zegna has been synonymous with quality, style and innovation for men's fashion. Our history is authentic, distinctive, and unique: our founder's vision and business gene has been passed down through the generations, ensuring that giving back, responsibility towards the environment and community well-being remain key values for the Group. An expression of this vision is a freely accessible natural reserve covering approximately 100 square kilometers from Trivero to the peaks of the Biella Alps in Italy, created by our founder over 100 years ago and rebranded "Oasi Zegna" in 1993. Oasi Zegna has been and continues to be an important source of inspiration for the Zegna brand's collections as well as for the entire Group. Although Oasi Zegna was disposed of prior to Zegna becoming a public company, we entered into an agreement with Oasi Zegna to continue to pursue our mutually inspiring relationship whereby Oasi Zegna provides us with licensing, marketing and other sustainability-related services.

*Made in Italy Luxury Textiles Platform and Control of the Supply Chain.* The full verticalization of our supply chain and the predominance of Italian manufacturing is a key competitive advantage for us. Through our historical Lanificio Zegna operations as well as our more recent acquisitions of Dondi, Bonotto, Tessitura Ubertino and Filati Biagioli Modesto, we have built an in-house laboratory textiles platform that allows us to focus on innovation and research of the finest and highest performing fabrics and on the highest quality, as well as to leverage a modular approach to the manufacturing process depending on production needs, giving us flexibility and efficiency. Through our long-term relationships with our suppliers, we enjoy privileged access to the procurement of the finest fibers and fabrics and we are able to ensure enhanced traceability and quality control of the raw materials. We place great importance on innovation and we rely on a team of over 290 employees dedicated to research and development. We manage the entire production process throughout the various stages, either in-house or through our network of trusted, long-standing external manufacturers. Our integrated supply chain enables us to be extremely competitive in our Made to Measure business, where we offer a wide-ranging selection and extraordinarily swift turn-out times in the industry. The excellence of our output is the reason why, in addition to serving the needs of our proprietary brands Zegna and Thom Browne, we also serve a number of top luxury players, who rely on us to supply top-quality products through our Third-Party Brands product line.

*Expertise in the Menswear Category*. Menswear is our heritage and our main competitive strength. From being one of the most recognized brands in men's tailoring, the more recent development in luxury leisurewear has allowed us to expand our brand awareness and position Zegna as one of the leading global luxury brands in the menswear product category. The addition of Thom Browne to our Group in 2018 has further strengthened our menswear leadership. Capitalizing on our expertise, we continue to further develop both brands leveraging on the respective distinctive positioning, the product category expertise, merchandising best practices and the Group's platform and buying power. At the same time, thanks to Thom Browne's growing recognition in the womenswear product category and following consummation of the TFI Acquisition, we see opportunities to rebalance our gender and product mix.

*Unique Made-to-Measure Capabilities*. We offer Made to Measure (Su Misura) services for luxury leisurewear and formalwear for both the Zegna and Thom Browne brands, which enable customers to order custom-made garments with a lead time of 4 to 6 weeks on average. We also offer bespoke services that take customization to a higher level. We believe that the breadth of our offering and the lead times, as well as the service quality and the experience provided to customers, are setting the standards in the industry. These services also enable us to cultivate meaningful client relationships, develop a loyal customer base and drive new customer engagement.

*World-Class Customer Relationship Management Capabilities*. Our relationships-based business model puts the customer at the center, which is a key strength in the luxury industry today, as service and the personalization of interactions become increasingly important to our clients. Over time we have been able to increase the sophistication of our interactions with clients, both existing and new. The client relationship management tools for Zegna and Thom Browne enable us to connect with our client base across multiple touchpoints, offering them an expanded range of services and opportunities and allowing us to reach a wider, younger, and increasingly diverse audience and communicate our identity, history and values. Our ability to offer personalized products and experiences of the highest quality enables our brands to enjoy an ultimate luxury positioning and to retain pricing power.

*Global Retail Footprint and Pioneer in Greater China Region*. We are a world leading luxury group with a strong international footprint of over 500 stores in approximately 80 countries around the world. In 2022, we generated 43.2% of our consolidated revenues in APAC, 34.8% in EMEA, 19.7% in North America and 2.0% in Latin America. A key to our global success has been our presence and the force of our brands in the Greater China Region, where with the Zegna brand we have operated directly since 1991. The Greater China market, particularly for luxury consumer goods, has grown at an extraordinary pace in the last two decades. We expect the trend to remain dynamic and believe that our longstanding experience in this region makes us optimally positioned thanks to our knowledge of the market and its key participants, our market penetration and the awareness of our brands by consumers. At the same time, we see opportunities to rebalance our geographical mix thanks to the successful execution of our One Brand strategy in the US and EMEA as well as Thom Browne's growth opportunities globally.

*A Scalable Platform for Growth in the Luxury Space.* We have the skills and the experience to act as a long-term industrial partner and as an aggregator of leading luxury brands such as Thom Browne and TOM FORD. Our in-house laboratory platform, full verticalization of the supply chain, extensive knowledge of the Greater China market and leading technological capabilities, coupled with scalability and industrial and retail expertise, allow us to add value to the businesses we partner with. A prominent example of this is the performance of Thom Browne following our acquisition in 2018, with revenues growing from €117 million in 2018 to €331 million before eliminations in 2022. Similarly, the TFI Acquisition announced in November 2022 represents a further opportunity to leverage the Group's platform.

*Experienced Management Team Combining Family, Outside Talent and Celebrated Designers.* Our management team combines both representatives of the Zegna family such as our Chairperson and Chief Executive Officer Ermenegildo "Gildo" Zegna, and outside professionals and talent such as Mr. Alessandro Sartori, who is in charge of Zegna's creative process, and Mr. Thom Browne, the Founder and Chief Creative Officer of Thom Browne. All of our managers have long-standing experience in the luxury fashion market and a deep understanding of market dynamics and evolution.

***Strategy***

We intend to maintain and extend our leading position in the luxury fashion market, to preserve Zegna as the reference brand in luxury menswear and to continue to grow Thom Browne. We also intend to strengthen our Made in Italy manufacturing platform, and to create value from the TFI Acquisition (subject to and following completion of the transaction), while also rebalancing our gender, product and geographical mix through our increasingly diversified mix of brands and activities. We are also focused on continuing to protect and enhance the value and exclusivity of our brands. Our

"Our Road" strategy aims at achieving profitable growth by pursuing the following strategies for our brands individually and for the Group.

***Zegna brand***

*One Brand.* With the Fall/Winter 2022 season, our Ermenegildo Zegna, Z Zegna, and Ermenegildo Zegna XXX brands have been consolidated into a single ZEGNA brand characterized by a new logo and a distinctive signifier. The new brand, logo, and signifier are designed to be iconic and immediately recognizable, allowing us to focus our collection and enhance our new luxury leisurewear proposition, which is proving to be successful both with new customers and existing customers. The One Brand strategy, together with a richer product content, the shift to luxury leisurewear, and the focus on iconic products (the latter two described below) has enabled the Zegna brand to enrich its sales mix and to reposition towards the higher end of the luxury goods pyramid.

The One Brand strategy together with a more iconic offer also offers additional opportunities for successful brand amplification, which we intend to continue to capitalize on. Recent examples include the multiyear agreement with Real Madrid announced in August 2022 regarding their travel wear and the Oasi cashmere campaign for our cashmere knitwear.

*Zegna: The Destination for Men's Wardrobe.* In recent years, in response to the needs of a fast-paced world, Zegna's apparel offer has shifted from pure formalwear to our new definition of the men's style that we call "luxury leisurewear," which is a new, versatile wardrobe that combines performance and comfort without compromising quality. Alongside with this change, sales of shoes, outerwear, knitwear and jersey have been increasing significantly in recent years. We intend to continue to consolidate the shift towards luxury leisurewear with a focus on products meeting the changing habits and preferences of our customers and their demand for greater comfort, a modern aesthetic, and excellent quality. This trend is also allowing us to expand our reach to a broader and younger client base.

We will also continue to foster our heritage formalwear, leveraging on the strong recognition of Zegna as the "destination brand" for suiting and tailoring, thanks to the excellence of our materials, products, manufacturing, and service. The vertical integration of our supply chain enables us to develop innovative materials and concepts which contribute to further enriching and differentiating our offering. We intend to continue to invest in formalwear to protect and further enhance our reputation, through an increasing elevation of our products and customer services, including our innovative and sophisticated customer relationship management tools and the reliance on our unique Made to Measure and bespoke services.

*Create New Iconic Products and Attract New Customers*. For the Zegna brand, we are pursuing the launch of iconic products that can be visually and easily recognized, and offer superior growth and sizeable revenue opportunities, while continuing to preserve and enhance the exceptional quality we are known for. An example of this is our Triple Stitch shoes. We believe that there are significant opportunities to capitalize on our brands' recognition and existing customer base by enhancing our current product assortment and introducing new product categories (e.g. knitwear, overshirts and 5-pocket pants). We expect this to attract new customers and increase the appeal of our brands to a younger and more diverse customer base.

We believe that a more iconic and focused offering will enable us to execute our brand amplification strategy while also enhancing merchandising management and store productivity. Finally, a strategy of selected strategic partnerships for co-branding projects (collaborations) should allow us to amplify the strength of our products and brands and to enter new product categories. Examples of this include the multiyear agreement with Real Madrid for their travel wear, and the collaborations with The Elder Statesman for cashmere knitwear and Norda Run for performance footwear.

*Retail Excellence.* We intend to continue to develop a uniquely recognizable Zegna retail experience, to increase the spending of high potential clients, and significantly increase the productivity of the Zegna stores in the long term, leveraging on our client relationship model and client-centric approach, as well as on our customer relationship management tools. Furthermore, thanks to the One Brand strategy and to the changes in our brand positioning and offering, we are able to develop a more sophisticated merchandising that blends and balances the presence of seasonal products with our Essentials collections which are generally sold across seasons with minimal style changes), which we expect to drive higher sell through. The dynamic management of our DOSs, including the optimization of locations and average square footage, and a data-driven approach to customer relationship management and retail KPIs are important elements of our Retail Excellence strategy.

**Thom Browne**

*Growth Opportunities*. Thom Browne's brand is distinctive, innovative and broadly recognized amongst younger customers and perceived as an insurgent brand. We intend to continue leveraging the positive momentum around the brand and its customer proposition. We intend to grow the Thom Browne business by pursuing the following strategies:

- continue the successful development of Thom Browne products, focusing on the growth of Thom Browne's womenswear and accessories;
- significantly expand Thom Browne's customer base while maintaining the loyalty of its existing customers by taking actions to increase brand awareness and continuing to maintain a creative, thought-provoking design style with strong tailoring aesthetics;
- continue to maintain Thom Browne's top luxury positioning;
- continue to grow Thom Browne's direct distribution channels, both through physical locations and e-commerce platforms; and
- maintain a limited-volume presence in the wholesale distribution channel as a platform to increase the brand's visibility and awareness.

**Zegna Group**

*Further Strengthening of the Supply Chain*. We intend to continue to invest in the unique strengths of our directly controlled Made in Italy luxury textiles manufacturing platform by preserving and enhancing our skills and by considering potential bolt-on additions of complementary manufacturers and craftsmanships. A continued strengthening of our integrated supply chain supports our quality, speed, and innovation while the Made in Italy represents a strategic advantage.

*Higher Diversification/Rebalancing*. While our exposure to certain product categories (including menswear and apparel) and geographies is significant (Greater China Region is our largest geographical market), and we expect will remain so in the near future to maintain our successful positioning, the strategies that we are pursuing will allow for a gradual increase in diversification, including: the increasing relevance of Thom Browne in womenswear; the diversification in accessories (e.g. footwear, with the successful Triple Stitch and Thom Browne's broader offering in leather goods); the growth opportunities in North America, Europe and the EMEA region offered by the One Brand strategy and by the potential to expand the store footprint at Thom Browne; and the addition of complementary brands to our platform (eg TOM FORD).

*Digital*. We intend to continue to use digital tools to strengthen our processes and brands, attract new customers, and retain our existing customer base. Luxury today is service and the personalization of interactions. Our goal is to seamlessly integrate the customer experience into multiple touchpoints. We think of digital more broadly than a sales channel and we also use it to engage with clients. Our customer relationship management tools provide a competitive lever to optimize customer engagement and retention. We believe that reinforcing our digital tools permits us to reach a wider, younger, and more diverse audience and transmit our identity, history, and values. Also, for the Zegna brand, we expect that our broader strategies will continue to enhance our digital penetration.

***Brands, Collections and Products***

Zegna designs, produces, markets and distributes luxury menswear, footwear, leather goods and other accessories under the Zegna and Thom Browne brands, and luxury womenswear and children's clothing under the Thom Browne brand. Zegna also markets eyewear, cufflinks and jewelry, watches, underwear and beachwear manufactured by licensed third parties. Zegna's business covers the entire value chain thanks to its textile and knitwear design, manufacturing and distribution business (under the brands Lanificio Zegna, Dondi, Bonotto, Tessitura di Novara, Tessitura Ubertino and Filati Biagioli Modesto). The acquisition of historic Italian companies, each specialized in its own product sector, has enabled Zegna over the years to establish a true luxury textile laboratory producing the highest quality fabrics and safeguarding the uniqueness of its Italian supply chain.

Zegna carries out its business activities through two reportable segments: the Zegna segment and the Thom Browne segment. The Zegna segment consists of three product lines:

- the Zegna Branded Products product line;
- the Textile product line; and
- the Third Party Brands product line.

The Thom Browne segment corresponds to the Thom Browne business headed by Zegna's majority-owned subsidiary Thom Browne Inc.

***Zegna Segment***

*Zegna Branded Products Product Line*

For the years ended December 31, 2022, 2021 and 2020, the Zegna Branded Products product line generated revenues equal to €923,942 thousand, €847,311 thousand, and €636,478 thousand, respectively, representing 61.9%, 65.6% and 62.7% of our revenues after eliminations. The Zegna Branded Products product line includes luxury leisurewear, formalwear, leather accessories and other Zegna branded products.

The Zegna Branded Products product line offers a complete collection for men under the ZEGNA brand, characterized by a new logo and signifier, which was introduced in July 2022 and replaced the previously existing Ermenegildo Zegna, Z Zegna, and Ermenegildo Zegna XXX brands.

The Zegna brand offers pre-collections and main collections organized in two seasons (Fall/Winter and Spring/Summer) plus a number of temporary capsule collections. The collections include both seasonal products (which change from season to season) and continuative products ("Essentials," which are generally sold across seasons with minimal style changes), and increasingly include iconic products, which are highly distinctive and easily recognizable. Capsule collections, which are temporary collections inspired by certain events, concepts, or product features, are also offered.

Luxury Leisurewear. In recent years Zegna's apparel has shifted towards more versatile and technical luxury leisurewear for men, anticipating the needs of a fast-paced world. The evolution from pure formalwear is Zegna's new definition of men's style that we call "luxury leisurewear," a new, versatile wardrobe building on our tradition of excellence. With this new style, Zegna is continuing the process of entering a new era marked by new categories of products meeting the changing habits and preferences of our customers, including the demand for greater comfort. Our luxury leisurewear offering ranges from knits to jeans, jersey and shirts, fabric and leather outerwear and accessories.

Formalwear. Zegna is historically renowned for luxury formal menswear and for being at the forefront of men's tailoring with its iconic suits and tuxedos. Our formalwear offering ranges from formal suits to tuxedos, shirts, blazers, formal overcoats and accessories.

Made to Measure. Our offer for both luxury leisurewear and formalwear also includes the Made to Measure (*Su Misura*) service, whereby customers may, following a meeting with a style advisor, order their custom-made garments with their fabric, style and finish of choice. This service is available not only for suits, but also for outerwear, shirts, pants, knitwear, denim and jersey. Our bespoke services take customization to a higher level including the full experience of putting together a unique piece, from the sketches and design to the choice of the fabrics. Each piece is made specifically for the customer by our tailors in our ateliers in Milan and in Paris, using time-honored tailoring techniques.

Leather Accessories. Leather accessories comprise shoes (sneakers and other shoes), bags, belts and small leather accessories. Our shoes offer has in recent years shifted from a prevalence of more formal shoes towards the increasing importance of certain highly recognizable casual sneaker models such as the successful Triple Stitch. Most of our shoes are produced in Italy, like most other leather accessories. We also provide our customers with the possibility to customize their preferred shoes through our Made to Order service. Several of the leather accessories feature the so called "Pelletessuta," a soft and lightweight woven leather textile exclusively produced for Zegna by an external manufacturer.

Other Zegna Branded Products. Zegna licenses its brand to third parties for the manufacturing and distribution of eyewear, cufflinks and jewelry, beachwear and underwear. Up until June 2022, we also licensed our brand in connection with fragrances. We purchase these products from our licensees and the licensees pay fees and royalties to us under such licenses. All licensed products are generally sold by us through our DTC channel and by our licensing partners to wholesale customers and to other prestigious retailers. The table below shows the product categories for which we license the Zegna brand as of the date of this report.

| Product category | Licensee | Start Date |
|---|---|---|
| Eyewear | Marcolin Group | Since 2013 |
| Cufflings/Jewelry | Tateossian | Since 1999 |
| Underwear and Beachwear | Isaseta | Since 2016 for Underwear<br>Since 2017 for Beachwear |

All the agreements governing licensed products provide for obligations for our licensees to comply with high quality standards, to ensure that our licensed products are available at selected prestigious points of sale and that they are timely delivered to the distribution network. The agreements have a fixed term and do not contain an automatic renewal mechanism. See "*Item 3.D—Risk Factors—Risk factors relating to Zegna's business, strategy and operations—We could be adversely affected if we are unable to negotiate, maintain or renew our license agreements with high end third party brands.*"

In addition to licensed products, we also market certain other Zegna branded products specifically targeted to outlet points of sale.

As part of the activities of the Zegna Branded Products product line, Zegna has also entered into strategic partnerships for co-branding projects in order to strengthen the link with other luxury brands and mutually enhance the respective brands' value. The co-branding agreements set forth the terms for the production of certain selected co-branded products and the relevant co-marketing activities. Co-branded products are sold through our DTC channel or through the monobrand stores and distribution networks of our co-branding partners.

*Textile Product Line*

For the years ended December 31, 2022, 2021 and 2020, the Textile product line generated revenues after eliminations equal to €136,769 thousand, €102,244 thousand and €87,615 thousand, respectively, representing 9.2%, 7.9% and 8.6% of our revenues after eliminations. The Textile product line is engaged in the design, manufacturing and sale of luxury fabrics under the brands Lanificio Zegna, Dondi, Bonotto, Tessitura di Novara and the recently acquired Tessitura Ubertino and Filati Biagioli Modesto, the latter specialized in the production of cashmere yarns. These fabrics are used for the production of Zegna's products and sold to other global luxury brands and tailors. We believe that the exceptional quality of the textiles used in our garments is one of the principal reasons for the success of Zegna through the years.

The activities of the Textile product line are focused on the research and development of excellence in all of our fabrics, in terms of product quality, style, design, and technical features. We sell our fabrics both to other product lines of the Zegna segment or to the Thom Browne segment, and to third party customers, which include other luxury brands, specialized players or tailoring businesses. We regularly take part in textile fairs and exhibitions to market the products of our Textile product line to the industry's specialized players. In addition, we have a global network of sales representatives that assist us with the marketing of such products to tailors worldwide.

Lanificio Zegna, the Zegna wool mill founded in 1910 in Trivero, Italy, has been the backbone of Zegna's success and is renowned internationally for its fine textiles. Three generations of the Zegna family have led textile success by carefully balancing science with nature and craftsmanship with technology. As a result, Lanificio Zegna has pioneered sophisticated men's fabrics that are lighter, smoother, more refined, and with improved performance and functionality.

Tessitura di Novara (in which we acquired a 100% interest in 2009) is specialized in high quality silk weaving. It is a leading producer of pure silk and other high-end natural fabrics of unparalleled quality, combining artisan skills and innovation. Tessitura di Novara's production facilities are located in Trivero, Italy.

Bonotto (in which we acquired a 60% interest in 2016) is a textile manufacturer based in Molvena, Italy, that was originally founded in 1912. The brand focuses on handcraftsmanship and traditional techniques and is characterized by the

creative and experimental dimensions of its fabrics, which take inspiration from the art world. Bonotto is premised on the philosophy of the "slow factory," which rejects the concepts of industrial standardization and mass production at low cost, in favor of traditional but innovative production techniques that create exquisite, precious fabrics.

Dondi (in which we acquired a 65% interest in 2019) is a leader in manufacturing high-quality jersey fabrics for men and women, all Made in Italy. Dondi's production cycle covers the phases from fabric design to distribution. Dondi counts among its customers not only Zegna's companies, but also some of the most prestigious brands in the fashion world. Dondi's production facilities are based in Carpi, Italy.

Tessitura Ubertino (in which we acquired a 60% interest in June 2021) is a boutique weaving mill based in Pratrivero, Italy. Founded in 1981 by Adalgiso Ubertino, Tessitura Ubertino has been creating premium quality fabrics for women, such as tweed and jacquard, for over 30 years and today it supplies fabrics to major fashion brands.

Filati Biagioli Modesto (in which we acquired a 40% interest in July 2021) specializes in the manufacture of carded yarns, integrating the entire process of transformation from fiber to yarn. Founded in the 1960s by Mr. Modesto Biagioli, it carefully selects raw materials (such as cashmere, silk, camel, angora, alpaca, flax and merino wool) that are used for the production of its natural yarns, transformed entirely in Italy and then sold to luxury and fashion brands.

*Third Party Brands Product Line*

For the years ended December 31, 2022, 2021 and 2020, the Third Party Brands product line generated revenues after eliminations equal to €97,792 thousand, €74,957 thousand and €82,273 thousand, respectively, representing 6.6%, 5.8%, and 8.1% of our revenues after eliminations. The Third Party Brands product line is engaged in the manufacturing (and until the Fall Winter 2022 collection also distribution) of menswear under the TOM FORD brand, and the supply of apparel for men to Dunhill and Gucci.

Tom Ford. We have acted as an exclusive licensee for the manufacturing and distribution of menswear under the TOM FORD brand since 2004. Starting with the Spring/Summer 2023 collection, we act as an exclusive supplier only for certain TOM FORD products until at least the Fall/Winter 2025 collection. On November 15, 2022, we announced that the Zegna Group entered into agreements for the TFI Acquisition. Pursuant to such agreements, at the closing of the TFI Acquisition we will enter into the TFI License, whereby TFI (which will then become Zegna's wholly-owned subsidiary) will act as the licensee of The Estée Lauder Companies for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products, for a term of 20 years, subject to renewal at Zegna's option for a further 10 years subject to certain minimum performance conditions. The TFI Acquisition is subject to antitrust approvals and other customary closing conditions and is expected to close in the second quarter of 2023.

Dunhill. We have acted as a manufacturer and supplier of suits, jackets, blazers and formal overcoats under the Dunhill brand since 1998. Under the relevant agreement, we are required to comply with the designs and specifications supplied by Alfred Dunhill Ltd., as well as certain other restrictions relating to intellectual property and confidentiality. The agreement with Alfred Dunhill Ltd. does not provide for an express expiration date.

Gucci. We have acted as a manufacturer and supplier of jackets and formal overcoats, slacks and knitwear (both ready-to-wear and made to measure) under the Gucci brand since 1990. Under the relevant agreement, which was recently renewed, we are required to comply with the designs and specifications supplied by Gucci, as well as certain other restrictions relating to intellectual property, sustainability and confidentiality. Gucci has agreed, on a best-effort basis, to place a minimum number of orders for each season for jackets and formal overcoats and granted us exclusivity for made-to-measure products. The agreement with Gucci is set to expire upon completion of the Spring/Summer 2028 collection, unless a renewal is agreed upon between the parties.

***Thom Browne Segment***

For the years ended December 31, 2022, 2021 and 2020, the Thom Browne segment generated revenues after eliminations equal to €330,014 thousand, 263,397 thousand and €179,490 thousand, respectively, representing 22.1%, 20.4% and 17.7% and of our revenues, respectively, after eliminations.

Thom Browne is a renowned fast-growing luxury brand focused on high-end menswear, womenswear, accessories and childrenswear. The brand was founded by Mr. Thom Browne in 2001 and is based in New York. In 2018, we completed

the acquisition of 85% of Thom Browne Inc., the holding company of the Thom Browne business. In June 2021, we acquired an additional 5% equity interest in Thom Browne Inc. Under a put option agreement between Zegna and Mr. Thom Browne, Mr. Thom Browne has the right, but not the obligation, to sell to Zegna up to 550.9674 shares of common stock of Thom Browne Inc. (representing the remaining 10% interest in the company held by Mr. Thom Browne) over the period between 2024 and 2030 (subject to potential deferral until 2032). The Thom Browne business's growth since the initial acquisition has been remarkable, with revenues increasing from approximately €117 million in 2018 to €330 million in 2022 after eliminations, representing a CAGR of 30%.

Each year Thom Browne offers pre-collections and main collections, organized into two seasons (Fall/Winter and Spring/Summer) for each of men, women and children.

Mr. Browne started designing clothes for friends and family in the early 2000s, and his popularity as a fashion designer has grown ever since. Thom Browne's signature line of grey suits redefined the concept of the male silhouette, and his collections lean heavily on two main colors: grey and navy. The brand uses the highest quality materials to obtain garments that are beautiful, classic, and durable. Its distinctive traits are the absence of any form of a bold logo, the cropped silhouette of the garments, and the use of visual identifiers as trademarks, such as the four white horizontal bands (uniquely located on the left upper sleeve and/or upper pant leg) and/or a grosgrain ribbon or tab in White, Red, White, Blue, White (also uniquely positioned on the garments). Each Thom Browne piece is designed to be aesthetically perfect, classic and long-lasting, inspired by Mr. Browne's philosophy that something beautifully made will never be out of fashion.

***Operations***

Our corporate operations are divided among our locations in Trivero and Milan, Italy; Stabio, Switzerland; and New York, USA (where the Thom Browne management is based).

Our primary activities consist in the creation, manufacture, and marketing of our pre-collections and main collections, organized into (i) two seasonal collections (Fall/Winter and Spring/Summer) for the ZEGNA brand, plus certain special capsule collections, and (ii) seasonal collections for the Thom Browne segment, divided for men, women and children. Each collection takes approximately 12 months from design to delivery of the finished products to our customers.

Our activities can be subdivided into the following major stages, overseen by different functions in our organization: (i) design; (ii) brand and merchandising; (iii) sales campaign; (iv) procurement; (v) manufacturing; (vi) logistics and inventory management; (vii) marketing and advertising; and (viii) distribution through our sales channels, as further described below.

The activities of the Textile product line and of the Third Party Brands product line follow their own operational phases and logics.

***Design, Brand and Merchandising***

Each new collection is created by the Design teams of Zegna and Thom Browne, working in close coordination with their respective Brand and Merchandising teams, allowing for virtuous cross-contamination of ideas. The new collections are therefore created by the designers considering the brand identity, market analyses and seasonal fashion trends.

The Brand and Merchandising team of the ZEGNA brand is supported by a team of product developers, who also work in close cooperation with the modelers of the Supply Chain teams, for a total of approximately 100 people involved in this production stage. The modelers transform the designers' sketches first into paper or 3D models, and then into prototypes to assess the look, feel and functionality of the product, allowing the Brand and Merchandising team to fine-tune the prototypes and the Supply Chain technicians to anticipate any issues that may arise during the manufacturing process. Once the prototypes are approved, a sample collection is produced based on such prototypes. Modeling and prototyping are completed almost entirely in-house and the Design, Brand and Merchandising and Supply Chain teams closely cooperate and share information and suggestions with each other to ensure that the ready-to-wear products, and most leather products and accessories of the ZEGNA brand, are manufactured on time and consistent with the delivery plans for our collections.

In these phases, Thom Browne's Design team works closely with a number of trusted long standing external players, coordinated by an internal product development team.

***Sales Campaign***

The sample collections for the Zegna Branded Products and for Thom Browne, once ready, are presented to wholesale customers and retail buyers at Zegna's and Thom Browne's respective showrooms in Milan and New York. The sample collections usually highlight styles and themes and occasions for use, and present a breakdown of products by product category, price range and look. In addition, our showrooms display the full Zegna and Thom Browne offerings across all product categories, simulating the effect of point-of-sale displays. This process generally happens through in-person meetings, however following the COVID-19 pandemic we offer tools allowing our wholesale customers and retail buyers to view and submit online orders for the sample collections.

During the sales campaign, retail buyers place orders by selecting products in accordance with our buying guidelines, in particular with respect to DOSs, in order to ensure the consistency of the products' assortment in the various stores.

Sales campaigns last approximately two months. During the sales campaign, the Brand and Merchandising and the Supply Chain teams regularly share information on the evolution of the order portfolio to align the initial forecasts for raw material procurement and production planning.

***Procurement***

Based on our forecasts and the order portfolio, we source the necessary raw materials, trimmings and finished goods through our network of selected suppliers. While the initial purchases are based on forecasts, we adjust and supplement such purchases based on actual orders as the sales campaign progresses.

Sourcing activities are carried out separately for our two segments, and within the Zegna segment sourcing is performed for apparel and leather accessories, on the one hand, and for the Textile product line, on the other hand. Trimmings (such as fabrics, buttons, linings, interlinings and zips) are purchased from selected suppliers for both the Zegna and the Thom Browne segments.

Approximately 40% of the raw materials used by the Zegna segment (excluding the Textile product line), such as wool, cotton, leather, silk, linen and cashmere, are purchased through our Textile product line, while the remaining approximately 60% is sourced from other selected suppliers. Approximately 12% of the raw materials used by the Thom Browne segment, such as wool, cotton, leather, silk, linen and cashmere, are purchased through the Zegna segment's Textile product line, while the remaining approximately 88% is sourced from other selected suppliers.

In 2022, the Zegna segment (excluding the Textile product line) sourced raw materials and trimmings from 638 suppliers, of which 362 for fabric, yarn and leather, and 276 for trimmings.

In 2022, the Thom Browne segment sourced its raw materials, trimmings and finished goods from 146 suppliers, of which 64 provided raw materials, 28 provided trimmings and 54 provided finished goods. Many of the suppliers have worked with Thom Browne for over 10 years and are considered among the best in the industry, also working with other major luxury brands, including Zegna. The Thom Browne segment and the Zegna segment work closely together to develop custom fabrics made of cotton, wool, and cashmere.

The table below shows Zegna's total cost for raw materials and consumables, broken down by category for the years ended December 31, 2022, 2021 and 2020.

| *(€ thousands)* | **For the years ended December 31,** | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| Raw materials | (154,858) | (108,442) | (108,130) |
| Finished goods | (186,876) | (161,731) | (130,006) |
| Consumables | (8,362) | (12,951) | (10,909) |
| Change in raw materials, consumables and finished goods | 38,868 | (24,822) | 131 |
| Other | (92) | (1,663) | (1,655) |
| **Total cost of raw materials and consumables** | **(311,320)** | **(309,609)** | **(250,569)** |
| *Total cost of raw materials and consumables as a % of revenues* | *20.9 %* | *24.0 %* | *24.7 %* |

Based on the proposition that the very best garments can only come from the best natural resources, we have dedicated our efforts through the years to the research of only the finest raw materials and fabrics. A crucial role in this context is played by the Textile product line, in particular for the Zegna Branded Products product line of the Zegna segment. In order to produce Zegna and Thom Browne branded apparel, we source a portion of our requirements of fabrics from Lanificio, jersey from Dondi and printed fabrics from Bonotto.

***Manufacturing***

While the sales campaign is still ongoing, we start planning for our manufacturing activities. Production quantities are continuously refined based on the results of the sales campaign, allowing us to be efficient. Manufacturing planning is based on several factors, including the type of products to be manufactured (e.g. whether they are seasonal, continuative or made to measure). The manufacturing phase consists of industrializing the samples based on the outcome of the product developers' research and recreating them in various sizes and colors for large production.

A distinctive feature of our manufacturing is that "Made in Italy" production represents approximately 70% of the overall production of our products, and approximately 40% of our products are manufactured directly in our facilities, while almost 100% of Made to Measure and approximately 80% of prototypes and samples are produced internally.

*Zegna Segment*

We carefully manage our production, operations and value chain, keeping production know-how and industrial capabilities internally for certain product categories, while relying on a selected network of external long-standing suppliers in Italy and abroad for other product categories. Our sourcing team is committed to carefully selecting all of our suppliers and managing the supply relationships for their entire duration, ensuring the seamless operation of our supply chain. In determining whether to manufacture our products internally or through our network of manufacturers, we take into account a number of factors, such as the ready availability of the required know-how, product quality, lead time and service levels, compliance with the "made in" parameters, safety and overall cost efficiency.

*In-House Manufacturing*

Excluding our Textile product line's production facilities described under "*—Brands, Collections and Products—Zegna Segment—Textile Product Line,*" our other production facilities are located in Mendrisio, Switzerland, for jackets, suits, shirts and the Made to Measure products; Verrone, Italy, for knitwear; San Pietro Mosezzo, Italy for formal Zegna branded jackets, suits and products of the Third Party Brands product line; Parma, Italy, for outerwear and leather accessories; and Turkey, for shirts.

*Outsourcing*

The manufacturing of several finished products is outsourced to external manufacturers. We have established long-term and stable relationships with most of them, who are mainly located in industrial districts in Italy, as well as in Turkey, Portugal, Romania, and, to a lesser extent, in Greater China and the United States. External manufacturers are carefully chosen based mainly on the quality of their work and their well-established relationship with Zegna. Costs, efficiency in planning and production, lead time and "made in" parameters are also key drivers in the selection process.

Contractual relationships with our external manufacturers are generally governed by supply agreements and, in some cases, by purchase orders based on our sourcing needs for each season. The supply agreements with some strategic external manufacturers generally have a term of several seasons. These generally include purchasing commitments on our part and strict quality specifications that our external manufacturers are required to meet.

Depending on the categories of products and other factors such as production lead time, production costs, quantity and ready availability of the relevant know-how, our outsourced products are manufactured using two different approaches: façon manufacturing or "full package" manufacturing. When using the façon manufacturing model, we only outsource to our external manufacturers the confection stage (including cutting, sewing, washing and pressing), while we remain responsible for providing the designs, product specifications and raw materials and coordinating the entire production process throughout the various stages. Conversely, in the full package manufacturing model, we outsource to our external manufacturers the entire production process, including the procurement of raw materials and the coordination of the various production stages,

while we purchase the finished products made to our specifications. We usually resort to the façon manufacturing model for our formal garments (such as suits, jackets, blazers and shirts), knitwear and shoes.

*Thom Browne Segment*

Since the acquisition of Thom Browne by Zegna, the production of Thom Browne's garments has been mostly outsourced using the full package manufacturing model. First, the Thom Browne collections are designed in-house in New York, then a sample collection is developed in cooperation with external product developers, and subsequently the manufacturing phase is entrusted to Thom Browne's trusted external manufacturers. These external manufacturers are responsible for procuring the raw materials exclusively from suppliers that have been pre-approved by Thom Browne, for coordinating the entire production process and delivering the finished product.

Approximately 80% of Thom Browne's external manufacturing is done in Italy and in the United Kingdom, and the remaining 20% is done in Japan. A portion of Thom Browne's production is also outsourced to Zegna's Swiss and Italian production facilities, in particular made-to-measure and tailored products, and a minor part of knit products are sourced from manufacturers based in the United Kingdom.

***Logistics and Inventory Management***

*Zegna Segment*

Our logistics department is responsible for organizing and managing the distribution of the finished products of the Zegna segment and preparing the documentation required for shipment, as well as the management of our warehouses and product inventory.

Our wholly-owned subsidiary Consitex S.A. is responsible for managing our primary distribution center and product inventory, the shipment of our products, and the logistics of the distribution of the finished products in all regions except for the European Union and the United Kingdom. For the European Union and the United Kingdom, primary distribution activities are carried out by our subsidiary Ezi S.p.A. In North America, such activities are also carried out through our subsidiary Ermenegildo Zegna Corporation, which manages a local secondary distribution center. In China, such activities are also carried out through our subsidiary Zegna (China) Enterprise Management Co., Ltd., which manages a local secondary distribution center. Regarding the products of our Third Party Brands product line, all logistic activities are carried out by our subsidiary Ezi S.p.A.

With respect to the shipment of our products, third party transportation specialists are engaged to transport goods by road, air or sea, based on factors such as distance to destination and urgency of the shipment.

***Thom Browne Segment***

Thom Browne's logistics department and primary distribution center is located in Switzerland and managed by the subsidiary Thom Browne Trading SA., which is responsible for overseeing Thom Browne's warehouses and product inventory and for organizing and managing the distribution and shipment of the finished products of the Thom Browne segment.

Thom Browne Trading SA. is responsible for the shipment of products for the Thom Browne segment, and the logistics of the distribution of the finished products in all regions. The Thom Browne segment also has a secondary distribution center in Japan, which is run by its subsidiary Thom Browne Japan Inc., and a secondary distribution center in the United States, which is managed by Thom Browne Inc. directly.

Similarly to the Zegna segment, the logistics department of the Thom Browne segment engages third party transportation specialists to transport goods by road, air or sea, based on factors such as distance to destination and urgency of the shipment.

***Marketing and Advertising***

Advertising and promotional support critical for luxury companies like us to influence purchase selection, enhance the brand recognizability and encourage brand loyalty over time. We invest significant resources in advertising

communication and marketing, which include a full set of activities ranging from pure digital and social media marketing initiatives to events like fashion shows, product collaborations and co-marketing projects. In 2022, 2021 and 2020, we spent €76,618 thousand, €57,224 thousand and €47,467 thousand, respectively, in connection with advertising and promotional activities.

Zegna's marketing strategy is based on an all-round approach with the customer at its center. We manage the relationship with our customers from an omni-channel perspective, enhancing the interaction between the digital and physical dimensions. Our customers shop across different channels, and through digital tools we directly and regularly inform them about new campaigns, products, and collaborations using original content we develop and produce for a specific project or collection. We aim to provide tailored content and messages to our customers and, through our presence on social media, we translate our craft and products into a narrative aimed at attracting our customers through inspiration. All of our marketing campaigns focus on storytelling to strategically solidify our values in our customers' minds. Our One Brand strategy and repositioning have provided enhanced opportunities for brand amplification, including collaborations such as the multiyear one with Real Madrid launched in August 2022.

Since our founding in 1910, we have inspired men to define their style identity, ensuring their character can be found in every detail of their outfits. The Zegna brand can count many leaders of business, sports, entertainment, design and culture as friends. Some have even become part of our extended family over the years, acting as ambassadors for our brands. We also conduct targeted product placement activities on key opinion leaders, celebrities and influencers.

With respect to the Thom Browne segment, Thom Browne presents its seasonal collections in New York or Paris through spectacular, theatrical and conceptual fashion shows during the men's and women's fashion weeks. These shows contribute to positioning the brand at the pinnacle of fashion and creativity, are the source of the narrative for each season and help generate significant editorial coverage in fashion, art and culture publications, both on paper and online. This innovative approach makes Thom Browne the brand of choice for a number of VIPs and celebrities worldwide. From highly successful actors and musicians in South Korea, to U.S. athletes, actors and musicians of worldwide fame, the brand has proven to have a very strong appeal.

The historical customer loyalty enjoyed by the Thom Browne brand is being reinforced through the introduction of new customer relationship management tools and initiatives.

Each of the Zegna segment and the Thom Browne segment have internal teams dedicated to marketing and advertising activities, each following slightly different marketing strategies depending on the brand. To better reach a wide but selected consumer target, we use various communication tools, from organic institutional and product press coverage to media partnerships, a varied media-mix including digital marketing, digital media campaign, print, billboards, direct marketing and ad hoc initiatives in our boutiques where visual merchandising and windows displays are conceived to consistently adhere to the seasonal marketing strategy plan.

In addition to seasonal fashion shows, January Fall/Winter and June Spring/Summer collection presentations, specific shows and events are organized globally to strengthen our brands' profiles and positioning and increase awareness on the most recent collections in local markets worldwide. Besides presenting new products, these events are planned to promote a direct involvement of the customers, media, celebrities, influencers, and industry key opinion leaders through exclusive events, as well as to reinforce the popularity of the brand and enhance its image.

***Sales Channels***

Our sales teams bring our customers into our community, sharing with them our creativity and craft, as well as our story and the journey of each item. These relationships are nurtured in-store with respect to our DTC channel and in our showrooms with respect to our wholesale channel, with the aim to deliver a consistent and unique customer experience.

We distribute and sell our products in approximately 80 countries worldwide through a well-established network comprised of our DTC and wholesale distribution channels.

Our monobrand presence includes our DOSs (which are divided into boutiques and outlets) and our franchisees' monobrand stores. Our multi-brand presence includes department stores, specialty stores and multi-brand e-commerce platforms.

*Zegna Segment*

For the year ended December 31, 2022, 84% of the revenues from the Zegna Branded Products product line of the Zegna segment were generated through our DTC channel and 16% were generated through the points of sale operated by our wholesale distribution channel and royalties.

*DTC Channel*

As of December 31, 2022, we operated 239 DOSs, of which 121 were in APAC, 65 were in EMEA, 39 were in North America and 14 were Latin America. For the year ended December 31, 2022, the DTC channel generated revenues representing 84% of the revenues from the Zegna Branded Products product line of the Zegna segment. Our DTC channel is distributed throughout the main markets in which we operate. We focus on maintaining a presence in prestigious and strategic locations, and in certain cases we enter into joint ventures with local partners in jurisdictions where Zegna would not be able to operate directly without a local partner or where the presence of a local partner is beneficial due to its knowledge of the local market and regulations. As an example, we have entered into joint ventures in the United Arab Emirates, Vietnam and India.

The aesthetics and customer experience of our DOSs are carefully planned and designed by our Artistic Direction team. Once opened, an internal staff of architects and visual merchandisers who are supported by external professional firms constantly maintain and restyle our DOSs as required. In addition, we have in place specific training programs dedicated to our sales staff, focusing on product knowledge and customer service.

To select the range of products sold in our DOSs, we establish guidelines at the group level based on market potential and the characteristics of the points of sale. Buyers and merchandisers in our regional offices then select the best selection of products in terms of models, materials and color variants.

Our DTC channel also includes an e-commerce shop operated directly through our website *www.zegna.com*, outlets, concessions within department stores around the world, certain travel retail stores directly operated by us (including those at Linate and Malpensa airports in Milan) and other e-commerce platforms through which we sell directly to our customers (such as TMall Luxury Pavilion, Farfetch and WeChat) and whose sales systems are integrated with Zegna's sales and warehouse management systems.

*Wholesale Channel*

As of December 31, 2022, our monobrand distribution network included 156 points of sale operated by our wholesale customers and franchisees, of which 35 were in APAC, 57 were in EMEA, 59 were in North America and 5 were in Latin America. For the year ended December 31, 2022, the wholesale channel, including multibrand stores and royalties, generated revenues representing 16% of our revenues from the Zegna Branded Products product line of the Zegna segment.

Our wholesale distribution channel has developed through agreements with different types of wholesale customers, including in particular:

- Franchisees, which operate monobrand points of sale exclusively under the Zegna brands, in exchange for the payment of royalty fees to Zegna based on sales volumes. The franchising agreements governing these relationships typically have a medium term (providing for an automatic renewal or a renegotiation period prior to the term expiry). The contractual arrangements may also provide for minimum purchase obligations by the franchisee, and for the obligation by Zegna and/or the franchisee to invest certain amounts in marketing activities.

- Department stores and multibrand specialty stores, which purchase Zegna products for resale in their stores, sometimes in specific Zegna branded wall units. The contractual arrangements with this type of customer vary based on the relevant store's standard terms.

- Online multibrand stores. Zegna branded products are also sold via prestigious online multi-brand stores such as SSENSE, Mr. Porter and JD.

As with our DTC channel, we carefully manage and, if necessary, customize our distribution policies for our wholesale customers.

Within the wholesale distribution channel, duty free and travel retail stores operated by specialized players and located at major airports around the world have an important role, ensuring that the Zegna brands are present in major airports worldwide and in exclusive hotels, both in duty free and duty paid points of sale. These travel retail stores in the wholesale distribution channel are in addition to travel retail stores directly operated by us.

We believe that our Wholesale presence is strategic as it provides constant benchmarking opportunities and external feedback hence allowing a constant monitoring of the positioning of our brand and products vis-à-vis those of our competitors.

*Thom Browne Segment*

For the year ended December 31, 2022, 44% of the Thom Browne segment's revenues was generated through its DTC channel and 56% was generated through the points of sale operated by Thom Browne's wholesale distribution channel and royalties.

*DTC Channel*

As of December 31, 2022, Thom Browne operated 63 DOSs, of which 46 were in APAC, 10 were in EMEA and 7 were in North America.

Unlike other luxury fashion brands (including Zegna), Thom Browne, leveraging its customers' awareness of the brand and presence in the main digital channels, has DOS locations of comparatively smaller size, which are usually destination stores with highly-trained staff. This allows for more flexibility in negotiations with landlords and alleviates pressure on rental charges, while Thom Browne still benefits from the inflow of loyal customers. Thom Browne's strategy puts an emphasis on developing customer relationships rather than on positioning in key streets, while actively working to increase the visibility of its DOSs to attract new customers and to establish specific training programs for its DOS staff in order to ensure a consistent and high quality retail experience in the various geographies.

Thom Browne's DOSs also include an e-commerce shop operated directly through the website *www.thombrowne.com* and carefully selected directly operated outlet sale locations.

*Wholesale Channel*

As of December 31, 2022, Thom Browne's monobrand distribution network included 42 points of sale, of which 32 were in APAC, 6 were in EMEA and 4 were in North America.

The Thom Browne segment's wholesale distribution channel works similarly to the Zegna segment's and also consists of a presence in more than 300 wholesale multibrand stores globally, such as those operated by franchisees, department stores and online multi-brand stores for both men and women.

***Intellectual Property***

*Zegna Segment*

As of the date of this report, and with an overall trademark portfolio including more than 3,600 registrations, the principal owned trademarks or trade names that we use in the Zegna segment's business are "Ermenegildo Zegna" and "Zegna," which we have registered in all the relevant products and services classes and in all of the countries in which we operate in the logo version and/or in the word/standard characters version or in versions which are adapted to various local alphabets or ideographs (e.g., Zegna written in Japanese, Katakana syllabary, in Chinese ideographs or in the Arabic alphabet). We have also registered certain other marks used on our products and in our main marketing projects such as our capsule collections. In connection with the implementation of the rebranding project, we expanded the trademark portfolio to the new logo and signifier.

Additionally, we have a portfolio of more than 700 domain names, including (i) registrations in all the countries in which we operate, (ii) the most common Zegna and Ermenegildo Zegna typos and (iii) early and basic protection for our main business and marketing projects.

Besides trademarks, we invest significant resources in protecting other aspects of our brands' uniqueness. With more than 500 design and 9 copyright registrations covering several countries including the European Union, China and the United States, every season we select the most relevant and original products, patterns and, to the extent necessary, protect our rights, labels, and take action to protect their design and defend them against counterfeiting. In addition, we own 16 patents and one copyright for engineering work (thanks to special protections available in Italy), which are a result of our solid roots in fabric making and our pioneering efforts to improve performance and functionality in our products.

We devote significant resources to the protection and enhancement of our intellectual property assets and actively monitor the market, offline and online, for infringements or abuses of our trademarks and product designs. We are also active in enforcing our rights against third party infringements. In addition, we monitor third party applications for registration of trademarks that could be confused with our trademarks, and file oppositions against the applications for, or the registration of such trademarks in accordance with the laws and regulations of the relevant jurisdictions and cooperate with competent authorities worldwide to fight the counterfeiting of our products.

Thanks to the long-standing efforts discussed above, judicial and/or administrative decision in countries including China, Turkey, Mexico, Brazil and India have recognized our trademarks as well known and famous, giving Zegna the ability to benefit from a cross-class protection.

For a description of the licenses we grant in our business, please see "*—Brands, Collections and Products—Zegna Segment—Third Party Brands Product Line.*"

*Thom Browne Segment*

As at the date of this report, Thom Browne Inc. and its subsidiary Thom Browne Japan, Inc. own or control approximately 300 trademark registrations worldwide, with a number of additional applications pending. The principal owned trademarks or trade names that are used by Thom Browne are THOM BROWNE, a four-band design, a grosgrain ribbon in White, Red, White, Blue, White, and THOM GREY, which have been registered or for which applications for registration have been submitted, in text form or design form, in virtually all the jurisdictions in which Thom Browne operates.

In addition, the design marks shown as location marks, such as a tab on the back of a collar on a shirt or jacket, have been registered, or an application for registration has been submitted, including in the native language of certain important markets.

Thom Browne has also registered certain other marks used on its products and in its main marketing projects and maintains an ongoing program to constantly review and update filings and protections to extend the registrations to classes of goods for which new products are introduced from time to time.

In addition, Thom Browne has a portfolio of domain names, including a number of domain names featuring the "Thom Browne" name, such as *ThomBrowne.com*, *Thombrowne.uk* and similar domain names in the jurisdictions in which Thom Browne operates.

Thom Browne devotes significant resources to the protection of its intellectual property assets worldwide through a highly specialized brand protection program. In-house and outside specialists monitor all major markets as well as global social media and websites for misuse of Thom Browne's intellectual property. To the extent infringements are detected, adequate enforcement steps are taken, including in cooperation with the relevant authorities.

***Research and Development***

Our competitiveness depends on, among other things, our ability to anticipate trends and to identify and respond to new and changing consumer preferences. We therefore devote significant resources to various research and development activities to design, create and develop new products for our collections. As of the date of this report, over 290 of our employees were involved in our research and development activities across the Zegna and Thom Browne segments.

Our research and development activities mainly relate to the development of new patterns and designs for our fabrics, the research of innovative and technological materials with specific features, the design, modeling and development of new products and the creation of prototypes.

In recent years, our research and development efforts have focused on the reduction of the overall number of new products launched, with a shift towards the activities for the creation of iconic products characterized by high visibility and superior growth, the creation and launch of *ad hoc* capsule collections, and significant resources devoted to the development of products for our continuative products (which are generally sold across seasons with minimal style changes). In addition, in our commitment to contribute to address climate change issues, we intend to invest in research and development with the aim of producing in the medium to long-term new highly sustainable materials (e.g., non-oil synthetic materials) with lower environmental impact than traditional animal fibers and leathers.

***Regulatory Environment***

We are required to comply with the laws and regulations applying to our products and operations in the various jurisdictions in which we operate, particularly in relation to the protection of intellectual property rights, competition, product safety, packaging and labeling, import and processing of certain raw materials and finished goods, data protection, limits on cash payments, worker health and safety, environment and economic sanctions. We also use certain rare raw materials, such as vicuña yarns, which are only available in a very limited quantity and subject to strict export and processing regulations. Virtually all of our imported products are subject to custom duties and other taxes, which may impact the price of such products. We maintain compliance procedures and policies to assist in managing our import and export activities and ensure compliance with the laws and regulations of the jurisdictions where we operate.

**C. Organizational Structure**

Zegna is the parent company of the Zegna Group. A list of the significant subsidiaries of Zegna as of the date of this report is included in Exhibit 8.1 to this report.

**D. Property, Plants and Equipment**

We operate through manufacturing facilities, corporate offices, showrooms, warehouses, stores, land and other buildings around the world, which are in part owned by us and in part leased from third parties.

Part of the real estate assets used in Zegna's business operations is owned by EZ Real Estate S.r.l. ("EZ Real Estate"), a former subsidiary of Zegna which was demerged on November 1, 2021 as part of the Disposition, or by its subsidiaries. Such real estate assets include buildings hosting manufacturing facilities, corporate offices, showrooms, warehouses, land and other buildings, including our main manufacturing plants and offices in Italy (such as Zegna's headquarter offices in Milan, the manufacturing facilities in Parma, San Pietro Mosezzo, Verrone and Oleggio, as well as part of the building located in Valdilana partly occupied by Zegna) and Switzerland (including the offices in Stabio and the manufacturing plant in Mendrisio) and certain Zegna stores, namely in Sandigliano and Oleggio (Italy) and London (United Kingdom). In addition, Lanificio Ermenegildo Zegna e Figli S.p.A. ("*Lanificio*") owned part of our industrial building located in Valdilana (Italy), which was also demerged on November 1, 2021 as part of the Disposition. Most of the real estate properties directly or indirectly owned by EZ Real Estate or its subsidiaries are, and will continue to be, leased to us or our subsidiaries. Following the Disposition, we continue to pay rent to EZ Real Estate or its relevant subsidiaries under the relevant lease agreements. With respect to Lanificio's real estate assets that form part of the Disposition, appropriate arrangements have been put in place, effective as of November 1, 2021, to ensure the continued use by Zegna of such properties at market terms.

We also own certain real estate assets (manufacturing facilities, warehouses and offices) used by Cappellificio Cervo in Sagliano Micca (Italy) and Dondi in Fossoli di Carpi (Italy) and Novi di Modena (Italy).

Our manufacturing facilities currently have capacity to increase production volumes if necessary to meet higher demand.

The following table sets forth information relating to owned real estate assets used in the conduct of our business at the date of this report.

| Location | Use | Approximate Square Meters |
|---|---|---|
| Italy, Sagliano Micca, Via della Libertà 16 | Factory, storage and offices | 5,500 |
| Italy, Fossoli di Carpi, Italy, via Budrione Migliarina 2/A | Factory, storage and offices | 11,470 |
| Italy, Novi di Modena, fraz. Rovereto sul Secchia, via Foscolo 11 | Factory, storage and offices | 975 |

In addition, we lease space from third-parties, mainly related to our DOSs and other direct points of sale around the world, as well as for warehouses, offices and housing for our personnel. At December 31, 2022, we directly operated 302 DOSs, totaling approximately 80,000 square meters of gross area, pursuant to lease agreements.

The total carrying value of our property, plant and equipment at December 31, 2022 was €126,139 thousand compared to €111,474 thousand at December 31, 2021.

For information on our principal expenditures on property, plant and equipment, see "*Item 5.B—Liquidity and Capital Resourcess—Capital Expenditure.*"

**ITEM 4A UNRESOLVED STAFF COMMENTS**

None.

## ITEM 5 OPERATING AND FINANCIAL REVIEW AND PROSPECTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion of our financial condition and results of operations should be read together with the rest of this document, including the information included under "Note on Presentation," "Item 4. Information on the Company" and the Consolidated Financial Statements included elsewhere in this document. This discussion includes forward-looking statements and involves numerous risks and uncertainties, including, but not limited to, those described under "Cautionary Note Regarding Forward-Looking Statements" and "Item 3.D. Risk Factors." Actual results may differ materially from those contained in any forward looking statements.*

### A. Operating Results

#### *Overview*

Ermenegildo Zegna N.V. is a Dutch public limited liability company (*naamloze vennootschap*). It was founded as a wool mill by Ermenegildo Zegna (the grandfather of our Chief Executive Officer) in the Northern Italian town of Trivero in 1910 with the dream of creating the most beautiful and luxurious fabrics in the world, and is now the parent company of Zegna Group, a global luxury group. The Zegna Group designs, creates, and distributes luxury menswear and accessories under the Zegna brand, as well as womenswear, menswear and accessories under the Thom Browne brand, of which it acquired an 85% interest in 2018. Our brands leverage our Made in Italy Luxury Textiles platform which provides the Group's industrial backbone and know-how. Each of our brands is unique while sharing a commitment to excellence, innovation, and authenticity defined by distinctive products and tailored customer experiences across channels and geographies. The Group and its brands are led by a world-class management team and empowered by highly recognized designers. Our goal is to provide customers with excellent products that reflect our tradition of fine craftsmanship, exclusive design content, and exceptional quality, through the sourcing of superior raw materials, the careful finish of each piece, and the way they are delivered to our customers. Through this, we aim to continue to extend the global reach of our brands while ensuring that they protect and enhance their exclusive DNA and continue to foster their ultimate luxury positioning. Ermenegildo Zegna N.V. results from the cross-border conversion whereby, on December 17, 2021, Ermenegildo Zegna Holditalia S.p.A., an Italian joint stock company (*società per azioni*), transferred its legal seat from Italy to the Netherlands and amended its articles of association. Since December 20, 2021 Ermenegildo Zegna N.V. is a publicly traded company, listed on the New York Stock Exchange under the "ZGN" ticker.

In 2022, 2021 and 2020, Zegna recorded revenues of €1,492,840 thousand, €1,292,402 thousand and €1,014,733 thousand, respectively, Profit/(Loss) of €65,279 thousand, €(127,661) thousand and €(46,540) thousand, respectively, Adjusted EBIT of €157,729 thousand, €149,115 thousand and €20,013 thousand, respectively, and Adjusted Profit/(Loss) of €73,629 thousand, €75,322 thousand and €(4,752) thousand, respectively. For additional information relating to Adjusted EBIT and Adjusted Profit/(Loss), which are non-IFRS financial measures, including a reconciliation of Adjusted EBIT and Adjusted Profit/(Loss) to Profit/(Loss), see "*Item 5.B—Liquidity and Capital Resources—Non-IFRS Financial Measures*."

Zegna operates its business in two segments: the Zegna segment (comprising three product lines: Zegna Branded Products, Textile and Third Party Brands) and the Thom Browne segment.

With respect to the Zegna Branded Products product line and Thom Browne segment, Zegna operates via its direct-to-consumer DTC channel worldwide through a network of 239 Zegna and 63 Thom Browne DOSs at December 31, 2022 (245 Zegna DOSs and 52 Thom Browne DOSs at December 31, 2021). Zegna also distributes its products worldwide through monobrand or multibrand points of sale operated by its wholesale customers. Taking into account both the DTC channel and the wholesale distribution channel, Zegna is present in approximately 80 countries worldwide. Zegna's DTC channel includes boutiques and outlets, as well as concessions in department stores and multibrand e-commerce marketplaces. In the wholesale channel, Zegna sells its products to franchisees, department stores, multibrand specialty stores and online multi-brand e-tailers.

The activities of the Textile and Third Party Brands product lines follow their own operational phases and logics. Through the Textile product line, Zegna sells fabrics to other product lines of the Zegna segment and to the Thom Browne

segment, as well as to third party customers. Through the Third Party Brands product line, Zegna is engaged in the manufacturing and distribution or the supply of menswear to other fashion brands.

***Trends, Uncertainties and Opportunities***

The main trends, uncertainties and opportunities affecting Zegna are summarized below:

*The Business Combination*

On December 17, 2021, Zegna closed the previously announced Business Combination pursuant to the Business Combination Agreement, dated as of July 18, 2021, as amended, by and among Zegna, IIAC and Zegna Merger Sub, a wholly owned subsidiary of the Zegna Group, through a series of transactions described below.

On November 1, 2021, Ermenegildo Zegna Holditalia S.p.A. completed the disposition of certain of its businesses through the statutory demerger under Italian law to a new company owned by its existing shareholders. The Disposition included, inter alia, Ermenegildo Zegna Holditalia S.p.A.'s real estate business, consisting of its former subsidiary EZ Real Estate, which directly and indirectly held substantially all of the real estate assets formerly owned by the Zegna Group, as well as certain properties previously owned by Lanificio, and its 10% equity interest in Elah Dufour S.p.A. Most of the real estate properties directly or indirectly owned by EZ Real Estate were, and continue to be, leased to Zegna following the Disposition.

The Business Combination was completed through a series of transactions executed on December 17, 2021, including a cross-border conversion whereby Ermenegildo Zegna Holditalia S.p.A., by means of the execution of a Dutch notarial deed of cross-border conversion and amendment of its articles of association, converted into a Dutch public limited liability company (*naamloze vennootschap*) and transferred its legal seat from Italy to the Netherlands and amended its articles of association, upon which the Company changed its name to Ermenegildo Zegna N.V.

Following the completion of the Business Combination, on December 20, 2021, Zegna's ordinary shares and public warrants began trading on the NYSE. As a result of the Warrant Redemption completed on February 27, 2023, the Public Warrants ceased trading on the NYSE and there are no remaining Warrants outstanding.

For additional information relating to the Business Combination and the Warrant Redemption, see *Note 1 — General information* and *Note 43 — Subsequent events* to the Consolidated Financial Statements included elsewhere in this annual report on Form 20-F.

*Impact of the COVID-19 pandemic*

Zegna's operations have been, and continue to be, affected by the ongoing outbreak of COVID-19. Over the last three years, the global spread of COVID-19, including variants thereof, has led to governments around the world mandating, to various degrees and at various times, restrictive measures to contain the pandemic, including quarantine, social distancing, "shelter in place" or similar orders, travel restrictions and suspension of non-essential business activities. The COVID-19 pandemic has caused significant disruption to the global economy, consumer spending and behavior, tourism, supply chains and financial markets, leading to a global economic slowdown and a severe recession in several of the markets in which Zegna operates, which may persist even after restrictions are lifted.

During the course of 2020 and 2021, Zegna experienced suspension or slowdown of production at its manufacturing and logistics facilities, delays in deliveries of raw materials from suppliers and of deliveries of products to wholesale customers, as well as temporary closures of its DOSs and its distribution partners' stores, and running costs related to its workforce, despite furlough or reduced hours schemes implemented with respect to certain employees of the Group. Additionally, during the period in which Zegna's manufacturing facilities were closed in 2020 (from mid-March 2020 to mid-May 2020), Zegna purchased some of its raw materials and finished goods from suppliers pursuant to commitments entered into prior to the onset of the COVID-19 pandemic when demand was higher. As a result, Zegna's revenues and results from operations were adversely impacted, particularly in 2020.

The COVID-19 pandemic resulted in a significant decline in the demand for Zegna's products in 2020, including the Textile product line, which experienced a reduction of orders from customers operating in the fashion apparel industry. Despite this, the remote selling and retail e-commerce platforms continued to operate and Zegna implemented solutions to

allow online purchases by wholesale customers. In 2020 Zegna implemented measures, the majority of which were reversed in 2021, to reduce costs and cash outflows, secure its liquidity and financial position, and preserve profitability, including (i) the temporary suspension of several capital expenditure programs (including for store renewals), (ii) the sale of certain financial assets that were held as investments, (iii) the renegotiation of rent payable under lease agreements, (iv) temporary lay-offs as permitted by local emergency legislation, (v) accessing government support measures, (vi) salary and bonus cuts to directors and senior managers, and (vii) significant reductions to marketing, travel and other expenses and delays in non-essential spending.

Zegna's business has experienced a steady recovery in 2021 and 2022 from the effects of the COVID-19 pandemic that occurred primarily in 2020, although the COVID-19 pandemic continues to impact the global economy and certain restrictions remain in some of the markets where Zegna operates. Additionally, since early 2022, due to a new wave of the virus and the resulting lockdown restrictions in certain parts of the Greater China Region, the largest geographical market of the Group, Zegna has been required to temporarily close certain of its DOSs in the region. In particular, from mid-March 2022 until the end of May 2022 and again in the fourth quarter of 2022, Zegna closed certain DOSs in the Greater China Region. In addition, DOSs that remained open in the region have been experiencing significantly lower customer traffic. Following an increase in DTC revenues in the Greater China Region in the third quarter of 2022 compared to the third quarter of 2021, driven by a significant increase in e-commerce sales for both the Zegna and Thom Browne segments and the gradual recovery of in-store sales, new COVID-19-related restrictions in October and November and some further unplanned temporary store closures in December 2022 due to a new wave of the virus had a negative effect on sales. As a result of the foregoing, Zegna recorded significantly lower sales in the Greater China Region in 2022 compared to 2021. Zegna's operations have substantially normalized in the Greater China Region in early 2023.

The extent to which COVID-19 will impact the Group's business, financial position, results of operations and cash flows in the future remains highly uncertain and cannot be accurately predicted at this time.

See also "*Item 3.D—Risk Factors—Risk factors relating to Zegna's business, strategy and operations—We are subject to risks related to the COVID-19 pandemic or similar public health crises that may materially and adversely affect our business.*"

*Fluctuations in exchange rates*

A large portion of Zegna's operations is in international markets outside the Eurozone, where Zegna records revenues and expenses in various currencies other than the Euro, which is the Group's functional currency, mainly the Chinese Renminbi and the U.S. Dollar, as well as various other currencies. While Zegna's revenues are denominated mainly in the local currencies of the respective markets (a share of revenues were generated in currencies other than the Euro corresponding to 65% in 2022, 70% in 2021 and 66% in 2020), a significant portion of its costs are denominated in Euro, mainly related to production and to its corporate headquarters and related functions. As a result, Zegna is affected by fluctuations in foreign currency exchange rates through (i) the translation of foreign currency financial statements into Euro upon consolidation of its subsidiaries with functional currencies other than Euro (translation impact), and (ii) transactions by Zegna entities in currencies other than their own functional currencies (transaction impact). In general, an appreciation of the Chinese Renminbi, U.S. Dollar or the other currencies in which Zegna operates against the Euro would positively impact Zegna's revenues and results of operations, while a depreciation in those other currencies would have a negative impact. An appreciation of the U.S. Dollar against the Euro may also adversely affect Zegna's results of operations due to certain significant liabilities of the Group that are denominated in U.S. Dollars, such as the present value of the exercise price in U.S. Dollars of the put option granted to the non-controlling interest in the Thom Browne Group. Such liability is remeasured at fair value at the end of each reporting period based on the latest available information and recognized through profit or loss.

The year ended December 31, 2022 was characterized by high volatility in exchange rates. For example, the U.S. Dollar remained strong against other currencies over the course of 2022, but recorded a slight fall in the last quarter of the year, with the Euro partly recovering in the last quarter of 2022 after a significant mid-year drop, while the Chinese Renminbi remained strong against the Euro over the course of 2022 but fell in the last quarter of the year to levels similar to the end of 2021.

Zegna seeks to mitigate the effects of its currency exposure by entering into derivative contracts (generally forward contracts for the sale of foreign currencies) in order to either fix exchange rates in advance, or to determine a predefined range of exchange rates at a future date. For the Zegna Branded Products and Textile product lines, Zegna initially defines sales prices in Euro, then sets the corresponding prices in other currencies by applying exchange rates selected by

management based on reasonable expectations and assumptions. Forward sales contracts are made when the seasonal price lists in a given currency are set in order to mitigate the impact of any divergence between actual exchange rates and the expected exchange rates used by management, based on estimated revenues and setting the planned date of payment by customers as the date when the hedge contract matures. Additional hedging transactions may be entered into during the relevant season depending on actual developments in exchange rates. While Zegna has historically taken the foregoing measures with respect to the Zegna segment, it is implementing similar policies also in the Thom Browne segment, which has recently become more exposed to currency impact as it expands into international markets. For information relating to the market risks that Zegna is exposed to, refer to *Note 38 — Qualitative and quantitative information on financial risks* to the Consolidated Financial Statements included within this report.

The following table sets forth Zegna's revenues by currency of origin for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2022 | | 2021 | | 2020 | |
| *(€ thousands, except percentages)* | Revenues | % of Revenues | Revenues | % of Revenues | Revenues | % of Revenues |
| Euro | 518,818 | 34.8 % | 387,251 | 30.0 % | 344,288 | 33.9 % |
| Chinese Renminbi | 414,579 | 27.8 % | 501,824 | 38.8 % | 375,359 | 37.0 % |
| U.S. Dollar | 275,550 | 18.5 % | 185,944 | 14.4 % | 114,065 | 11.2 % |
| Japanese Yen | 57,918 | 3.9 % | 49,966 | 3.9 % | 48,605 | 4.8 % |
| United Arab Emirates Dirham | 49,324 | 3.3 % | 31,534 | 2.4 % | 13,614 | 1.3 % |
| Pound Sterling | 45,834 | 3.1 % | 30,101 | 2.3 % | 28,826 | 2.8 % |
| Hong Kong Dollar | 17,272 | 1.2 % | 17,168 | 1.3 % | 27,182 | 2.7 % |
| Other currencies | 113,545 | 7.6 % | 88,614 | 6.9 % | 62,794 | 6.2 % |
| **Total revenues** | **1,492,840** | **100.0 %** | **1,292,402** | **100.0 %** | **1,014,733** | **100.0 %** |

The table below shows the exchange rates compared to the Euro of the main foreign currencies used by the Group.

| | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | At December 31 | Average | At December 31 | Average | At December 31 | Average |
| U.S. Dollar | 1.067 | 1.053 | 1.133 | 1.183 | 1.227 | 1.142 |
| Swiss Franc | 0.985 | 1.005 | 1.033 | 1.081 | 1.080 | 1.070 |
| Chinese Renminbi | 7.358 | 7.079 | 7.195 | 7.629 | 8.023 | 7.874 |
| Pound Sterling | 0.887 | 0.853 | 0.840 | 0.860 | 0.899 | 0.890 |
| Hong Kong Dollar | 8.316 | 8.245 | 8.833 | 9.193 | 9.514 | 8.857 |
| Singapore Dollar | 1.430 | 1.451 | 1.528 | 1.589 | 1.622 | 1.574 |
| United Arab Emirates Dirham | 3.917 | 3.867 | 4.160 | 4.344 | 4.507 | 4.194 |
| Japanese Yen | 140.660 | 138.027 | 130.380 | 129.877 | 126.490 | 121.832 |

*General economic conditions, macro events and international tourism*

Purchases of Zegna's products tend to be discretionary and therefore sales may be highly volatile, particularly during periods of economic slowdown, and are influenced by, among other factors, general economic conditions, consumer confidence and disposable consumer income, as well as levels of international travel and tourism. A substantial amount of Zegna's sales is generated by customers who purchase products while traveling. In times of economic growth, consumers tend to have more disposable income and travel more frequently, which may increase demand for Zegna's products. Conversely, when economic growth is stagnant or negative, consumers may delay or avoid discretionary spending, which may result in reduced demand for Zegna's products.

In addition to adverse economic conditions, global political developments, social and geopolitical sources of unrest, natural disasters, travel restrictions imposed by governments (such as those relating to the COVID-19 pandemic) and other events may also result in a shift in travel patterns or a decline in travel volumes, which have had in the past, and may have in the future, an adverse effect on Zegna's business, financial position, results of operations and cash flows.

Economies around the world have recently experienced significant inflationary pressures, coupled with government measures to combat inflation and prevent or mitigate economic recession. Although there were no material effects on our results of operations in 2021 or 2020 from rising inflation, throughout 2022 Zegna experienced a significant increase in the price of energy and certain raw materials used in production, as well as higher prices for transportation and logistics activities and higher costs for labor and outsourced production. Despite these increases in costs, the effect on our margins were substantially offset from the price impacts of implementing our One Brand strategy and passing on a portion of the increase in costs to our customers, as well as actions implemented to improve production processes and efficiencies and lower per unit energy costs. If inflation continues to increase or remains at elevated levels, Zegna could face further increases in costs for energy, raw materials or other production costs, or services, which could adversely affect Zegna's business and results of operations if we are not able to pass on the increased costs to our customers or successfully implement other mitigating actions. As a result of the recent inflation, many central banks have increased, and may increase further, interest rates as a result of the recent inflation, which in turn may increase our borrowing costs. Additionally, increasing costs and rising interest rates impact consumer spending power and could result in a decline in our sales.

Due to the ongoing conflict in Ukraine and resulting geopolitical tensions, many governments around the world, including those of the United States, the European Union, Japan and other jurisdictions, have announced the imposition of a variety of sanctions on certain industries and parties in Russia and the Ukrainian regions of Donetsk and Luhansk, as well as enhanced export controls on certain industries and products and the exclusion of certain Russian financial institutions from the SWIFT system. On March 11, 2022, the President of the United States issued an executive order prohibiting exports to Russia of luxury goods (including, inter alia, apparel, footwear and certain accessories with a per unit wholesale price of $1,000 or more). Shortly thereafter, on March 15, 2022, the Council of the European Union imposed new sanctions on Russia prohibiting the export of luxury goods having a value in excess of €300 per item (including clothing, footwear, leather and fashion accessories). These and any additional sanctions and export controls, or other measures taken, as well as any counterresponses by the governments of Russia or other jurisdictions, are adversely affecting and will continue to adversely affect, directly or indirectly, our supply chain, with negative implications on the prices and availability of raw materials, and our customers, as well as the global financial markets and financial services industry. Following the escalation of the conflict in Ukraine we immediately suspended production of products for, as well as new order collection from, our Russian franchisees and distributors, and reallocated products to other geographies, primarily in EMEA. It is uncertain whether and when we will resume such production. The Russian market represented 0.3%, 1.5% and 2.0% of our revenues in 2022, 2021 and 2020, respectively.

Furthermore, the political unrest in Hong Kong that started in 2019, together with the COVID-19 pandemic and related restrictions, has impacted, and may continue to impact, our business. During the period from 2020 to 2022, we recognized impairment of €10,075 thousand, primarily relating to DOSs, of which €2,109 thousand in 2022, €4,335 thousand in 2021 and €3,631 thousand in 2020.

*Fluctuations in the price of raw materials*

Zegna's costs for raw materials are significantly impacted by fluctuations in the price of certain raw materials, including merino wool, cotton, cashmere, silk and rare raw materials such as vicuña. Price fluctuations in these raw materials may be driven by several factors, including natural elements (e.g., weather conditions and diseases of livestock), inflation and trade restrictions, tariffs and similar government measures which may limit or make more expensive the import or export of these raw materials.

The price of wool has been subject to significant fluctuations in recent years. For example, the average price of Australian merino wool more than doubled from 2016 to 2018, declined significantly in the 2019-2020 period and has increased again in 2021 and 2022, although current prices remain below 2018 levels. Zegna's management expects the price of wool to remain volatile and the availability of high-quality wool to continue to swing in the future. Zegna seeks to mitigate the risk of increases in the price of wool through a procurement policy that tends to spread purchases of wool over time and in advance of actual requirements in order to average out the purchasing costs. Nevertheless, Zegna remains exposed to fluctuations in the price of wool and other raw materials, including cashmere, for which the price rose significantly in 2021 and 2022. See also "*—General economic conditions, macro events and international tourism*" above.

The table below sets forth Zegna's cost of raw materials and consumables for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **% of Revenues** | **2021** | **% of Revenues** | **2020** | **% of Revenues** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Raw materials | (154,858) | (10.4)% | (108,442) | (8.4)% | (108,130) | (10.7)% | (46,416) | (42.8)% | (312) | (0.3)% |
| Finished goods | (186,876) | (12.5)% | (161,731) | (12.5)% | (130,006) | (12.8)% | (25,145) | (15.5)% | (31,725) | (24.4)% |
| Consumables | (8,362) | (0.6)% | (12,951) | (1.0)% | (10,909) | (1.1)% | 4,589 | 35.4 % | (2,042) | (18.7)% |
| Change in raw materials, consumables and finished goods | 38,868 | 2.6 % | (24,822) | (1.9)% | 131 | — % | 63,690 | n.m.(*) | (24,953) | n.m. |
| Other | (92) | — % | (1,663) | (0.1)% | (1,655) | (0.2)% | 1,571 | 94.5 % | (8) | (0.5)% |
| **Total cost of raw materials and consumables** | **(311,320)** | **(20.9)%** | **(309,609)** | **(24.0)%** | **(250,569)** | **(24.7)%** | **(1,711)** | **(0.6)%** | **(59,040)** | **(23.6)%** |

*(*) Throughout this section "n.m." means not meaningful.*

For additional details relating to the change in the cost of raw materials and consumables for the years ended December 31, 2022, 2021 and 2020, see "*—Results of Operations—Cost of raw materials and consumables*" below.

*Acquisitions*

In addition to the organic growth of our operations, our growth strategy may, from time to time, include strategic acquisitions and investments designed to strengthen our vertical integration and expand into new market segments and/or product categories. The economic and financial outcomes of any such transactions may present uncertainties. See "*Risk Factors—Summary of Risk Factors—We are exposed to risks relating to recent and potential future acquisitions, including the TFI Acquisition.*"

The following paragraphs describe recent acquisitions or anticipated acquisitions to be made by the Group.

On March 31, 2023, Zegna completed the acquisition of a 25% interest in Canadian technical trail-running shoe company Norda Run for consideration of $7.1 million, with the option to gradually increase its stake over the next nine years. The luxury outdoor space continues to be an area of focus for the Group, and Norda Run, which uses the finest materials on the planet to produce the world's best-performing all-weather footwear, aligns perfectly with Zegna's values of creating the best products from the best materials. The agreement secures the possibility of accelerating the brand's growth through a strong industrial and commercial partnership.

On January 25, 2023, Zegna announced an agreement with Samsung C&T Corporation ("Samsung"), pursuant to which Zegna will acquire from Samsung the Thom Browne retail business in South Korea, which consists of a network of 17 Thom Browne retail stores currently managed by Samsung under franchising arrangements. Following the acquisition, Zegna will directly operate the retail stores in South Korea (through a newly formed subsidiary) and Samsung will continue to support the Group through an innovative retail management agreement. The acquisition is expected to be completed on July 1, 2023, when the current franchise agreements expire, at which point the retail management agreement will also commence.

On November 15, 2022, Zegna entered into arrangements to acquire the 85% interest in TFI not already owned by the Group (the Group currently owns 15% of TFI), and to enter into a long-term license agreement with The Estée Lauder Companies for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products. The TFI Acquisition is subject to antitrust approvals and other customary closing conditions, and is contingent upon the closing of the acquisition of the TOM FORD brand and all its intellectual property by The Estée Lauder Companies. TFI, together with its subsidiaries, owns the operations of the TOM FORD fashion business necessary to act as licensee under the TFI License. The closing of the TFI Acquisition is expected in the second quarter of 2023.

Transaction costs of €2,289 thousand incurred in 2022 in connection with the TFI Acquisition and the acquisition of the 25% interest in Norda, primarily for consultancy and legal fees, were presented as an adjusting item in the calculation of

Adjusted EBIT, Adjusted EBITDA, Adjusted Profit/(Loss), Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share. See also *"—Liquidity and Capital Resources—Non-IFRS Financial Measures.*"

On June 4, 2021, Zegna acquired a 60% equity interest in Tessitura Ubertino S.r.l. ("Tessitura Ubertino"), a company specialized in the textile business, to further strengthen Zegna's verticalization strategy, for cash consideration of approximately €7,050 thousand, including a €1,170 thousand earn-out payment, subject to Tessitura Ubertino achieving certain predetermined operating performance targets for the years 2021 and 2022. The operating performance targets for 2021 were achieved and 50% portion of the earn-out payment, amounting to €585 thousand, was paid by Zegna in cash in 2022. The remaining earn-out payment of €585 thousand will be paid in 2023 if Tessitura Ubertino achieves the defined operating performance targets for 2022. Tessitura Ubertino was consolidated in Zegna's consolidated financial statements starting on June 4, 2021, and contributed revenues of €5,625 thousand and profit of €561 thousand to the Group from that date until December 31, 2021 and revenues of €10,210 thousand and profit of €938 thousand in 2022.

*Disposition of certain businesses*

On November 1, 2021, Zegna completed the Disposition by disposing of certain of its businesses, through the statutory demerger under Italian law to a new company owned by its existing shareholders of (i) its real estate business, consisting of Zegna's former subsidiary EZ Real Estate, which directly and indirectly held substantially all of the real estate assets formerly owned by the Zegna Group, as well as certain properties previously owned by Lanificio, including part of Lanificio's industrial building located in Valdilana and Lanificio's hydroelectric plants, and (ii) its 10% equity interest in Elah Dufour S.p.A. ((i) and (ii) are collectively referred to as the "Demerger"). On January 14, 2021, Zegna sold 70% of its equity stake in Agnona S.r.l. ("Agnona") to a related party for consideration of €1 and as a result Agnona was deconsolidated from the start of 2021. The Group subsequently disposed of the remaining 30% stake in Agnona in two tranches in September and October 2021 for total consideration of €500 thousand (the disposition of the stake in Agnona, together with the Demerger, are referred to as the "*Disposition,*" and the foregoing divested businesses are referred to collectively as the "*Disposed Businesses*").

The majority of the real estate properties directly or indirectly owned by EZ Real Estate are, and will continue to be, leased to Zegna. Such real estate assets leased to Zegna include buildings hosting the main manufacturing plants and offices of the Zegna Group in Italy (including Zegna's headquarter offices in Milan, the manufacturing facilities in Parma, San Pietro Mosezzo and Oleggio, as well as part of the building located in Valdilana partly occupied by Zegna) and Switzerland (including the offices in Stabio and the manufacturing plant in Mendrisio) as well as certain Zegna stores in Sandigliano and Oleggio (Italy) and London (United Kingdom). Following the Disposition, Zegna continues to pay rent to EZ Real Estate or its subsidiaries under the relevant lease agreements. Such rent amounted to an aggregate of €6,227 thousand in 2022. With respect to Lanificio's real estate assets that formed part of the Disposition, appropriate arrangements have been put in place to ensure the continued use by Zegna of such properties at market terms. Less than 1% of Zegna's consolidated revenues for the year 2020 were generated by the Disposed Businesses (primarily Agnona) prior to their disposal.

The Disposed Businesses also include Oasi Zegna, a freely accessible natural reserve in Piemonte, Italy established by Zegna in 1993 with the goal of fostering a positive relationship with the local territory and the community by creating a lasting environment for the public to enjoy. Following the Disposition and to strengthen the mutually beneficial and inspiring relationship between Zegna and Oasi Zegna, Zegna has entered into an arrangement whereby Oasi Zegna provides licensing, marketing and other sustainability-related services.

*Funding strategy*

With the aim of reducing the cost of financing while continuing to ensure the Group has adequate access to liquidity to meet its financial commitments and guarantee flexibility for its operations and any expansion programs, starting in 2022 the Group has replaced a portion of its 2022 and 2023 debt maturities with new bilateral committed revolving credit facilities that may be drawn down by the Group at any time during the relevant term. As a result, the Group has reduced and will continue to reduce its borrowings, primarily through the use of cash and the disposal of certain financial investments held by the Group.

For additional information see "*—Liquidity and Capital Resources—Net Financial Indebtedness/(Cash Surplus).*"

*Tax obligations and changes in tax laws, estimates, treaties and regulations*

Zegna is subject to taxation in Italy, the United States and China, as well as various other jurisdictions, with the applicable tax rates varying by jurisdiction. As a result, Zegna's overall effective tax rate is affected by the proportion of earnings from the various tax jurisdictions and by the ability to generate sufficient and suitable future taxable profits from which the reversal of any deferred tax assets can be deducted. Zegna recognizes tax expenses in multiple tax jurisdictions based on (i) the estimates of taxable income, (ii) the required reserves for uncertain tax positions, (iii) deductible temporary differences, tax loss carry-forwards and tax credits to the extent that their future offset is probable, (iv) withholding taxes on unremitted earnings, and (v) the way in which Zegna intends to recover or settle the carrying amount of deferred tax assets and liabilities. At any time, there are multiple tax years that are subject to examinations by various tax authorities.

Additionally, Zegna is subject to duties applicable to the importation of our products in various countries in which we operate, which may impact the cost of such products. Moreover, countries to which we ship our products may impose safeguard quotas to limit the quantity of products that may be imported. We rely on free trade agreements and other supply chain initiatives in order to maximize efficiencies relating to the importation of our products.

*Seasonality*

The luxury apparel market in which Zegna operates is subject to seasonal fluctuations in sales. Zegna's sales are usually higher in the months of the year in which wholesale customers concentrate their purchases. For example, deliveries of seasonal goods to wholesale customers tend to concentrate from November to February for the Spring/Summer collection and from June to September for the Fall/Winter collection.

With regards to retail sales at Zegna's DOSs, sales tend to be higher in the last quarter of the year, driven by the holiday shopping season and in January and February, in correspondence with the Chinese New Year celebrations. However, several events may affect retail sales, including adverse weather conditions or other macroeconomic and external events (including the COVID-19 pandemic).

Operating costs, in contrast, do not generally experience significant seasonal fluctuations, except for certain increases in the months of November and December due to the variable costs associated with sales commissions and leases.

As a result of the foregoing, the financial results for interim periods may not be indicative of results for the entire fiscal year. Zegna expects such seasonal trends to continue.

*COVID-19-Related Rent Reductions*

For the years ended December 31, 2022, 2021 and 2020, Zegna obtained COVID-19 related rent reductions agreed with lessors for €7,194 thousand, €12,877 thousand and €24,931 thousand, respectively, which were accounted for in accordance with amendments to IFRS 16 — *Leases* ("*IFRS 16*") issued by the IASB which exempt lessees from determining whether COVID-19-related rent concessions are lease modifications, thereby providing a practical expedient to immediately recognize the entire economic benefit of such rental discounts in the statement of profit and loss.

***Results of operations***

The following is a discussion of Zegna's results of operations for the year ended December 31, 2022 as compared to the year ended December 31, 2021, and for the year ended December 31, 2021 as compared to the year ended December 31, 2020.

| | For the years ended December 31, | | | | | |
|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **Percentage of revenues** | **2021** | **Percentage of revenues** | **2020** | **Percentage of revenues** |
| Revenues | 1,492,840 | 100.0 % | 1,292,402 | 100.0 % | 1,014,733 | 100.0 % |
| Other income | 13,949 | 0.9 % | 8,260 | 0.6 % | 5,373 | 0.5 % |
| Cost of raw materials and consumables | (311,320) | (20.9 %) | (309,609) | (24.0 %) | (250,569) | (24.7 %) |
| Purchased, outsourced and other costs | (437,928) | (29.3 %) | (353,629) | (27.4 %) | (286,926) | (28.3 %) |
| Personnel costs | (395,087) | (26.5 %) | (367,762) | (28.5 %) | (282,659) | (27.9 %) |
| Depreciation, amortization and impairment of assets | (173,521) | (11.6 %) | (163,367) | (12.6 %) | (185,930) | (18.3 %) |
| Write downs and other provisions | (14) | — % | (19,487) | (1.5 %) | (6,178) | (0.6 %) |
| Other operating costs | (41,142) | (2.8 %) | (180,836) | (14.0 %) | (30,399) | (3.0 %) |
| **Operating Profit/(Loss)** | **147,777** | **9.9 %** | **(94,028)** | **(7.3 %)** | **(22,555)** | **(2.2 %)** |
| Financial income | 13,320 | 0.9 % | 45,889 | 3.6 % | 34,352 | 3.4 % |
| Financial expenses | (54,346) | (3.6 %) | (43,823) | (3.4 %) | (48,072) | (4.7 %) |
| Foreign exchange (losses)/gains | (7,869) | (0.5 %) | (7,791) | (0.6 %) | 13,455 | 1.3 % |
| Result from investments accounted for using the equity method | 2,199 | 0.1 % | 2,794 | 0.2 % | (4,205) | (0.4 %) |
| Impairments of investments accounted for using the equity method | — | — % | — | — % | (4,532) | (0.4 %) |
| **Profit/(Loss) before taxes** | **101,081** | **6.8 %** | **(96,959)** | **(7.5 %)** | **(31,557)** | **(3.1 %)** |
| Income taxes | (35,802) | (2.4 %) | (30,702) | (2.4 %) | (14,983) | (1.5 %) |
| **Profit/(Loss)** | **65,279** | **4.4 %** | **(127,661)** | **(9.9 %)** | **(46,540)** | **(4.6 %)** |

For additional information relating to constant currency information, see "*Item 5.E—Critical Accounting Measures—Constant Currency Information.*"

***Revenues***

Zegna generates revenues primarily from the sale of its products and services, as well as from royalties received from third parties and licensees. Revenues are recognized net of returns and discounts.

*2022 compared to 2021*

Revenues for the year ended December 31, 2022 amounted to €1,492,840 thousand, an increase of €200,438 thousand (+15.5% or +11.0% at constant currency) compared to €1,292,402 thousand for the year ended December 31, 2021. Our revenues significantly increased in all major geographic areas with the exception of the Greater China Region, our largest geographical market, which was significantly impacted by COVID-19-related restrictions during the course of 2022, which resulted in the temporary closure of certain stores and lower customer traffic, primarily from mid-March until the end of May, and again during the fourth quarter of the year as a result of additional waves of COVID-19. Therefore, the discussion below presents our revenues isolating the Greater China Region performance, which we believe is useful to better understand the underlying trend in our revenues for the periods presented.

Revenues in the Greater China Region for the year ended December 31, 2022 amounted to €494,110 thousand, a decrease of €94,766 thousand (-16.1% or -20.6% at constant currency), compared to €588,876 thousand for the year ended December 31, 2021. The Greater China Region was adversely impacted by aforementioned COVID-19-related restrictions in 2022, which resulted in the temporary closure of certain stores and lower customer traffic, primarily from mid-March until the end of May, impacting both Zegna and Thom Browne directly operated stores. Starting in June and through the third quarter of 2022, DTC revenues in the Greater China Region showed a positive trend compared to the third quarter of 2021 as a result of a significant increase in e-commerce sales for both the Zegna and Thom Browne segments and the gradual

recovery of in-store sales. Due to a new wave of particularly impactful COVID-19-related restrictions in the Greater China Region in October and November, as well as some further unplanned temporary store closures in December due to a wave of contagion and resulting staff shortages, the Group's revenues in the fourth quarter of 2022 decreased by approximately 30% compared to the fourth quarter of 2021.

Revenues in the rest of the world for the year ended December 31, 2022 amounted to €998,730 thousand, an increase of €295,204 thousand (+42.0% or +38.6% at constant currency), compared to €703,526 thousand for the year ended December 31, 2021. This increase was mainly attributable to the United States (+53.5% or +42.1% at constant currency), driven by DTC sales in both the Zegna and Thom Browne segments, Italy (+41.3% or +41.8% at constant currency), the UK (+43.2% or +42.2% at constant currency), France (+51.0% at current and at constant currency) and the United Arab Emirates (+54.6% or +38.4% at constant currency), as well as Latin America (+49.7% or +33.4% at constant currency) and Japan (+18.0% or 23.7% at constant currency). As a result of the ongoing conflict in Ukraine and wide-ranging sanctions on certain industries and parties in Russia, from March 2022 we suspended production of products for, as well as new order collection from, our Russian franchisees and distributors, and reallocated products to other geographies, primarily in EMEA.

*2021 compared to 2020*

Revenues for the year ended December 31, 2021 amounted to €1,292,402 thousand, an increase of €277,669 thousand (+27.4% or +27.3% at constant currency) compared to €1,014,733 thousand for the year ended December 31, 2020.

See the following sections for a discussion of Zegna's revenues in 2021 compared to 2020.

*Revenues by product line*

The following table sets forth a breakdown of revenues by product line for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | Increase/(Decrease) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **% at constant currency** | **2021 vs 2020** | **%** | **% at constant currency** |
| Zegna branded products | 923,942 | 847,311 | 636,478 | 76,631 | 9.0 % | 4.1 % | 210,833 | 33.1 % | 32.9 % |
| Thom Browne | 330,014 | 263,397 | 179,490 | 66,617 | 25.3 % | 20.6 % | 83,907 | 46.7 % | 46.4 % |
| Textile | 136,769 | 102,244 | 87,615 | 34,525 | 33.8 % | 35.4 % | 14,629 | 16.7 % | 17.0 % |
| Third Party Brands | 97,792 | 74,957 | 82,273 | 22,835 | 30.5 % | 27.9 % | (7,316) | (8.9 %) | (7.5 %) |
| Other | 4,323 | 4,493 | 28,877 | (170) | (3.8 %) | (7.5 %) | (24,384) | (84.4 %) | (84.4 %) |
| **Total revenues** | **1,492,840** | **1,292,402** | **1,014,733** | **200,438** | **15.5 %** | **11.0 %** | **277,669** | **27.4 %** | **27.3 %** |

*2022 compared to 2021*

By product line, the increase in revenues was mainly attributable to:

(i) an increase of €76,631 thousand (+9.0% or +4.1% at constant currency) in Zegna branded products, primarily driven by the (a) the continued positive performance of shoes and steady growth in luxury leisurewear, as well as the rebound of our tailoring ("Tailoring") and made-to-measure ("Made-to-Measure") business, particularly in the United States and EMEA, as 2021 was impacted by COVID-19-related restrictions, and (b) the effects of price repositioning and price increases as part of the new Zegna One Brand strategy starting with the rollout of the Fall/Winter 2022 collection;

(ii) an increase of €66,617 thousand (+25.3% or +20.6% at constant currency) in Thom Browne, reflecting strong wholesale demand and growth across all lines (menswear, womenswear and childrenswear), driven by sales for both our seasonal and our classic collections, as well as the roll out of the TMall platform for e-commerce sales in the Greater China Region (which commenced in the second half of 2021) and the contribution of eleven net DTC store openings (63 DTC stores at December 31, 2022 compared to 52 DTC stores at December 31, 2021), primarily in APAC;

(iii) an increase of €34,525 thousand (+33.8% or +35.4% at constant currency) in Textile, primarily attributable to the positive performance of the Lanificio Ermenegildo Zegna, Bonotto and Dondi brands driven by higher orders for the Fall/Winter 2022 and Spring/Summer 2023 collections compared to the previous year's collections, which were affected by the COVID-19 pandemic, and the impact of Tessitura Ubertino S.r.l., which was acquired in June 2021 and contributed additional revenues of €4,590 thousand in 2022 compared to 2021; and

(iv) an increase of €22,835 thousand (+30.5% or +27.9% at constant currency) in Third Party Brands, which benefited from higher orders for the TOM FORD brand for the Spring/Summer 2022 and Fall/Winter 2022 collections, as well as higher orders for the Gucci brand. The TFI distribution license agreement ended with the deliveries of the Fall/Winter 2022 collection and the Group expects to commence the TFI License in the second quarter of 2023 (subject to antitrust approvals and other customary closing conditions) for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products. See also "*—Trends, Uncertainties and Opportunities—Acquisitions.*"

*2021 compared to 2020*

By product line, the increase in revenues was mainly related to:

(i) an increase of €210,833 thousand (+33.1% or +32.9% at constant currency) in Zegna branded products, attributable to sales growth in all categories and primarily in luxury leisurewear and shoes as well as higher volumes in 2021 as 2020 was more severely impacted by temporary store closures as a result of COVID-19 restrictions; and

(ii) an increase of €83,907 thousand (+46.7% or +46.4% at constant currency) in Thom Browne, reflecting higher revenues in all product lines in both menswear and womenswear categories, and the introduction of a new kidswear line during the year; and

(iii) an increase of €14,629 thousand (+16.7% or 17.0% at constant currency) in Textile;

partially offset by:

(iv) a decrease of €7,316 thousand (-8.9% or -7.5% at constant currency) in Third Party Brands and a decrease of €24,384 thousand (-84.4% or -84.4% at constant currency) in Other, which included revenues of €12,389 thousand in 2020 related to the Agnona business, which was sold in January 2021.

*Revenues by sales channel*

The following table sets forth a breakdown of revenues by sales channel for the years ended December 31, 2022, 2021 and 2020.

| *(€ thousands, except percentages)* | For the years ended December 31, | | | Increase/(Decrease) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **% at constant currency** | **2021 vs 2020** | **%** | **% at constant currency** |
| Direct to Consumer (DTC) - Zegna branded products | 772,505 | 712,862 | 527,972 | 59,643 | 8.4 % | 2.9 % | 184,890 | 35.0 % | 34.3 % |
| Direct to Consumer (DTC) - Thom Browne branded products | 145,702 | 138,567 | 85,268 | 7,135 | 5.1 % | (1.5 %) | 53,299 | 62.5 % | 61.3 % |
| **Total Direct to Customer (DTC)** | **918,207** | **851,429** | **613,240** | **66,778** | **7.8 %** | **2.2 %** | **238,189** | **38.8 %** | **38.0 %** |
| Wholesale Zegna branded products | 151,437 | 134,449 | 108,506 | 16,988 | 12.6 % | 10.6 % | 25,943 | 23.9 % | 25.9 % |
| Wholesale Thom Browne branded products | 184,312 | 124,830 | 94,222 | 59,482 | 47.7 % | 46.6 % | 30,608 | 32.5 % | 32.8 % |
| Wholesale Third Party Brands and Textile | 234,561 | 177,201 | 169,888 | 57,360 | 32.4 % | 32.2 % | 7,313 | 4.3 % | 5.1 % |
| **Total Wholesale** | **570,310** | **436,480** | **372,616** | **133,830** | **30.7 %** | **29.4 %** | **63,864** | **17.1 %** | **18.2 %** |
| **Other** | **4,323** | **4,493** | **28,877** | **(170)** | **(3.8 %)** | **(7.5 %)** | **(24,384)** | **(84.4 %)** | **(84.4 %)** |
| **Total revenues** | **1,492,840** | **1,292,402** | **1,014,733** | **200,438** | **15.5 %** | **11.0 %** | **277,669** | **27.4 %** | **27.3 %** |

*2022 compared to 2021*

By sales channel, the increase in revenues was mainly attributable to:

(i) an increase of €66,778 thousand (+7.8% or +2.2% at constant currency) in the DTC channel, related to:

(a) Zegna branded products (+€59,643 thousand, +8.4% or +2.9% at constant currency), driven by high double digit growth in the United States and EMEA, partially offset by the Greater China Region, which was impacted by COVID-19-related restrictions in 2022 that resulted in the temporary closure of certain stores and lower customer traffic, primarily from mid-March until the end of May and again in the fourth quarter of the year;

(b) Thom Browne branded products (€7,135 thousand, +5.1%, -1.5% at constant currency), driven by high double digit growth in the United States, EMEA and Japan, eleven net DTC store openings (63 DTC stores at December 31, 2022 compared to 52 DTC stores at December 31, 2021), primarily in APAC, and the roll out of the TMall platform for e-commerce sales in the Greater China Region (which commenced in the second half of 2021), partially offset by the aforementioned effects of COVID-19-related restrictions in the Greater China Region; and

(ii) an increase of €133,830 thousand (+30.7% or +29.4% at constant currency) in the Wholesale channel, mainly due to:

(a) Thom Browne branded products (€59,482 thousand, +47.7% or +46.6% at constant currency) driven by both our seasonal and our classic collections and strong growth across all lines (menswear, womenswear and childrenswear) and major geographical areas;

(b) Third Party Brands and Textile (€57,360 thousand, +32.4% or +32.2% at constant currency), consisting of an increase of €34,525 thousand (+33.8% or +35.4% at constant currency) in Textile, primarily attributable to the positive performance of the Lanificio Ermenegildo Zegna, Bonotto and

Dondi brands driven by higher orders for the Fall/Winter 2022 and Spring/Summer 2023 collections compared to the previous year's collections, which were affected by the COVID-19 pandemic, and the impact of Tessitura Ubertino S.r.l., which was acquired in June 2021 and contributed additional revenue of €4.6 million in 2022 compared to 2021, and an increase of €22,835 thousand (+30.5% or +27.9% at constant currency) in Third Party Brands, which benefited from higher orders for the TOM FORD brand for the Spring/Summer 2022 and Fall/Winter 2022 collections, as well as higher orders for the Gucci brand.

(c) Zegna branded products (€16,988 thousand, +12.6% or +10.6% at constant currency) driven by growth in the United States and EMEA, partially offset by lower orders for new collections from travel retail customers in the Greater China Region as a result of COVID-19-related store closures and the related build up of their inventory. The effects from the suspension of production for the Russian market and the closure of stores in Russia following the escalation of the conflict in Ukraine (resulting in lower revenues in Russia of €10,450 thousand) were substantially mitigated from the reallocation of products, primarily in the DTC channel in EMEA.

*2021 compared to 2020*

By sales channel, the increase in revenues was mainly related to:

(i) an increase of €238,189 thousand (+38.8% or +38.0% at constant currency) in the DTC channel consisting of a €184,890 thousand increase in Zegna branded products, driven by higher volumes, primarily in in the United States, EMEA and the Greater China Region, while revenues declined in other APAC markets which were negatively affected by COVID-19 restrictions and due to the conversion of 17 DOSs in South Korea to franchising in January 2021, and a €53,299 thousand increase in Thom Browne, which experienced growth in all product lines and geographies, and benefited from the opening of fourteen new stores in 2021; and

(ii) an increase of €63,864 thousand (+17.1% or +18.2% at constant currency) in the Wholesale channel driven by Thom Browne branded products, mainly in EMEA and APAC, and Zegna branded products, mainly in North America and APAC, as well as the recovery of the Textile product line, especially in the second half of 2021, as order intake in 2020 was adversely affected by the COVID-19 pandemic.

*Revenues by geographical area*

The following table sets forth a breakdown of revenues by geographical area for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | Increase/(Decrease) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **% at constant currency** | **2021 vs 2020** | **%** | **% at constant currency** |
| **EMEA [1]** | **520,226** | **380,325** | **315,879** | **139,901** | **36.8 %** | **36.2 %** | **64,446** | **20.4 %** | **20.8 %** |
| *of which Italy* | *224,342* | *158,722* | *121,202* | *65,620* | *41.3 %* | *41.8 %* | *37,520* | *31.0 %* | *30.8 %* |
| *of which UK* | *53,970* | *37,682* | *32,985* | *16,288* | *43.2 %* | *42.2 %* | *4,697* | *14.2 %* | *14.0 %* |
| *of which MEA [2]* | *69,046* | *44,236* | *24,268* | *24,810* | *56.1 %* | *49.6 %* | *19,968* | *82.3 %* | *92.0 %* |
| **North America [3]** | **294,686** | **191,283** | **131,049** | **103,403** | **54.1 %** | **43.2 %** | **60,234** | **46.0 %** | **50.9 %** |
| *of which United States* | *270,312* | *176,059* | *114,818* | *94,253* | *53.5 %* | *42.1 %* | *61,241* | *53.3 %* | *59.4 %* |
| **Latin America [4]** | **29,889** | **19,971** | **12,915** | **9,918** | **49.7 %** | **33.4 %** | **7,056** | **54.6 %** | **57.4 %** |
| **APAC [5]** | **644,802** | **696,344** | **551,650** | **(51,542)** | **(7.4 %)** | **(11.6 %)** | **144,694** | **26.2 %** | **25.0 %** |
| *of which Greater China Region* | *494,110* | *588,876* | *438,193* | *(94,766)* | *(16.1 %)* | *(20.6 %)* | *150,683* | *34.4 %* | *31.8 %* |
| *of which Japan* | *65,445* | *55,479* | *61,523* | *9,966* | *18.0 %* | *23.7 %* | *(6,044)* | *(9.8 %)* | *(5.6 %)* |
| **Other [6]** | **3,237** | **4,479** | **3,240** | **(1,242)** | **n.m.** | **n.m.** | **1,239** | **38.2 %** | **40.1 %** |
| **Total revenues** | **1,492,840** | **1,292,402** | **1,014,733** | **200,438** | **15.5 %** | **11.0 %** | **277,669** | **27.4 %** | **27.3 %** |

(1) *EMEA includes Europe, the Middle East and Africa.*
(2) *MEA includes the Middle East, Africa and Turkey.*
(3) *North America includes the United States of America and Canada.*
(4) *Latin America includes Mexico, Brazil and other Central and South American countries.*
(5) *APAC includes the Greater China Region, Japan, South Korea, Thailand, Malaysia, Vietnam, Indonesia, Philippines, Australia, New Zealand, India and other Southeast Asian countries.*
(6) *Other revenues mainly include royalties.*

*2022 compared to 2021*

By geographical area, the increase in revenues was mainly related to:

(i) an increase of €139,901 thousand (+36.8% or +36.2% at constant currency) in EMEA, primarily attributable to significant growth in Italy, as well as strong performance in the UK and the Middle East, and driven by Zegna branded products in the DTC channel and Thom Browne in both the DTC and Wholesale channels, as well as the rebound of our Tailoring and Made-to-Measure business in the Zegna Segment following adverse effects in 2021 as a result of COVID-19-related restrictions. The effects from the suspension of production for the Russian market and the closure of stores in Russia following the escalation of the conflict in Ukraine were substantially mitigated by the reallocation of products within other EMEA countries;

(ii) an increase of €103,403 thousand (+54.1% or +43.2% at constant currency) in North America, primarily attributable to the United States and driven by (a) DTC sales for both Zegna branded products and Thom Browne, (b) the rebound of our Tailoring and Made-to-Measure business in the Zegna Segment, (c) higher orders for the TOM FORD brand for the Spring/Summer 2022 and Fall/Winter 2022 collections. The TFI distribution license agreement ended with the deliveries of the Fall/Winter 2022 collection and the Group expects to commence the TFI License in the second quarter of 2023 for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products. See also "*—Trends, Uncertainties and Opportunities—Acquisitions,*" and (d) positive foreign currency exchange impact due to the strengthening of the U.S. Dollar compared to the Euro, and

(iii) an increase of €9,918 thousand (+49.7% or +33.4% at constant currency) in Latin America driven by DTC sales of Zegna-branded products in Mexico and Brazil, as well as positive foreign currency exchange impact;

partially offset by:

(iv) a decrease of €51,542 thousand (-7.4% or -11.6% at constant currency) in APAC, mainly attributable to the temporary closure of stores and lower customer traffic in the Greater China Region, primarily from mid-March 2022 until the end of May 2022, impacting both Zegna and Thom Browne directly operated stores. Starting in June 2022 and through the third quarter of 2022 DTC revenues in the Greater China Region showed a positive trend compared to the third quarter of 2021 as a result of a significant increase in e-commerce sales for both the Zegna and Thom Browne segments and the gradual recovery of in-store sales. Due to a new wave of particularly impactful COVID-19-related restrictions in the Greater China Region in October and November, as well as some further unplanned temporary store closures in December due to a wave of contagion and resulting staff shortages, the Group's revenues in the fourth quarter of 2022 decreased by approximately 30% compared to the fourth quarter of 2021. These adverse effects were partially offset by double digit growth in Japan and South Korea.

*2021 compared to 2020*

By geographical area, the increase in revenues was mainly related to:

(i) an increase of €144,694 thousand (+26.2% or +25.0% at constant currency) in APAC mainly due to higher local consumption in the Greater China Region driven by restrictions on international travel, as well as the opening of ten new Thom Browne stores in 2021;

(ii) an increase of €64,446 thousand (+20.4% or +20.8% at constant currency) in EMEA driven by significant growth in the Thom Browne Wholesale channel, as well as the DTC channel, which was impacted by the COVID-19 pandemic in 2020, especially in the UAE; and

(iii) an increase of €60,234 thousand (+46.0% or +50.9% at constant currency) in North America driven by the recovery of the DTC channel following the reversal of COVID-19 restrictions.

For further details on revenues with respect to each of Zegna's two operating segments for the year ended December 31, 2022 compared to the year ended December 31, 2021, and for the year ended December 31, 2021 compared to the year ended December 31, 2020, see "*—Results by Segment*" below.

***Other income***

Other income mainly includes income from the sale of advertising materials, tax refund commissions and other miscellaneous income.

The following table sets forth other income for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | Increase/(Decrease) | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Other income | 13,949 | 8,260 | 5,373 | 5,689 | 68.9 % | 2,887 | 53.7 % |

*2022 compared to 2021*

Other income for the year ended December 31, 2022 amounted to €13,949 thousand, an increase of €5,689 thousand or 68.9%, compared to €8,260 thousand for the year ended December 31, 2021.

The increase in other income in 2022 compared to 2021 was primarily attributable to proceeds of €6,500 thousand received from new tenants in order for Zegna to withdraw from two existing lease agreements of commercial properties.

*2021 compared to 2020*

Other income for the year ended December 31, 2021 amounted to €8,260 thousand, an increase of €2,887 thousand or 53.7%, compared to €5,373 thousand for the year ended December 31, 2020.

The increase in other income in 2021 compared to 2020 was primarily attributable to the sale of rights to build or develop airspace above a building in the United States.

***Cost of raw materials and consumables***

Cost of raw materials and consumables consist primarily of the cost for materials and components used to manufacture Zegna's products, such as wool, silk, leather and other fabrics, as well as the costs incurred for semi-finished products, finished goods and consumables. Cost of raw materials and consumables also includes write downs of raw materials and finished product inventory.

The table below sets forth Zegna's cost of raw materials and consumables for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **% of Revenues** | **2021** | **% of Revenues** | **2020** | **% of Revenues** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Raw materials | (154,858) | (10.4 %) | (108,442) | (8.4 %) | (108,130) | (10.7 %) | (46,416) | (42.8 %) | (312) | (0.3 %) |
| Finished goods | (186,876) | (12.5 %) | (161,731) | (12.5 %) | (130,006) | (12.8 %) | (25,145) | (15.5 %) | (31,725) | (24.4 %) |
| Consumables | (8,362) | (0.6 %) | (12,951) | (1.0 %) | (10,909) | (1.1 %) | 4,589 | 35.4 % | (2,042) | (18.7 %) |
| Change in raw materials, consumables and finished goods | 38,868 | 2.6 % | (24,822) | (1.9 %) | 131 | — % | 63,690 | n.m. | (24,953) | n.m. |
| Other | (92) | — % | (1,663) | (0.1 %) | (1,655) | (0.2 %) | 1,571 | 94.5 % | (8) | (0.5 %) |
| **Total cost of raw materials and consumables** | **(311,320)** | **(20.9 %)** | **(309,609)** | **(24.0 %)** | **(250,569)** | **(24.7 %)** | **(1,711)** | **(0.6 %)** | **(59,040)** | **(23.6 %)** |

*2022 compared to 2021*

Cost of raw materials and consumables for the year ended December 31, 2022 amounted to €311,320 thousand, an increase of €1,711 thousand or 0.6%, compared to €309,609 thousand for the year ended December 31, 2021.

Cost of raw materials and consumables as a percentage of revenues decreased from 24.0% for the year ended December 31, 2021 to 20.9% for the year ended December 31, 2022, driven by the effects of price increases, price repositioning, and the reduction of the end-of-season sales as part of the new Zegna One Brand strategy which generated an increase in revenues, as well as purchasing and production efficiencies as a result of higher volumes to support the increase in sales and a favorable change in mix of production inputs, partially offset by higher purchase prices reflecting the increase in energy costs and certain raw materials.

*2021 compared to 2020*

Cost of raw materials and consumables for the year ended December 31, 2021 amounted to €309,609 thousand, an increase of €59,040 thousand or 23.6%, compared to €250,569 thousand for the year ended December 31, 2020.

The increase in cost of raw materials and consumables was primarily attributable to (i) an increase in sales volumes in both Zegna branded products and Thom Browne (as described above) and (ii) an increase in inventory obsolescence costs in the Thom Browne segment.

Cost of raw materials and consumables as a percentage of revenues decreased from 24.7% for the year ended December 31, 2020 to 24.0% for the year ended December 31, 2021.

***Purchased, outsourced and other costs***

Purchased, outsourced and other costs mainly consist of consultancy fees and corporate bodies fees, advertising and marketing expenses (which include communication and marketing costs, and expenses for advertising, media and events), lease expenses (primarily variable rents which are not dependent on an index or rate), service costs for outsourced manufacturing from third parties on commissions, freight, insurance and selling expenses, utilities and maintenance expenses, as well as other services.

The following table sets forth the purchased, outsourced and other costs for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Purchased, outsourced and other costs | (437,928) | (353,629) | (286,926) | (84,299) | (23.8 %) | (66,703) | (23.2 %) |
| Purchased, outsourced and other costs as % of Revenues | (29.3 %) | (27.4 %) | (28.3 %) | | | | |

*2022 compared to 2021*

Purchased, outsourced and other costs for the year ended December 31, 2022 amounted to €437,928 thousand, an increase of €84,299 thousand or 23.8%, compared to €353,629 thousand for the year ended December 31, 2021.

The increase in purchased, outsourced and other costs was primarily attributable to (i) an increase in costs for the outsourcing of production of €32,361 thousand, (ii) an increase in costs for freight, insurance and selling expenses of €24,920 thousand, with both increases driven by higher sales volumes and an increased proportion of outsourced manufacturing, as well as higher costs for insurance of directors and officers of the Group, (iii) an increase of €19,394 thousand in advertising and marketing expenses in line with the Group's marketing strategy announced at its Capital Markets Day in May 2022, (iv) an increase in utilities costs of €6,578 thousand driven by higher energy prices, (v) an increase in other services of €5,653 thousand, (vi) an increase in lease expenses of €5,385 thousand, mainly due to lower rent reductions recognized in 2022 compared to 2021 as a result of the COVID-19 pandemic (rent reductions amounted to €7,194 thousand in 2022 compared to €12,877 thousand in 2021) and (vii) an increase in maintenance costs of €5,212 thousand. These increases were partially offset by (viii) a decrease in consultancy fees and corporate bodies fees of €15,104 thousand despite costs incurred in 2022 to reinforce the Group's corporate governance as a result of becoming a public company, as 2021 included transaction costs of €34,092 thousand related to the Business Combination.

Purchased, outsourced and other costs as a percentage of revenues increased from 27.4% for the year ended December 31, 2021 to 29.3% for the year ended December 31, 2022, mainly as a result of an increased proportion of outsourced manufacturing and higher advertising and marketing expenses, despite lower costs for consultancy services as described above.

*2021 compared to 2020*

Purchased, outsourced and other costs for the year ended December 31, 2021 amounted to €353,629 thousand, an increase of €66,703 thousand or 23.2%, compared to €286,926 thousand for the year ended December 31, 2020

The increase in purchased, outsourced and other costs was primarily attributable to (i) an increase in consultancy fees and corporate bodies fees of €42,031 thousand, mainly due to €34,092 thousand of costs related to bank services, legal advisors and other consultancy services relating to the Business Combination, (ii) an increase in lease expenses of €23,590 thousand, including the effects of lower rent reductions received in 2021 compared to 2020 as a result of the COVID-19 pandemic (rent reductions amounted to €12,877 thousand in 2021 compared to €24,931 thousand in 2020) as well as an increase of €8,756 thousand of variable lease payments driven by the increase in DTC sales and (iii) an increase of €9,757 thousand of advertising and marketing expenses mainly due to actions taken by Zegna in 2020 to reduce costs as a result of the COVID-19 pandemic, partially offset by (iv) a decrease in costs for the outsourcing of production of €6,009 thousand driven by a change in mix of production inputs.

Purchased, outsourced and other costs as a percentage of revenues decreased from 28.3% for the year ended December 31, 2020 to 27.4% for the year ended December 31, 2021, mainly as a result of the significant increase in revenues as described above.

***Personnel costs***

Personnel costs include expenses related to wages and salaries for Zegna's employees, social and pension contributions, severance indemnities, uniforms, benefits and other payroll expenses, as well as share-based payments.

The following table sets forth personnel costs for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Personnel costs | (395,087) | (367,762) | (282,659) | (27,325) | (7.4 %) | (85,103) | (30.1 %) |
| Personnel costs as % of revenues | (26.5 %) | (28.5 %) | (27.9 %) | | | | |

*2022 compared to 2021*

Personnel costs for the year ended December 31, 2022 amounted to €395,087 thousand, an increase of €27,325 thousand or 7.4%, compared to €367,762 thousand for the year ended December 31, 2021.

The increase in personnel costs was primarily attributable to (i) the hiring of new employees to reinforce various corporate functions as a result of becoming a public company in December 2021, (ii) an increase in the number and in the costs for workers as internal production reached full capacity in 2022, (iii) an increase in employees for directly operated stores driven by five net store openings at December 31, 2022 compared to December 31, 2021, and (iv) an increase in other long-term benefits relating to bonuses earned by certain members of Zegna's senior management team (excluding the CEO), which will be paid in 2024, partially offset by (v) €10,916 thousand relating to a one-time gift of €1,500 to each employee of the Group as a result of the Company's listing on the NYSE on December 20, 2021 (which was paid in February 2022), (vi) lower severance indemnities mainly as a result of lower costs incurred for the closure of a production plant in Spain in 2022 compared to 2021, and (vii) lower share-based payments.

Personnel costs as a percentage of revenues decreased from 28.5% for the year ended December 31, 2021 to 26.5% for the year ended December 31, 2022.

*2021 compared to 2020*

Personnel costs for the year ended December 31, 2021 amounted to €367,762 thousand, an increase of €85,103 thousand or 30.1%, compared to €282,659 thousand for the year ended December 31, 2020.

The increase in personnel costs was primarily attributable to (i) an increase in wages and salaries of €61,802 thousand primarily due to the actions taken in 2020 in response to COVID-19 (many of which were partially or fully reversed in 2021), including the impact of furlough and other temporary layoff measures taken at our DOSs, cuts on senior and mid-level manager salaries and permanently reduced headcount in certain business functions, as well as €10,916 thousand relating to a one-time gift of €1,500 to each employee of the Group as a result of the Company's listing on the NYSE on December 20, 2021 (which was paid in February 2022) and €8,702 thousand relating to a one-time fixed extraordinary bonuses earned by certain of Zegna's senior management team (excluding the CEO) which will be paid in 2024; (ii) an increase in share-based payments of €16,290 thousand, including €5,380 thousand relating to the grant of performance share units, each representing the right to receive one Zegna ordinary share, to the Group's Chief Executive Officer ("CEO"), other Zegna directors, key executives with strategic responsibilities and other employees of the Group, all subject to certain vesting conditions, €1,236 thousand related to the fair value of private warrants issued, pursuant to the Business Combination, to certain Zegna non-executive directors, and €3,536 thousand for other equity incentives granted to key management (see *Note 40 — Shared-based payments* to the Consolidated Financial Statements included elsewhere in this report for additional information).

Personnel costs as a percentage of revenues increased from 27.9% for the year ended December 31, 2020 to 28.5% for the year ended December 31, 2021, driven by the 27.4% increase in revenues compared to an increase of 30.1% in personnel costs as described above.

***Depreciation, amortization and impairment of assets***

Depreciation, amortization and impairment of assets consist of depreciation and amortization expenses related to property, plant and equipment, right-of-use assets and intangible assets with finite useful lives (therefore excluding goodwill and brands). These costs are depreciated or amortized over their useful life. Impairment of assets includes impairments of right-of-use assets, property, plant and equipment and intangible assets.

The following table sets forth a breakdown of depreciation, amortization and impairment of assets for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Depreciation and amortization | (171,882) | (154,195) | (166,205) | (17,687) | (11.5) % | 12,010 | 7.2 % |
| Impairment of assets | (1,639) | (9,172) | (19,725) | 7,533 | 82.1 % | 10,553 | 53.5 % |
| **Depreciation, amortization and impairment of assets** | **(173,521)** | **(163,367)** | **(185,930)** | **(10,154)** | **(6.2)%** | **22,563** | **12.1 %** |
| Depreciation and amortization as % of Revenues | (11.5 %) | (11.9 %) | (16.4 %) | | | | |
| Impairment of assets as % of Revenues | (0.1 %) | (0.7 %) | (1.9 %) | | | | |
| Depreciation, amortization and impairment of assets as % of Revenues | (11.6 %) | (12.6 %) | (18.3 %) | | | | |

*2022 compared to 2021*

Depreciation, amortization and impairment of assets for the year ended December 31, 2022 amounted to €173,521 thousand, an increase of €10,154 thousand or 6.2%, compared to €163,367 thousand for the year ended December 31, 2021.

The increase in depreciation, amortization and impairment of assets was primarily attributable to (i) higher depreciation and amortization of €17,687 thousand and, in particular, higher amortization of right-of-use assets of €13,518 thousand driven by new lease contracts for new store openings, mostly in the Thom Browne segment, and the use of certain assets previously owned by the Group prior to the Disposition (which was completed on November 1, 2021) that are now leased from third parties, higher amortization of intangible assets with a finite useful life of €1,886 thousand driven by investments in an enterprise resource management system and higher depreciation of property, plant and equipment of €2,283 thousand, partially offset by (ii) lower impairment of assets of €7,533 thousand.

Depreciation, amortization and impairment of assets as a percentage of revenues decreased from 12.6% for the year ended December 31, 2021, to 11.6% for the year ended December 31, 2022.

*2021 compared to 2020*

Depreciation, amortization and impairment of assets for the year ended December 31, 2021 amounted to €163,367 thousand, a decrease of €22,563 thousand or 12.1%, compared to €185,930 thousand for the year ended December 31, 2020.

The decrease in depreciation, amortization and impairment of assets was primarily attributable to (i) lower impairment of assets of €10,553 thousand and, in particular, lower impairment of right-of-use assets of €9,230 thousand mainly due to impairments recognized in 2020 as a result of the effects of the COVID-19 pandemic on the Group's operations, primarily relating to leased stores in Hong Kong that are part of the Zegna Segment; (ii) a decrease of €8,361 thousand in depreciation of property, plant and equipment and investment property driven by the disposal of certain assets as part of the Disposition, as well as the effects of lower investments in 2020 as a measure to preserve liquidity following the COVID-19 outbreak; and (iii) a decrease of €2,731 thousand in amortization of right-of-use assets related to certain lease agreements renegotiated from fixed to variable payments, as well as to certain stores located in Italy and Japan that were fully impaired in the second half of 2020, partially offset by higher depreciation in the Thom Browne segment as a consequence of new store openings in 2020 and 2021.

Depreciation, amortization and impairment of assets as a percentage of revenues decreased from 18.3% for the year ended December 31, 2020, to 12.6% for the year ended December 31, 2021, driven by the 27.4% increase in revenues compared to an increase of 12.1% in depreciation, amortization and impairment of assets as described above.

***Write downs and other provisions***

Costs for write downs and other provisions mainly include the bad-debt provision on current receivables, impairment of held for sale assets, and accruals for legal expenses.

The following table sets forth write downs and other provisions for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Write downs and other provisions | (14) | (19,487) | (6,178) | 19,473 | 99.9 % | (13,309) | (215.4 %) |
| Write downs and other provisions as % of revenue | — % | (1.5 %) | (0.6 %) | | | | |

*2022 compared to 2021*

Write downs and other provisions for the year ended December 31, 2022 amounted to €14 thousand, a decrease of €19,473 thousand or 99.9%, compared to €19,487 thousand for the year ended December 31, 2021.

In particular, write downs and other provisions in 2021 included (i) a provision of €12,192 thousand as a result of an unfavorable judgment handed down against the Group in respect of a legal claim related to a lease agreement in the United States (of which €950 thousand was released in 2022) and (ii) €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group was required to compensate the company in 2021 accordance with the terms of the related sale agreement.

*2021 compared to 2020*

Write downs and other provisions for the year ended December 31, 2021 amounted to €19,487 thousand, an increase of €13,309 thousand compared to €6,178 thousand for the year ended December 31, 2020.

The increase in write downs and other provisions was primarily attributable to (i) an unfavorable judgment that was handed down against the Group in respect of a legal claim related to a lease agreement in the US, resulting in the recognition of an additional provision of €12,192 thousand, and (ii) €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group is required to compensate Agnona in accordance with the terms of the related sale agreement, partially offset by a lower loss allowance on trade receivables and lower provisions for legal expenses and restoration obligations for leased stores, which were all impacted in 2020 by the effects of the COVID-19 pandemic on the Group's operations.

***Other operating costs***

Other operating costs include indirect taxes, gifts and donations, bank fees, travel expenses, stationary and similar materials, losses and gains on disposals of assets, penalties and other expenses.

The following table sets forth operating costs for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Operating costs | (41,142) | (180,836) | (30,399) | 139,694 | 77.2 % | (150,437) | n.m. |
| Operating costs as % of revenue | (2.8 %) | (14.0 %) | (3.0 %) | | | | |

*2022 compared to 2021*

Other operating costs of €41,142 thousand for the year ended December 31, 2022, decreased of €139,694 thousand compared to €180,836 thousand for the year ended December 31, 2021 mainly due to (i) the absence of costs related to the Business Combination sustained in 2021 as described below, partially offset by (ii) higher travel expenses of €6,328 thousand compared to 2021, which was significantly impacted by COVID-19-related restrictions.

*2021 compared to 2020*

Other operating costs for the year ended December 31, 2021 amounted to €180,836 thousand, an increase of €150,437 thousand compared to €30,399 thousand for the year ended December 31, 2020.

The increase in other operating costs was primarily due to €152,869 thousand related to the Business Combination, including (i) €114,963 thousand relating to share-based payments for listing services recognized as the excess of the fair value of Zegna ordinary shares issued as part of the Business Combination and the fair value of IIAC's identifiable net assets acquired, and (ii) €37,906 thousand for the issuance of 5,031,250 Zegna ordinary shares to the holders of IIAC class B shares to be held in escrow, as part of the Business Combination. The release of these shares from escrow is subject to attainment of certain targets within a seven-year period. For additional information related to the Business Combination please refer to "*—Trends, Uncertainties and Opportunities—The Business Combination.*"

***Financial income and financial expenses***

Financial income and financial expenses primarily include the effects of fair value changes on put options owned by non-controlling interests in Zegna's investments in the Thom Browne Group, Gruppo Dondi S.p.A. and Lanificio Ermenegildo Zegna e Figli S.p.A. (the latter for 2021 only as the Group purchased the remaining non-controlling interest in July 2021), and fair value changes in liabilities for warrants and cash-settled share-based payments, as well as income and expenses relating to Zegna's financial assets and liabilities, including interest, and the costs of hedging.

The following table sets forth financial income for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | Increase/(Decrease) | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Financial income | 13,320 | 45,889 | 34,352 | (32,569) | (71.0 %) | 11,537 | 33.6 % |
| Financial income as a % of revenues | 0.9 % | 3.6 % | 3.4 % | | | | |

*2022 compared to 2021*

Financial income for the year ended December 31, 2022 amounted to €13,320 thousand, a decrease of €32,569 thousand or 71.0%, compared to €45,889 thousand for the year ended December 31, 2021.

The decrease in financial income was primarily attributable to (i) the gain of €20,675 thousand recognized in 2021 following the Group's purchase of an additional 5% of Thom Browne in June 2021 and the derecognition of a portion of the put option liability on non-controlling interests, (ii) a decrease of €9,691 thousand relating to fixed-income securities held by the Group (a gain of €8,154 thousand in 2022 compared to a gain of €17,845 thousand 2021) driven by the performance of the financial markets.

*2021 compared to 2020*

Financial income for the year ended December 31, 2021 amounted to €45,889 thousand, an increase of €11,537 thousand or 33.6%, compared to €34,352 thousand for the year ended December 31, 2020.

The increase in financial income was primarily related to (i) an increase of €7,033 thousand relating to fixed-income securities held by the Group (a gain of €17,845 thousand compared to a gain of €10,812 thousand in 2020), (ii) a gain of €20,675 thousand recognized following the purchase of an additional 5% of the Thom Browne Group in June 2021 and the derecognition of a portion of the liability for the written put option on the non-controlling interest (compared to gains of

€17,743 thousand on options in 2020, as further described below) and (iii) a gain of €2,760 thousand on derivative financial instruments relating to the closing of the Group's option over its investment in Elah Dufour S.p.A., which was disposed of as part of the Disposition.

The following table sets forth financial expenses for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Financial expenses | (54,346) | (43,823) | (48,072) | (10,523) | (24.0 %) | 4,249 | 8.8 % |
| Financial expenses as % of revenues | (3.6 %) | (3.4 %) | (4.7 %) | | | | |

*2022 compared to 2021*

Financial expenses for the year ended December 31, 2022 amounted to €54,346 thousand, an increase of €10,523 thousand or 24.0%, compared to €43,823 thousand for the year ended December 31, 2021.

The increase in financial expenses was primarily attributable to (i) an increase of €9,524 thousand relating to fixed-income securities driven by the performance of the financial markets (a loss of €13,426 thousand in 2022 compared to a loss of €3,902 thousand in 2021) (ii) an increase of €4,657 thousand for costs relating to hedging driven by an increase in charge on hedging operations (mainly Chinese Renmimbi and U.S. Dollar), and (iii) an increase of €1,940 thousand relating to interest on bank loans and overdrafts as a result of higher interest rates, partially offset by (iv) a decrease of €2,966 thousand relating to changes in the fair value of warrants (a loss of €1,171 thousand in 2022 compared to a loss of €4,137 thousand in 2021), and by (v) a decrease of €1,965 thousand relating to changes in the value of the put options owned by the non-controlling interests in the Group's investments in Thom Browne, Dondi and Lanificio (charges of €11,426 thousand in 2022 compared to €13,391 thousand in 2021).

*2021 compared to 2020*

Financial expenses for the year ended December 31, 2021 amounted to €43,823 thousand, a decrease of €4,249 thousand or 8.8%, compared to €48,072 thousand for the year ended December 31, 2020.

The decrease in financial expenses was primarily attributable to (i) a decrease of €4,370 relating to fixed-income securities, (ii) a decrease of €2,338 thousand relating to changes in the value of the put options owned by the non-controlling interests in the Group's investments in Thom Browne, Dondi and Lanificio (charges of €13,391 thousand in 2021 compared to €15,729 thousand in 2020), (iii) a decrease of interest and financial charges for lease liabilities of €1,633 thousand, and (iv) a decrease in interest on bank loans and overdrafts of €920, partially offset by (v) an increase of €4,137 relating to changes in the fair value of warrants, and (vi) an increase of €853 thousand in other financial expenses.

***Foreign exchange (losses)/gains***

Foreign exchange (losses)/gains include realized losses and gains on exchange differences and on fair value adjustments of derivatives and the effects of exchange rates from the remeasurement of options and warrant liabilities.

The following table sets forth exchange (losses)/gains for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | Change | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Foreign exchange (losses)/gains | (7,869) | (7,791) | 13,455 | (78) | (1.0 %) | (21,246) | (157.9 %) |
| Foreign exchange (losses)/gains as % of revenue | (0.5 %) | (0.6 %) | 1.3 % | | | | |

*2022 compared to 2021*

Foreign exchange losses for the year ended December 31, 2022 amounted to €7,869 thousand, a decrease of €78 thousand compared to €7,791 thousand for the year ended December 31, 2021.

Foreign exchange losses in 2022 primarily include (i) unrealized losses of €8,399 thousand related to the Thom Browne put option liability and (ii) €2,103 thousand related to warrant liabilities, partially offset by (iii) €1,451 thousand of gains related to securities held by the Group, all driven by the strengthening of the U.S. Dollar compared to the Euro during the period and (iv) a loss €869 thousand related to revaluation of the lease liabilities.

*2021 compared to 2020*

Foreign exchange losses for the year ended December 31, 2021 amounted to €7,791 thousand compared to exchange gains of €13,455 thousand for the year ended December 31, 2020.

Foreign exchange losses for the year ended December 31, 2020 include gains of €14,171 thousand relating to the Thom Browne, Inc. put option.

***Result and impairments of investments accounted for using the equity method***

Result and impairments of investments accounted for using the equity method includes Zegna's share of income and loss, as well as impairments, related to our investments recorded under the equity method of accounting.

The following tables set forth result and impairments of investments accounted for using the equity method for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | Increase/(Decrease) | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Result from investments accounted for using the equity method | 2,199 | 2,794 | (4,205) | (595) | (21.3 %) | 6,999 | 166.4 % |
| Impairments of investments accounted for using the equity method | — | — | (4,532) | — | — % | 4,532 | 100.0 % |
| Result and impairments of investments accounted for using the equity method as % of Revenues | 0.1 % | 0.2 % | (0.9 %) | | | | |

*2022 compared to 2021*

Result from investments accounted for using the equity method for the year ended December 31, 2022 amounted to a profit of €2,199 thousand, a decrease of €595 thousand, compared to €2,794 thousand for the year ended December 31, 2021, and primarily related (i) a decrease of €1,817 thousand related to results of the Group's investments in TFI (a gain of €76 thousand in 2022 compared to a gain of €1,893 thousand in 2021) and, partially offset by (ii) an increase of €764 thousand related to results of the Group's investments in Pelletteria Tizeta S.r.l. (a gain of €1,292 thousand in 2022 compared to €528 thousand in 2021) and (iii) an increase of €458 thousand related to results of the Group's investments in Filati Biagioli Modesto S.p.A. (a gain of €831 thousand in 2022 compared to €373 thousand in 2021).

*2021 compared to 2020*

Result from investments accounted for using the equity method for the year ended December 31, 2021 amounted to a profit of €2,794 thousand compared to a loss of €4,205 thousand for the year ended December 31, 2020, and primarily related to the Group's investment in TFI for both periods, as well as to Pelletteria Tizeta S.r.l. and Filati Biagioli Modesto S.p.A. in 2021.

Impairments of investments accounted for using the equity method for the year ended December 31, 2021 amounted to zero compared to €4,532 thousand for the year ended December 31, 2020, which was entirely related to the Group's investment in Tom Ford.

***Income taxes***

Income taxes include the current taxes on the results of Zegna's operations and any changes in deferred income taxes.

The following table sets forth income taxes for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | (Increase)/Decrease | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Income taxes | (35,802) | (30,702) | (14,983) | (5,100) | (16.6 %) | (15,719) | (104.9 %) |
| Income taxes as % of revenue | (2.4 %) | (2.4 %) | (1.5 %) | | | | |

*2022 compared to 2021*

Income taxes for the year ended December 31, 2022 amounted to €35,802 thousand compared to €30,702 thousand for the year ended December 31, 2021.

The increase in income taxes was primarily attributable to an increase in profit before taxes.

The effective tax rate was 35.4% for the year ended December 31, 2022 compared to -31.7% for the year ended December 31, 2021 (the effective tax rate net of the Italian Regional Income Tax ("IRAP") was 31.9% for the year ended December 31, 2022 compared to -30.6% for the year ended December 31, 2021. For additional information relating to IRAP, which is calculated on a different basis compared to the Italian corporate income tax ("IRES"), see *Note 15 — Income taxes* to the Consolidated Financial Statements included elsewhere in this annual report on Form 20-F).

*2021 compared to 2020*

Income taxes for the year ended December 31, 2021 amounted to €30,702 thousand compared to €14,983 thousand for the year ended December 31, 2020.

The increase in income taxes was primarily attributable to higher non deductible costs related to the Business Combination and withholding taxes.

The effective tax rate was -31.7% for the year ended December 31, 2021 compared to -47.5% for the year ended December 31, 2020 (the effective tax rate net of IRAP was -30.6% for the year ended December 31, 2021 compared to -43.8% for the year ended December 31, 2020).

**Results by Segment**

The following tables set forth revenues, Adjusted EBIT and Adjusted EBIT Margin by segment for the years ended December 31, 2022, 2021 and 2020. For additional information relating to Adjusted EBIT and Adjusted EBIT Margin, which are non-IFRS financial measures, refer to *"—Liquidity and Capital Resources—Non-IFRS Financial Measures—Adjusted EBIT and Adjusted EBIT Margin.*"

| | For the years ended December 31, | | | Increase/(Decrease) | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **% at constant currency** | **2021 vs 2020** | **%** | **% at constant currency** |
| **Revenues** | | | | | | | | | |
| Zegna Segment | 1,176,706 | 1,035,175 | 843,318 | 141,531 | 13.7 % | 9.3 % | 191,857 | 22.8 % | 22.8 % |
| Thom Browne Segment | 330,891 | 264,066 | 179,794 | 66,825 | 25.3 % | 20.6 % | 84,272 | 46.9 % | 46.6 % |
| Eliminations | (14,757) | (6,839) | (8,379) | (7,918) | n.m. | n.m. | 1,540 | n.m. | n.m. |
| **Total revenues** | **1,492,840** | **1,292,402** | **1,014,733** | **200,438** | **15.5 %** | **11.0 %** | **277,669** | **27.4 %** | **27.3 %** |

| | For the years ended December 31, | | | Increase/(Decrease) | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| **Adjusted EBIT** | | | | | | | |
| Zegna Segment | 141,513 | 131,929 | (7,243) | 9,584 | 7.3 % | 139,172 | n.m. |
| Thom Browne Segment | 48,077 | 38,097 | 28,994 | 9,980 | 26.2 % | 9,103 | 31.4 % |
| Corporate | (31,861) | (20,911) | (1,738) | (10,950) | 52.4 % | (19,173) | n.m. |
| **Total** | **157,729** | **149,115** | **20,013** | **8,614** | **5.8 %** | **129,102** | **n.m.** |
| **Adjusted EBIT Margin** | | | | | | | |
| Zegna Segment | 12.0 % | 12.7 % | (0.9 %) | | | | |
| Thom Browne Segment | 14.5 % | 14.4 % | 16.1 % | | | | |

As noted in *Note 5 — Segment reporting* of the Consolidated Financial Statements included elsewhere in this annual report on Form 20-F, Adjusted EBIT is the key profit measure used by the Chief Operating Decision Maker ("CODM") (as defined under IFRS 8 — *Operating Segments*) of the Group to assess performance and allocate resources to the Group's operating segments, as well as to analyze operating trends, perform analytical comparisons and benchmark performance between periods and among the segments.

As a result of a change in the way the CODM and management view the business, starting with the year ended December 31, 2022, costs for certain central corporate functions that are not directly attributable to individual segments, and which were previously allocated to the Zegna Segment, are presented separately as Corporate. These central corporate costs, which have increased significantly following the Company's public listing in December 2021, primarily relate to the compensation of the Zegna Board and costs for functions that are managed centrally on behalf of the entire group, including group general counsel, central finance, internal audit, investor relations, insurance coverage for directors and officers, compliance and certain other centralized activities, including those related to being a public company, for which the costs are not allocated to the segments. This presentation reflects the information regularly reviewed by the CODM for the purposes of allocating resources and assessing the performance of the Group, and management believes this presentation more accurately reflects the underlying nature of such costs and the profitability of the individual segments. As a result, the related costs for the years ended December 31, 2021 and 2020 have been reclassified from the Zegna Segment to Corporate to conform to the current period presentation, resulting in an increase in the Zegna Segment Adjusted EBIT compared to the amounts previously reported for the years ended December 31, 2021 and 2020.

The following is a discussion of revenues, Adjusted EBIT and Adjusted EBIT Margin for each segment for the year ended December 31, 2022 as compared to the year ended December 31, 2021 and for the year ended December 31, 2021 as compared to the year ended December 31, 2020.

***Zegna Segment***

The following table sets forth revenues and Adjusted EBIT and Adjusted EBIT Margin of the Zegna Segment for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | Increase/(Decrease) | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Revenues | 1,176,706 | 1,035,175 | 843,318 | 141,531 | 13.7 % | 191,857 | 22.8 % |
| Adjusted EBIT | 141,513 | 131,929 | (7,243) | 9,584 | 7.3 % | 139,172 | n.m. |
| Adjusted EBIT Margin | 12.0 % | 12.7 % | (0.9 %) | | | | |

*Revenues*

Revenues for the Zegna Segment for the year ended December 31, 2022 amounted to €1,176,706 thousand, an increase of €141,531 thousand (+13.7% or +9.3% at constant currency), compared to €1,035,175 thousand for the year ended December 31, 2021.

The increase in revenues for the Zegna Segment was primarily attributable to:

(i) an increase of €76,631 thousand (+9.0%) in Zegna branded products comprised of:

(a) an increase in the DTC channel (€59,643 thousand, +8.4%), which was composed of:

i. a decrease of €86,509 thousand (-19.8%) in the Greater China Region, which was significantly impacted by COVID-19-related restrictions in 2022 that resulted in the temporary closure of stores and lower customer traffic, primarily from mid-March until the end of May and again in the fourth quarter of the year;

which was more than offset by:

ii. an increase of €146,151 thousand (+52.9%) in in the rest of the world, driven by the continued positive performance of shoes and steady growth in luxury leisurewear, as well as the rebound of our Tailoring and Made to Measure business, particularly in the United States and EMEA, as 2021 was impacted by COVID-19-related restrictions.

(b) an increase in the Wholesale channel (€16,988 thousand, +12.6%) driven by growth in the United States and EMEA, partially offset by lower orders for new collections from travel retail customers in the Greater China Region as a result of COVID-19-related store closures and the related build up of inventory. The effects from the suspension of production for the Russian market and the closure of stores in Russia following the escalation of the conflict in Ukraine (resulting in lower revenues in Russia of €10,450 thousand) were substantially mitigated from the reallocation of products, primarily in the DTC channel in EMEA.

(ii) an increase in Textile (€34,525 thousand, +33.8%), primarily attributable to the positive performance of the Lanificio Ermenegildo Zegna, Bonotto and Dondi brands driven by higher orders for the Fall/Winter 2022 and Spring/Summer 2023 collections compared to previous year's collections, which were affected by the COVID-19 pandemic, and the impact of Tessitura Ubertino S.r.l., which was acquired in June 2021 and contributed additional revenues of €4,590 thousand in 2022 compared to 2021; and

(iii) an increase in the Third Party Brands (€22,835 thousand, +30.5%), which benefited from higher orders for the TOM FORD brand for the Spring/Summer 2022 and Fall/Winter 2022 collections, as well as higher orders for the Gucci brand. The TFI distribution license agreement ended with the deliveries of the Fall/Winter 2022 collection and the Group expects to commence the TFI License in the second quarter of 2023 (subject to antitrust approvals and other customary closing conditions) for all TOM FORD men's and women's fashion as

well as accessories and underwear, fine jewelry, childrenswear, textile and home design products. See also "*—Trends, Uncertainties and Opportunities—Acquisitions.*"

Revenues for the Zegna Segment for the year ended December 31, 2021 amounted to €1,035,175 thousand, an increase of €191,857 thousand (+22.8%), compared to €843,318 thousand for the year ended December 31, 2020.

The increase in revenues for the Zegna Segment was primarily attributable to:

(i) Zegna branded products, driven in large part by growth in the luxury leisurewear and shoes categories and higher volumes in 2021 as 2020 was more severely impacted by temporary store closures related to COVID-19 restrictions. Revenues in the DTC channel increased by €184,890 thousand (+35%), mainly due to robust growth in the United States, EMEA and the Greater China Region, while growth in other APAC markets was lower as they continue to be adversely affected by COVID-19 restrictions. Revenues in the Wholesale channel increased by €25,943 thousand (+23.9%), mainly due to North America and APAC;

(ii) an increase in Textile revenues to €102 million, reflecting double digit percentage growth, including the additional contribution of €5,619 thousand from Tessitura Ubertino which was acquired in June 2021;

partially offset by:

(iii) a decrease in Third-Party Brands, reflecting a post-COVID-19 adjustment phase in the B2B business, as well as a decrease in Agnona and other revenues primarily as a result of the Disposition.

*Adjusted EBIT and Adjusted EBIT Margin*

Adjusted EBIT for the Zegna Segment for the years ended December 31, 2022 and 2021 amounted to €141,513 thousand and €131,929 thousand, respectively (Adjusted EBIT Margin of 12.0% and 12.7%).

The increase in Adjusted EBIT was primarily attributable to:

(i) higher revenues of €141,531 thousand, including the effects of price repositioning and price increases as part of the new Zegna One Brand strategy and other factors as described above (and net of the negative impact in the Greater China Region); and

(ii) purchasing and production efficiencies as a result of higher volumes to support the increase in sales;

partially offset by:

(iii) higher advertising and marketing expenses, in line with the Group's marketing strategy announced at its Capital Markets Day in May 2022;

(iv) higher costs to reinforce the corporate governance and certain functions within the Zegna Segment as a result of becoming a public company in December 2021;

(v) higher costs due to the new equity-settled share-based payments program granted to senior management (excluding the CEO) and certain other Zegna Segment employees; and

(vi) higher prices for energy and certain raw materials, including the effects of inflation.

Adjusted EBIT for the Zegna Segment for the years ended December 31, 2021 and 2020 amounted to €131,929 thousand and €(7,243) thousand, respectively (Adjusted EBIT Margin of 12.7% and (0.9)%).

The change in Adjusted EBIT was primarily attributable to:

(i) higher revenues of €191,857 thousand driven by higher volumes in 2021, mainly driven by the luxury leisurewear and shoes categories and the other factors mentioned above,

(ii) lower depreciation and amortization mainly due to the effects of lower investments in 2020 as a temporary measure to preserve liquidity following the COVID-19 outbreak,

partially offset by:

(iii) an increase in costs related to volumes (the increase in costs was lower in proportion to the increase in revenues), and

(iv) several measures taken in 2020 to reduce costs and not entirely replicated in 2021 such as the renegotiation of rent payable under lease agreements, temporary lay-offs as permitted by local emergency legislation, accessing government support measures, salary and bonus cuts to directors and senior managers, and significant reductions to marketing, travel and other expenses.

***Thom Browne Segment***

The following table sets forth revenues, Adjusted EBIT and Adjusted EBIT Margin for the Thom Browne Segment for the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | | Increase/(Decrease) | | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **%** | **2021 vs 2020** | **%** |
| Revenues | 330,891 | 264,066 | 179,794 | 66,825 | 25.3 % | 84,272 | 46.9 % |
| Adjusted EBIT | 48,077 | 38,097 | 28,994 | 9,980 | 26.2 % | 9,103 | 31.4 % |
| Adjusted EBIT Margin | 14.5 % | 14.4 % | 16.1 % | | | | |

*Revenues*

Revenues for the Thom Browne Segment for the year ended December 31, 2022 amounted to €330,891 thousand, an increase of €66,825 thousand (+25.3% or +20.6% at constant currency), compared to €264,066 thousand for the year ended December 31, 2021.

The increase in revenues for the Thom Browne Segment was primarily attributable to:

(i) an increase in the Wholesale channel (€59,482 thousand, +47.7%), driven by both our seasonal and our classic collections and strong growth across all lines (menswear, womenswear and childrenswear) and major geographical areas, and

(ii) an increase in the DTC channel (€7,135 thousand, +5.1%), which was composed of:

(a) a decrease of €9,446 thousand (-10.0%) in the Greater China Region, which was impacted by the aforementioned effects of COVID-19-related restrictions, partially offset by the roll out of the TMall platform for e-commerce sales in the region, which commenced in the second half of 2021) and the effect of seven net store openings in the region in 2022 compared to 2021; and

which was more than offset by:

(b) an increase of €16,581 thousand (+37.5%) in in the rest of the world, driven by high double digit growth in the United States, EMEA and Japan, including the effects of four net store openings in 2022 compared to 2021 (two in North America, one in EMEA and one in Japan).

Revenues for the Thom Browne Segment for the year ended December 31, 2021 amounted to €264,066 thousand, an increase of €84,272 thousand (46.9% or 46.6% at constant currency), compared to €179,794 thousand for the year ended December 31, 2020.

Revenues for the Thom Browne Segment increased in all sales channels, geographies and product lines in both menswear and womenswear categories, and a new kidswear line was introduced during the year. In particular, revenues in the

DTC retail channel increased by €53,299 thousand (+62.5%), including the positive effects from the opening of fourteen new stores in 2021 (of which ten are in the APAC region, three in EMEA and one in North America), and revenues in Wholesale channel increased by €30,608 thousand (+32.5%), driven by sales in the EMEA and APAC regions.

*Adjusted EBIT and Adjusted EBIT Margin*

Adjusted EBIT for the Thom Browne Segment for the years ended December 31, 2022 and 2021, amounted to €48,077 thousand and €38,097 thousand, respectively (Adjusted EBIT Margin of 14.5% and 14.4%).

The increase in Adjusted EBIT for the Thom Browne Segment was primarily attributable to:

(i) higher revenues of €66,825 thousand as further described above, including the effects of price increases;

partially offset by:

(ii) costs related to the expansion of the DTC store network (eleven net store openings in 2022 compared to 2021);

(iii) higher advertising and marketing expenses, in line with the Group's marketing strategy announced at its Capital Markets Day in May 2022;

(iv) higher costs to reinforce the corporate governance and certain functions within the Thom Browne Segment as a result of becoming a public company in December 2021; and

(v) an increase in performance-linked compensation.

Adjusted EBIT for the Thom Browne Segment for the years ended December 31, 2021 and 2020, amounted to €38,097 thousand and €28,994 thousand, respectively (Adjusted EBIT Margin of 14.4% and 16.1%).

The increase in Adjusted EBIT for the Thom Browne Segment was primarily attributable to:

(i) higher revenues of €84,272 thousand compared to 2020 (as described above);

partially offset by:

(ii) an increase in costs driven by higher volumes and the provision for inventory;

(iii) costs related to the DTC store network expansion;

(iv) €8,702 thousand relating to a one-time fixed extraordinary bonuses earned by certain of Zegna's senior management team (excluding the CEO) which will be paid in 2024; and

(v) investments to improve central administrative functions and processes.

***Corporate***

Corporate includes costs for certain central corporate functions that are not directly attributable to the Zegna Segment or the Thom Browne Segment. These corporate costs amounted to €31,861 thousand, €20,911 thousand and €1,738 thousand for the years ended December 31, 2022, 2021 and 2020.

Corporate costs increased significantly following the Company's public listing in December 2021 and primarily relate to the compensation of the Zegna Board of Directors and costs for functions that are managed centrally on behalf of the entire Group, including group general counsel, central finance, internal audit, investor relations, insurance coverage for directors and officers, compliance and certain other centralized activities, including those related to being a public company, for which the costs are not allocated to the segments.

The increase in corporate costs from €20,911 thousand in 2021 to €31,861 thousand in 2022 primarily related to (i) higher costs for insurance coverage of directors and officers, (ii) higher costs to strengthen the Group's corporate governance

and develop certain Group functions, including general counsel, internal audit, investor relations and finance, and (iii) higher compliance costs and listing fees directly related to being a public company. Certain other costs to reinforce the corporate governance and certain functions within the Group are directly attributable to individual segments and were allocated accordingly to the Zegna Segment and Thom Browne Segment, as further described in "*—Zegna Segment" and "—Thom Browne Segment*" above.

**B. Liquidity and Capital Resources**

***Overview***

Zegna's principal sources of liquidity are cash flows from operations, borrowings available under bank credit lines and other forms of indebtedness, as well as available cash and cash equivalents. Zegna requires liquidity in order to meet its obligations and fund its business. Short-term liquidity is required to fund ongoing cash requirements, including to purchase raw materials, consumables and goods for production, as well as to fund costs for services and other expenses. In addition to its general working capital and operational needs, Zegna uses significant amounts of cash for the following purposes: (i) capital expenditures to support its existing and future commercial network and production facilities, (ii) principal and interest payments under its financial obligations, (iii) acquisitions, and (iv) returns of capital, including share repurchases and other corporate activities. Zegna makes capital investments primarily for the opening of new stores or the renovation of existing stores, as well as for initiatives to enhance and adapt production facilities to new technologies and emerging needs and to upgrade information technology systems. Zegna believes its cash generation together with its available liquidity will be sufficient to meet its obligations and fund its business and capital expenditures for the foreseeable future.

***Cash Flows***

The following table summarizes the cash flows from or used in operating, investing and financing activities for each of the years ended December 31, 2022, 2021 and 2020. For additional information relating to the Group's cash flows refer to the consolidated cash flow statement and accompanying notes to the Consolidated Financial Statements included elsewhere in this annual report on Form 20-F.

| | At December 31, | | | Increase/(Decrease) | |
|---|---|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** | **2022 vs 2021** | **2021 vs 2020** |
| Net cash flows from operating activities | 146,398 | 281,155 | 70,906 | (134,757) | 210,249 |
| Net cash flows (used in)/from investing activities | (57,335) | (82,004) | 92,572 | 24,669 | (174,576) |
| Net cash flows used in financing activities | (296,997) | (64,105) | (49,052) | (232,892) | (15,053) |
| Effects of exchange rate changes on cash and cash equivalents | 2,464 | 7,454 | (7,761) | (4,990) | 15,215 |
| **Net (decrease)/increase in cash and cash equivalents** | **(205,470)** | **142,500** | **106,665** | **(347,970)** | **35,835** |
| Cash and cash equivalents at the beginning of the year | 459,791 | 317,291 | 210,626 | 142,500 | 106,665 |
| Cash and cash equivalents at end of the year | 254,321 | 459,791 | 317,291 | (205,470) | 142,500 |

**Net cash flows from operating activities**

*2022 compared to 2021*

Net cash flows from operating activities amounted to €146,398 thousand in 2022 compared to €281,155 thousand in 2021. The change of €134,757 thousand between periods was primarily attributable to the combined effects of:

(i) €77,143 thousand from a negative change in cash flows from other operating assets and liabilities (cash used of €38,216 thousand in 2022 compared to cash generated of €38,927 thousand in 2021). The change in other operating assets and liabilities in 2022 includes payments of: (a) €29,805 thousand relating to net payments of VAT, (b) €10,923 thousand for a special gift to all employees of the Group as a result of the Company's listing completed on December 20, 2021 (which was reimbursed by Monterubello), and (c) €6,700 thousand to prepay certain expenses;

(ii) €66,802 thousand from a negative change in cash flows used by inventories, trade receivables and trade payables (cash absorbed of €75,224 thousand in 2022 compared to €8,422 thousand in 2021). In 2022, cash flows from inventories, trade receivables and trade payables of €75,224 thousand includes (a) €103,112 thousand relating to an increase in inventories, primarily to support the growth in sales and higher overall activity levels, also reflecting the Group's decision to maintain higher levels of raw materials in order to mitigate the risk of any supply chain disruptions, as well as higher inventory levels of finished products driven by the new Essentials collections in line with the Zegna's One Brand strategy, as well as higher levels of finished products held in the Greater China Region as a result of temporary store closures in the fourth quarter of 2022 as a consequence of COVID-19-related

restrictions, (b) €15,623 thousand relating to an increase in trade receivables, partially offset by (c) €43,511 thousand relating to an increase in trade payables and customer advances; and

(iii) €23,604 thousand relating to the change in current and non-current provisions for risks and charges, which was primarily due to payments of €27,980 thousand in 2022 to settle claims relating to lease agreements;

partially offset by:

(i) an increase in Adjusted EBITDA of €25,821 thousand, from €303,790 thousand in 2021 to €329,611 thousand in 2022 (see *"—Non-IFRS Financial Measures"* for important information relating to non-IFRS financial measures); and

(ii) lower taxes paid of €14,042 thousand (€49,258 thousand in 2022 compared to €63,300 thousand in 2021).

*2021 compared to 2020*

Net cash flows from operating activities increased by €210,249 thousand to €281,155 thousand in 2021 from €70,906 thousand in 2020. The increase was primarily attributable to:

(i) an increase in Adjusted EBIT of €129,102 thousand (see "*—Non-IFRS Financial Measures"* for important information relating to non-IFRS financial measures);

(ii) €33,875 thousand from a positive change in cash flows from inventories, trade receivables and trade payables, consisting of €69,911 thousand from the change in trade payables and customer advances driven by higher volumes in 2021 compared to 2020, which was impacted by the COVID-19 pandemic, and €11,932 thousand from the change in inventories, partially offset by €47,969 thousand from the change in trade receivables, reflecting an increase in trade receivables driven by higher volumes;

(iii) €41,965 thousand from a positive change in cash flows from other operating assets and liabilities,

partially offset by:

(i) higher taxes paid of €26,875 thousand.

**Net cash flows used in/from investing activities**

*2022 compared to 2021*

Net cash flows used in investing activities amounted to €57,335 thousand in 2022 compared to €82,004 thousand in 2021. The change of €24,669 thousand between periods was primarily attributable to the combined effects of:

(i) lower payments for investments in property plant and equipment of €30,585 thousand (€49,114 thousand in 2022 compared to €79,699 thousand in 2021, which included €46 million related to the purchase of a building in London and €6 million primarily related to the renovation of a building in 61 W 23rd street in New York, that were subsequently part of the Disposition completed in November 2021);

(ii) lower net payments for non-current financial assets of €5,369 thousand (net proceeds of €2,474 thousand in 2022 compared to net payments of €2,895 thousand in 2021);

(iii) lower cash outflows for business combinations of €3,639 thousand (€585 thousand in 2022 compared to €4,224 thousand in 2021);

partially offset by:

(i) higher investments in intangible assets of €9,558 thousand (€24,185 thousand in 2022 compared to €14,627 thousand in 2021), mainly driven by investments in information technology related to a business transformation

project focused on reviewing and evolving order to cash, logistics and distribution, retail operations and point-of-sale processes; and

(ii) lower net proceeds from current financial assets and derivative instruments of €1,888 thousand (net proceeds of €14,075 thousand in 2022 compared to net proceeds of €15,963 thousand in 2021).

*2021 compared to 2020*

Net cash flows used in investing activities amounted to €82,004 thousand in 2021 compared to net cash flows from investing activities of €92,572 thousand in 2020, representing a change of €174,576 thousand, primarily attributable to:

(i) lower net proceeds of €70,904 thousand from the disposal of current financial assets and derivative instruments (net proceeds of €15,963 thousand in 2021 compared to net proceeds of €86,867 thousand in 2020);

(ii) higher payments for property plant and equipment of €52,069 thousand (€79,699 thousand in 2021, including €45,817 thousand for the purchase of a building in London that was part of the Disposition, compared to €27,630 thousand in 2020); and

(iii) lower proceeds from disposals of non-current financial assets of €44,443 thousand, driven by the receipt of the full repayment in 2020 of a loan granted to Tom Ford for a total of €40,824 thousand.

**Net cash flow used in financing activities**

*2022 compared to 2021*

Net cash flows used in financing activities amounted to €296,997 thousand in 2022 compared to €64,105 thousand in 2021. The change of €232,892 thousand between periods was primarily attributable to the combined effects of:

(i) cash proceeds received in 2021 of €138,649 thousand relating to the Business Combination, as further described below;

(ii) higher net repayments of borrowings of €123,079 thousand (€159,719 thousand in 2022 compared to €36,640 thousand in 2021), in line with our funding strategy. For additional information relating to our funding strategy see "*—Trends, Uncertainties and Opportunities—Acquisitions—Funding Strategy*";

(iii) higher payments of lease liabilities of €21,022 thousand (€121,633 thousand in 2022 compared to €100,611 thousand in 2021) driven by new lease contracts for new store openings and the use of certain assets previously owned by the Group that are now leased from third parties subsequent to the Disposition (which was completed on November 1, 2021), as well as a payment of €5,013 thousand in the first half of 2022 to early terminate a lease contract related to a DTC store in Japan;

(iv) higher dividends paid to owners of the parent of €21,750 thousand (€21,852 thousand in 2022 compared to €102 thousand in 2021); and

(v) higher dividends paid to non-controlling interests of €3,639 thousand (€4,187 thousand in 2022 compared to €548 thousand in 2021);

partially offset by:

(i) proceeds of €10,923 thousand in 2022 from the reimbursement to Zegna by Monterubello of a special gift to all employees of the Group, as a result of the Company's listing completed on December 20, 2021;

(ii) the effects of cash outflows in 2021 for (a) payments of €40,253 thousand for the acquisition of an additional 5% of the Thom Browne Group in 2021 based on the first tranche of the put option on non-controlling interests, bringing the Group's ownership in the Thom Browne Group to 90% and (b) cash distributed as part of the Disposition in 2021 of €26,272 thousand.

*2021 compared to 2020*

Net cash flows used in financing activities amounted to €64,105 thousand in 2021 compared to €49,052 thousand in 2020. The increase in cash flows used in financing activities was primarily attributable to:

(i) net repayments of borrowings of €36,640 thousand in 2021 compared to net proceeds from borrowings of €44,323 thousand in 2020;

(ii) payments of €40,253 thousand for the acquisition of non-controlling interests in 2021 (€30,653 thousand for the acquisition of an additional 5% interest in Thom Browne and €9,600 thousand for the acquisition of an additional 10% interest in Lanificio);

(iii) the cash distributed as part of the Disposition for €26,272 thousand in 2021; and

(iv) higher payments of lease liabilities of €9,912 thousand reflecting new store openings and lower rent reductions received as a result of COVID-19 pandemic, partially offset by the net cash proceeds from the Business Combination of €138,649 thousand.

The following table shows a breakdown of the net cash proceeds in 2021 from the Business Combination:

| *(€ thousands)* | |
|---|---|
| Proceeds from issuance of ordinary shares upon Business Combination | 310,739 |
| Proceeds from issuance of ordinary shares to PIPE Investors | 331,385 |
| Purchase of own shares from Monterubello | (455,000) |
| Payments of transaction costs related to the Business Combination | (48,475) |
| **Net cash proceeds from the Business Combination** | **138,649** |

***Capital Expenditure***

Capital expenditure is defined as the sum of cash outflows that result in additions to property, plant and equipment and intangible assets.

The following table shows a breakdown of capital expenditure by category for the years ended December 31, 2022, 2021 and 2020:

| | **For the years ended December 31,** | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Payments for property, plant and equipment | 49,114 | 79,699 | 27,630 |
| Payments for intangible assets | 24,185 | 14,627 | 11,524 |
| **Capital expenditure** | **73,299** | **94,326** | **39,154** |

Capital expenditure was €73,299 thousand, €94,326 thousand and €39,154 thousand, for the years ended December 31, 2022, 2021 and 2020, respectively.

The Group's main capital expenditure primarily relates to investments to develop our store network (new store openings, store renewals or relocations, maintenance or franchising contributions), which amounted to €43 million, €26 million and €19 million for the years ended December 31, 2022, 2021 and 2020, respectively.

The following table presents capital expenditure to develop our store network split by segment:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ millions)* | **2022** | **2021** | **2020** |
| Zegna Segment | 35 | 21 | 13 |
| Thom Browne Segment | 8 | 5 | 6 |
| **Capital expenditure related to the development of the store network** | **43** | **26** | **19** |

Investments to develop our store network in the Zegna Segment:

- in 2022 primarily related to store remodeling in line with the Zegna One Brand strategy and several new store openings across all regions, including the stores in Chengdu, Jinan, Fuzhou, and Lanzhou in the Greater China Region, the new Ginza store in Tokyo, Japan, Palm Beach in the United States and Madrid in Spain;

- in 2021 primarily related to new store openings, relocations and renewals, mainly in APAC with two new openings in Shanghai and relocations in Shanghai and Chengdu. In Europe the main investments in the store network related to new openings in Rome and Prague, while in the United States primarily related to the renewal of Boston boutique; and

- in 2020 primarily related to new store openings, relocations and renewals, including the opening of a new flagship store in Paris (George V), the relocation of the Masaryk store in Mexico City, renewal of a store in Houston, United States, as well as Shenyang and Hangzhou in the Greater China Region.

Investments to develop our store network in the Thom Browne Segment:

- in 2022 were mainly in APAC, with new openings in Shanghai, Beijing, Guangzhou, Tianjin, Nanjing, Chengdu, Chongqing and Zhengzhou;

- in 2021 primarily related to retail expansion, mainly in APAC and Europe, with new openings in the Greater China Region (Shanghai, Shenzhen, Xiamen, Ningbo, Qingdao, Changsha and Tianjin), in the UK (Harrods stores in London) and in Italy (Sant'Andrea store in Milan); and

- in 2020 primarily related to new openings in the Greater China Region (Beijing, Hangzhou, Shenzhen and Xiamen), Costa Mesa and Toronto in North America and London - Albemarle in the UK.

Capital expenditure in 2021 also included €52 million of which (i) €46 million related to the purchase of a building in London and (ii) €6 million primarily related to the renovation of a building in 61 W 23rd street in New York, that were subsequently part of the Disposition completed in November 2021.

Other relevant investments for the periods presented mainly related to (i) the production area for both apparel and textile for €8 million, €4 million and €5 million for the years ended December 31, 2022, 2021 and 2020, respectively, (ii) the information technology area for €16 million, €7 million, €8 million for the years ended December 31, 2022, 2021 and 2020, respectively. The most relevant investments in information technology were related to a business transformation project focused on reviewing and evolving order to cash, logistics and distribution, retail operations and point-of-sale processes and amounted to €15 million, of which €7 million, €3 million and €2 million for the years ended December 31, 2022, 2021 and 2020, respectively. This business transformation is still in progress at the date of this annual report on Form 20-F and additional investments will be required in future periods.

***Contractual Obligations***

For information on our significant contractual commitments at December 31, 2022 and 2021, see *Note 30 — Borrowings* and *Note 38 — Qualitative and quantitative information on financial risks* to the Consolidated Financial Statements included elsewhere in this annual report on Form 20-F.

***Net Financial Indebtedness/(Cash Surplus)***

Net Financial Indebtedness/(Cash Surplus) is defined as the sum of financial borrowings (current and non-current), derivative financial instrument liabilities, loans and certain other financial liabilities (recorded within other non-current financial liabilities in the consolidated statement of financial position), net of cash and cash equivalents, derivative financial instrument assets, securities and financial receivables (recorded within other current financial assets in the consolidated statement of financial position). Net Financial Indebtedness/(Cash Surplus) is a non-IFRS financial measure. See "*—Non-IFRS Financial Measures"* for important information relating to non-IFRS financial measures.

Zegna's management believes that Net Financial Indebtedness/(Cash Surplus) is useful to monitor the level of net liquidity and financial resources available to Zegna. Zegna's management believes this non-IFRS financial measure aids management, investors and analysts to analyze Zegna's financial position and financial resources available, and to compare Zegna's financial position and financial resources available with that of other companies.

The following table sets forth the calculation of Net Financial Indebtedness/(Cash Surplus) at December 31, 2022 and 2021:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Non-current borrowings | 184,880 | 471,646 |
| Current borrowings | 286,175 | 157,292 |
| Derivative financial instruments — Liabilities | 2,362 | 14,138 |
| Other non-current financial liabilities[(1)] | — | 7,976 |
| **Total borrowings, other financial liabilities and derivatives** | **473,417** | **651,052** |
| Cash and cash equivalents | (254,321) | (459,791) |
| Derivative financial instruments — Assets | (22,454) | (1,786) |
| Other current financial assets[(2)] | (318,795) | (334,244) |
| **Total cash and cash equivalents, other current financial assets and derivatives** | **(595,570)** | **(795,821)** |
| **Net Financial Indebtedness/(Cash Surplus)** | **(122,153)** | **(144,769)** |

*(1) Primarily relates to loans from a related party that were outstanding at December 31, 2021 and fully repaid in the first half of 2022.*

*(2) Includes (i) the Group's investments in securities amounting to €316,595 thousand and €334,244 thousand at December 31, 2022 and 2021, respectively, and (ii) at December 31, 2022 only a financial receivable from an associated company of €2,200 thousand.*

Net Financial Indebtedness/(Cash Surplus) amounted to €(122,153) thousand at December 31, 2022 compared to Net Financial Indebtedness/(Cash Surplus) of €(144,769) thousand at December 31, 2021, reflecting a change of €22,616 thousand that was mainly due to the combined effects of (i) a decrease in cash and cash equivalents of €205,470 thousand and (ii) a decrease in borrowings (current and non-current) driven by net repayments of €159,719 thousand, in line with our funding strategy. For additional information relating to our funding strategy see "*—Trends, Uncertainties and Opportunities—Acquisitions—Funding Strategy.*" For additional information relating to the change in cash and cash equivalents see *"—Cash Flows."*

The main components of Net Financial Indebtedness/(Cash Surplus) are further explained below.

*Borrowings*

Zegna enters into and manages debt facilities centrally in order to satisfy the short and medium-term needs of each of its subsidiaries based on criteria of efficiency and cost-effectiveness. Zegna has historically entered into and maintained with a diversified pool of lenders a total amount of committed credit lines that is considered consistent with its needs and suitable to ensure at any time the liquidity needed to satisfy and comply with all of its financial commitments, as well as guaranteeing an adequate level of operational flexibility for any expansion programs. With the aim of reducing the cost of financing while continuing to ensure the Group has adequate access to liquidity to meet its financial commitments and guarantee flexibility for its operations and any expansion programs, starting in 2022 the Group has replaced a portion of its 2022 and 2023 debt maturities with new bilateral committed revolving credit facilities that may be drawn down by the Group at any time during the relevant term. As a result, the Group has reduced and will continue to reduce its borrowings, primarily through the use of cash and the disposal of certain financial investments held by the Group.

The key interest rate terms of Zegna's borrowings and the amount outstanding at December 31, 2022 are shown in the tables below, in thousands of Euros, unless otherwise indicated.

| *(€ thousands)* | **Interest rates (bps)** | **Amount** | **2023** | **2024** | **2025** | **2026** | **2027** |
|---|---|---|---|---|---|---|---|
| Fixed | 0.00% - 0.90%[(1)] | 135,640 | 85,447 | 4,150 | 33,975 | 3,994 | 8,074 |
| Variable | 0.60% - 1.48%[(1)] | 335,415 | 200,728 | 133,267 | 1,420 | — | — |
| **Total** | | **471,055** | **286,175** | **137,417** | **35,395** | **3,994** | **8,074** |

*(1) Represents the spread over the variable component of the interest rate, which is generally based on Euribor.*

In 2022, the Group entered into a number of bilateral financing agreements in the form of committed revolving lines for a total amount of €240 million and for a period of 7 years. The interest rates and commitment fees on the majority of the lines are subject to adjustment based on the Group's performance in relation to the following two important ESG targets previously disclosed by the Group: (i) at least 50% of top priority raw materials are traced to their geography of origin and from lower-impact sources by 2026; and (ii) 100% of the electricity is from renewable sources in Europe and the United States by 2024. The lines were undrawn at December 31, 2022.

For additional information see *Note 30 — Borrowings* to the Consolidated Financial Statements included elsewhere in this annual report on Form 20-F.

*Debt covenants*

Certain of Zegna's borrowings and revolving lines are subject to financial covenants requiring Zegna to maintain a ratio of Net Financial Indebtedness to Adjusted EBITDA equal or lower than 3.0 (calculated on an annual basis based on definitions specified in the related agreements, which may differ from the similarly named non-IFRS financial measures included elsewhere in this report), as well as negative pledges, pari passu, cross-default and change of control clauses. Failure to comply with these covenants may require Zegna to fully repay on demand the outstanding amounts. At December 31, 2022 (the last covenant date), Zegna had a positive Net Financial Indebtedness/(Cash Surplus) position and was therefore in compliance with the covenants.

*Derivative financial instruments*

Zegna enters into certain derivative contracts in the course of its risk management activities, primarily to hedge the interest rate risk on its bank debt and the currency risk on sales made in currencies other than the Euro. Zegna only enters into these contracts for hedging purposes as Zegna's financial management policy does not permit trading in financial instruments for speculative purposes. Derivative financial instruments meeting the hedge requirements of IFRS 9 — *Financial Instruments* ("*IFRS 9*") are accounted for using hedge accounting. Changes in the fair value of derivative financial instruments not qualifying for hedge accounting are recognized in profit or loss in the relevant reporting period. The interest rate and currency derivatives used by Zegna are over the counter ("*OTC*") instruments, meaning those negotiated bilaterally with market counterparties, and the determination of their current value is based on valuation techniques that use input parameters (such as interest rate curves, foreign exchange rates, etc.) observable on the market (level 2 of the fair value hierarchy defined in IFRS 13 — *Fair Value Measurement*). Derivatives are measured at fair value each reporting date by taking as a reference the applicable foreign currency exchange rates or the interest rates and yield curves observable at commonly quoted intervals.

The following table sets forth Zegna's outstanding hedges at December 31, 2022 and 2021.

| | At December 31, 2022 | | | At December 31, 2021 | | |
|---|---|---|---|---|---|---|
| *(€ thousands)* | **Notional Amount** | **Positive Fair Value** | **Negative Fair Value** | **Notional Amount** | **Positive Fair Value** | **Negative Fair Value** |
| **Foreign currency exchange risk** | | | | | | |
| Forward contracts | 481,110 | 13,075 | (2,362) | 550,734 | 1,786 | (11,726) |
| Deal-Contingent Option | — | — | — | 109,244 | — | — |
| **Interest rate risk** | | | | | | |
| Interest rate swaps | 320,000 | 9,379 | — | 323,816 | — | (2,412) |
| **Total derivatives – Hedging** | **801,110** | **22,454** | **(2,362)** | **983,794** | **1,786** | **(14,138)** |
| **Total derivatives instruments - Asset/(Liabilities)** | **801,110** | **22,454** | **(2,362)** | **983,794** | **1,786** | **(14,138)** |

For additional information see *Note 24 — Derivative financial instruments* to the Consolidated Financial Statements, included elsewhere in this annual report on Form 20-F.

*Other non-current financial liabilities*

Other non-current financial liabilities of €7,976 thousand included within Net Financial Indebtedness/(Cash Surplus) at December 31, 2021 primarily related to loans from a related party that were fully repaid by the Group in the first half of 2022.

*Cash and cash equivalents*

The table below sets forth the breakdown of Zegna's cash and cash equivalents at December 31, 2022 and 2021.

| | At December 31, | | Increase/(Decrease) | |
|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2022 vs 2021** | **%** |
| Cash on hand | 2,322 | 1,651 | 671 | 40.6 % |
| Bank balances | 251,999 | 458,140 | (206,141) | (45.0 %) |
| **Cash and cash equivalents** | **254,321** | **459,791** | **(205,470)** | **(44.7 %)** |

In line with our funding strategy, we used cash to repay bank borrowings in 2022. For additional information relating to our funding strategy see "*—Trends, Uncertainties and Opportunities—Acquisitions—Funding Strategy.*" For additional information relating to the change in cash and cash equivalents see "*—Cash Flows.*"

Zegna may be subject to restrictions which limit its ability to use cash. In particular, cash held in China is subject to certain repatriation restrictions and may only be repatriated as dividends. Zegna does not believe that such transfer restrictions have any adverse impacts on its ability to meet liquidity requirements. Cash held in China at December 31, 2022 amounted to €24,257 thousand (€60,381 thousand at December 31, 2021). Certain restrictions over cash also exist in Argentina; however, such restrictions do not significantly impact Zegna as cash held in Argentina amounted to €233 thousand at December 31, 2022 (€244 thousand at December 31, 2021).

*Other current financial assets (securities and financial receivables)*

The table below sets forth the breakdown of Zegna's securities and financial receivables, which are recorded within other current financial assets, at December 31, 2022 and 2021.

| | At December 31, | | Increase/(Decrease) | |
|---|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2022 vs 2021** | **%** |
| *Fair value through profit and loss* | | | | |
| Insurance contracts | 114,975 | 113,919 | 1,056 | 0.9 % |
| Fixed income | 64,017 | 68,947 | (4,930) | (7.2 %) |
| Hedge funds | 46,761 | 41,483 | 5,278 | 12.7 % |
| Private equity | 18,311 | 15,925 | 2,386 | 15.0 % |
| Equity | 14,592 | 25,408 | (10,816) | (42.6 %) |
| Private debt | 13,644 | 7,945 | 5,699 | 71.7 % |
| Real estate funds | 12,129 | 32,898 | (20,769) | (63.1 %) |
| Commodities | 2,727 | — | 2,727 | — % |
| Money market funds | 2,587 | 2,007 | 580 | 28.9 % |
| **Total fair value through profit and loss** | **289,743** | **308,532** | **(18,789)** | **(6.1 %)** |
| *Fair value through other comprehensive income/(loss)* | | | | |
| Floating income | 17,742 | 20,687 | (2,945) | (14.2 %) |
| Fixed income | 9,110 | 5,025 | 4,085 | 81.3 % |
| **Total fair value through other comprehensive income/(loss)** | **26,852** | **25,712** | **1,140** | **4.4 %** |
| **Securities (recorded within other current financial assets)** | **316,595** | **334,244** | **(17,649)** | **(5.3 %)** |
| **Financial receivables[(1)] (recorded within other current financial assets)** | **2,224** | **—** | **2,224** | **— %** |
| **Total securities and financial receivables (recorded within other current financial assets)** | **318,819** | **334,244** | **(15,425)** | **(4.6 %)** |

*(1) Financial receivables of €2,224 thousand at December 31, 2022, relate to a loan granted to an associate company in the first half of 2022, which is due in May 2023.*

***Off-Balance Sheet Arrangements***

Zegna has provided a financial guarantee to Tom Ford International LLC (an associate of Zegna) in relation to its payment obligations under a bank loan for an amount of $7,500 thousand issued to TFI in 2020 and subsequently reduced to $6,875 thousand in 2022, which matures in March 2025. The guarantee was still effective as of the date of this annual report and no amounts have been claimed under the guarantee.

***Recent Developments***

See *Note 43 — Subsequent events* to the Consolidated Financial Statements included elsewhere in this annual report on Form 20-F.

**C. Research and Development, Patents and Licenses**

Please refer to "*Item 4.B—Business Overview—Research and Development.*"

**D. Trend Information**

Please refer to "*Item 5.A—Operating Results—Trends, Uncertainties and Opportunities.*"

**E. Critical Accounting Estimates**

Please refer to *Note 3 — Summary of significant accounting policies—Use of estimates* to the Consolidated Financial Statements included elsewhere in this document for information relating to the critical accounting estimates applicable to Zegna.

**Non-IFRS Financial Measures**

Zegna's management monitors and evaluates operating and financial performance using several non-IFRS financial measures including: adjusted earnings before interest and taxes ("*Adjusted EBIT*"), Adjusted EBIT Margin, adjusted earnings before interest, taxes, depreciation and amortization ("*Adjusted EBITDA*"), Adjusted Profit/(Loss), Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share, Net Financial Indebtedness/(Cash Surplus), Trade Working Capital and revenues on a constant currency basis. Zegna's management believes that these non-IFRS financial measures provide useful and relevant information regarding Zegna's financial performance and financial condition, and improve the ability of management and investors to assess and compare the financial performance and financial position of Zegna with those of other companies. They also provide comparable measures that facilitate management's ability to identify operational trends, as well as make decisions regarding future spending, resource allocations and other strategic and operational decisions. While similar measures are widely used in the industry in which Zegna operates, the financial measures that Zegna uses may not be comparable to other similarly named measures used by other companies nor are they intended to be substitutes for measures of financial performance or financial position as prepared in accordance with IFRS. An explanation of the relevance of each of the non-IFRS financial measures, a reconciliation of the non-IFRS financial measures to the most directly comparable measures calculated and presented in accordance with IFRS and a discussion of their limitations are set out below.

*Adjusted EBIT and Adjusted EBIT Margin*

Adjusted EBIT is defined as profit or loss before income taxes plus financial income, financial expenses, foreign exchange losses/(gains) and the result from investments accounted for using the equity method, adjusted for income and costs which are significant in nature and that management considers not reflective of underlying operating activities, including, for one or all of the periods presented and as further described below, legal costs for trademark disputes, transaction costs related to acquisitions, severance indemnities and provisions for severance expenses, costs related to the Business Combination, net impairment of leased and owned stores, a special donation to the UNHCR, net (income)/costs related to lease agreements and certain other items.

Adjusted EBIT Margin is defined as Adjusted EBIT divided by revenues of the applicable period.

Zegna's management uses Adjusted EBIT and Adjusted EBIT Margin for internal reporting to assess performance and as part of the forecasting, budgeting and decision-making processes as they provide additional transparency regarding Zegna's underlying operating performance. Zegna's management believes these non-IFRS financial measures are useful because they exclude items that management believes are not indicative of Zegna's underlying operating performance and allow management to view operating trends, perform analytical comparisons and benchmark performance between periods and among segments. Zegna's management also believes that Adjusted EBIT and Adjusted EBIT Margin are useful for investors and analysts to better understand how management assesses Zegna's underlying operating performance on a consistent basis and to compare Zegna's performance with that of other companies. Accordingly, management believes that Adjusted EBIT and Adjusted EBIT Margin provide useful information to third party stakeholders in understanding and evaluating Zegna's operating results.

The following table presents a reconciliation of Profit/(Loss) to Adjusted EBIT and the calculation of the Adjusted EBIT Margin for the years ended December 31, 2022, 2021 and 2020.

| *(€ thousands, except percentages)* | For the year ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| **Profit/(Loss)** | **65,279** | **(127,661)** | **(46,540)** |
| Income taxes | 35,802 | 30,702 | 14,983 |
| Financial income | (13,320) | (45,889) | (34,352) |
| Financial expenses | 54,346 | 43,823 | 48,072 |
| Foreign exchange losses/(gains) | 7,869 | 7,791 | (13,455) |
| Result from investments accounted for using the equity method | (2,199) | (2,794) | 4,205 |
| Impairments of investments accounted for using the equity method | — | — | 4,532 |
| Legal costs for trademark disputes [(1)] | 7,532 | — | — |
| Transaction costs related to acquisitions [(2)] | 2,289 | — | — |
| Severance indemnities and provisions for severance expenses [(3)] | 2,199 | 8,996 | 12,308 |
| Costs related to the Business Combination [(4)] | 2,137 | 205,059 | — |
| Net impairment of leased and owned stores [(5)] | 1,639 | 8,692 | 19,725 |
| Special donation to the UNHCR [(6)] | 1,000 | — | — |
| Net (income)/costs related to lease agreements [(7)] | (6,844) | 15,512 | 3,000 |
| Other [(8)] | — | 4,884 | 7,535 |
| **Adjusted EBIT** | **157,729** | **149,115** | **20,013** |
| | | | |
| Revenues | 1,492,840 | 1,292,402 | 1,014,733 |
| **Adjusted EBIT Margin (Adjusted EBIT / Revenues)** | **10.6 %** | **11.5 %** | **2.0 %** |

(1) Relates to legal costs of €7,532 thousand incurred in 2022 by the Thom Browne Segment in connection with a legal dispute between adidas and Thom Browne, primarily in relation to the use of trademarks. For additional information see "*Item 8.A—Consolidated Statements and Other Financial Information—Legal Proceedings.*" This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss.

(2) Relates to transaction costs of €2,289 thousand incurred in 2022 in connection with acquisitions, primarily for consultancy and legal fees related to the TFI Acquisition. This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss and is related to Corporate.

(3) Relates to severance indemnities incurred by the Zegna Segment of €2,199 thousand, €8,996 thousand and €12,308 thousand in 2022, 2021 and 2020, respectively, recorded within the line item "personnel costs" in the consolidated statement of profit and loss.

(4) Costs related to the Business Combination of €2,137 thousand in 2022 relate to the grant of equity awards to management in 2021 with vesting subject to the public listing of the Company's shares and certain other performance and/or service conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and relates to the Zegna Segment for €1,101 thousand, to the Thom Browne Segment for €98 thousand and to Corporate for €938 thousand. For additional information please refer to *Note 40 — Shared-based payments* of the Consolidated Financial Statements.

Costs related to the Business Combination in 2021 include:

(a) €114,963 thousand relating to share-based payments for listing services recognized as the excess of the fair value of Zegna ordinary shares issued as part of the Business Combination and the fair value of IIAC's identifiable net assets acquired. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

(b) €37,906 thousand for the issuance of 5,031,250 Zegna ordinary shares to the holders of IIAC class B shares to be held in escrow. The release of these shares from escrow is subject to achievement of certain targets within a seven-year period. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

(c) €34,092 thousand for transaction costs related to the Business Combination incurred by Zegna, including costs for bank services, legal advisors and other consultancy fees. This amount is recorded within the line item

"purchased, outsourced and other costs" in the consolidated statement of profit and loss and is related to Corporate.

(d) €10,916 thousand for the Zegna family's grant of a one-time €1,500 gift to each employee of the Zegna Group as result of the Company's listing on NYSE completed on December 20, 2021. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to the Zegna Segment for €10,120 thousand and to the Thom Browne Segment for €796 thousand.

(e) €5,380 thousand relating to grant of performance share units, which each represent the right to receive one Zegna ordinary share, to the Group's Chief Executive Officer, other Zegna directors, key executives with strategic responsibilities and other employees of the Group, all subject to certain vesting conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to the Zegna Segment for €2,908 thousand, to the Thom Browne Segment for €239 thousand and to Corporate for €2,233 thousand. For additional information please refer to *Note 40 — Shared-based payments* of the Consolidated Financial Statements.

(f) €1,236 thousand related to the fair value of private warrants issued, pursuant to the Business Combination, to certain Zegna non-executive directors. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to Corporate.

(g) €566 thousand related to the write-off of non-refundable prepaid premiums for directors' and officers' insurance. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to Corporate.

(5) Net impairment of leased and owned stores includes (i) impairment of €2,369 thousand, €6,486 thousand and €15,716 thousand related to right-of-use assets, (ii) reversals of impairment of €756 thousand and impairment of €2,167 thousand and €4,011 thousand related to property plant and equipment and (iii) impairment of €26 thousand, and €39 thousand and reversals of impairment of €2 thousand related to intangible assets, for 2022, 2021 and 2020, respectively. Net impairment in 2020 includes the effects of the COVID-19 pandemic on the Group's operations. Impairment and reversals of impairment of leased and owned stores are recorded within the line item "depreciation, amortization and impairment of assets" in the consolidated statement of profit and loss and relate entirely to the Zegna Segment for the periods presented, with the exception of impairment of €820 thousand relating to the Thom Browne Segment in 2022.

(6) Relates to a donation of €1,000 thousand in 2022 to the United Nations High Commissioner for Refugees ("*UNHCR*") to support initiatives related to the humanitarian emergency in Ukraine. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

(7) Net (income)/costs related to lease agreements relate entirely to the Zegna Segment and include:

(a) in 2022: (i) proceeds of €6,500 thousand received from new tenants in order for Zegna to withdraw from existing lease agreements of commercial properties (recorded within the line item "other income" in the consolidated statement of profit and loss) and (ii) €950 thousand for reversals of previously recognized provisions in respect of a legal claim related to a lease agreement in the US (recorded within "write downs and other provisions" in the consolidated statement of profit and loss), partially offset by (ii) €606 thousand for losses related to a sublease agreement in the US (recorded within "other operating costs" in the consolidated statement of profit and loss);

(b) in 2021: (i) €12,192 thousand of provisions relating to a lease agreement in the US following an unfavorable legal claim judgment against the Group (recorded within "write downs and other provisions" in the consolidated statement of profit and loss), (ii) €1,492 thousand of legal expenses related to a lease agreement in Italy (recorded within "other operating costs" in the consolidated statement of profit and loss) and (iii) €1,829 thousand in accrued property taxes related to a lease agreement in the UK (recorded within "write downs and other provisions" in the consolidated statement of profit and loss);

(c) in 2020: €3,000 thousand for legal expenses relating to a lease agreement in the UK (recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss).

(8) Other adjustments in 2021 include €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group was required to compensate the company in accordance with the terms of the related sale agreement, as well as €144 thousand relating to the write down of the Group's remaining 30% stake in Agnona, both of which relate to Corporate (both amounts are recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss), partially offset by other income generated by the Zegna Segment of €1,266 thousand relating to the sale of rights to build or develop airspace above a building in the United States (this amount is recorded within the line item "other income" in the consolidated statement of profit and loss).

Other adjustments in 2020 include (i) donations of €4,482 thousand to charitable organizations in Italy and abroad to support initiatives related to the COVID-19 pandemic, of which €3,175 thousand relates to Corporate and €1,307 thousand relates to the Zegna Segment (this amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss) and (ii) impairment on assets held for sale of €3,053 thousand in 2020, of which €988 thousand relates to Corporate and is recorded within the line item "write downs and other provisions" and €2,065 thousand relates to the write down of inventories in the Zegna Segment and is recorded within the line item "cost of raw materials and consumables" in the consolidated statement of profit and loss.

*Adjusted EBITDA*

Adjusted EBITDA is defined as profit or loss before income taxes plus financial income, financial expenses, foreign exchange losses/(gains), depreciation, amortization and impairment of assets and the result from investments accounted for using the equity method, adjusted for income and costs which are significant in nature and that management considers not reflective of underlying operating activities, including, for one or all of the periods presented and as further described below, legal costs for trademark disputes, transaction costs related to acquisitions, severance indemnities and provisions for severance expenses, costs related to the Business Combination, a special donation to the UNHCR, net (income)/costs related to lease agreements and certain other items.

Zegna's management uses Adjusted EBITDA to understand and evaluate Zegna's underlying operating performance. Zegna's management believes this non-IFRS financial measure is useful because it excludes items that management believes are not indicative of Zegna's underlying operating performance and allows management to view operating trends, perform analytical comparisons and benchmark performance between periods. Zegna's management also believes that Adjusted EBITDA is useful for investors and analysts to better understand how management assesses Zegna's underlying operating performance on a consistent basis and to compare Zegna's performance with that of other companies. Accordingly, management believes that Adjusted EBITDA provides useful information to third party stakeholders in understanding and evaluating Zegna's operating results.

The following table presents a reconciliation of Profit/(Loss) to Adjusted EBITDA for the years ended December 31, 2022, 2021 and 2020.

| | For the year ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| **Profit/(Loss)** | **65,279** | **(127,661)** | **(46,540)** |
| Income taxes | 35,802 | 30,702 | 14,983 |
| Financial income | (13,320) | (45,889) | (34,352) |
| Financial expenses | 54,346 | 43,823 | 48,072 |
| Foreign exchange losses/(gains) | 7,869 | 7,791 | (13,455) |
| Depreciation, amortization and impairment of assets | 173,521 | 163,367 | 185,930 |
| Result from investments accounted for using the equity method | (2,199) | (2,794) | 4,205 |
| Impairments of investments accounted for using the equity method | — | — | 4,532 |
| Legal costs for trademark disputes [(1)] | 7,532 | — | — |
| Transaction costs related to acquisitions [(2)] | 2,289 | — | — |
| Severance indemnities and provisions for severance expenses [(3)] | 2,199 | 8,996 | 12,308 |
| Costs related to the Business Combination [(4)] | 2,137 | 205,059 | — |
| Special donation to the UNHCR [(5)] | 1,000 | — | — |
| Net (income)/costs related to lease agreements [(6)] | (6,844) | 15,512 | 3,000 |
| Other [(7)] | — | 4,884 | 7,535 |
| **Adjusted EBITDA** | **329,611** | **303,790** | **186,218** |

(1) Relates to legal costs of €7,532 thousand incurred in 2022 by the Thom Browne Segment in connection with a legal dispute between adidas and Thom Browne, primarily in relation to the use of trademarks. For additional information see "*Item 8—Financial Information—Legal Proceedings*". This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss.

(2) Relates to transaction costs of €2,289 thousand incurred in 2022 in connection with acquisitions, primarily for consultancy and legal fees related to the TFI Acquisition. This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss and is related to Corporate.

(3) Relates to severance indemnities incurred by the Zegna Segment of €2,199 thousand, €8,996 thousand and €12,308 thousand in 2022, 2021 and 2020, respectively, recorded within the line item "personnel costs" in the consolidated statement of profit and loss.

(4) Costs related to the Business Combination of €2,137 thousand in 2022 relate to the grant of equity awards to management in 2021 with vesting subject to the public listing of the Company's shares and certain other performance and/or service conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and relates to the Zegna Segment for €1,101 thousand, to the Thom Browne Segment for €98 thousand and to Corporate for €938 thousand. For additional information please refer to *Note 40 — Shared-based payments* of the Consolidated Financial Statements.

Costs related to the Business Combination in 2021 include:

(a) €114,963 thousand relating to share-based payments for listing services recognized as the excess of the fair value of Zegna ordinary shares issued as part of the Business Combination and the fair value of IIAC's identifiable net assets acquired. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

(b) €37,906 thousand for the issuance of 5,031,250 Zegna ordinary shares to the holders of IIAC class B shares to be held in escrow. The release of these shares from escrow is subject to achievement of certain targets within a seven-year period. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

(c) €34,092 thousand for transaction costs related to the Business Combination incurred by Zegna, including costs for bank services, legal advisors and other consultancy fees. This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss and is related to Corporate.

(d) €10,916 thousand for the Zegna family's grant of a one-time €1,500 gift to each employee of the Zegna Group as result of the Company's listing on NYSE completed on December 20, 2021. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to the Zegna Segment for €10,120 thousand and to the Thom Browne Segment for €796 thousand.

(e) €5,380 thousand relating to grant of performance share units, which each represent the right to receive one Zegna ordinary share, to the Group's Chief Executive Officer, other Zegna directors, key executives with strategic responsibilities and other employees of the Group, all subject to certain vesting conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to the Zegna Segment for €2,908 thousand, to the Thom Browne Segment for €239 thousand and to Corporate for €2,233 thousand. For additional information please refer to *Note 40 — Shared-based payments* of the Consolidated Financial Statements.

(f) €1,236 thousand related to the fair value of private warrants issued, pursuant to the Business Combination, to certain Zegna non-executive directors. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to Corporate.

(g) €566 thousand related to the write-off of non-refundable prepaid premiums for directors' and officers' insurance. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to Corporate.

(5) Relates to a donation of €1,000 thousand in 2022 to the United Nations High Commissioner for Refugees (UNHCR) to support initiatives related to the humanitarian emergency in Ukraine. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

(6) Net (income)/costs related to lease agreements relate entirely to the Zegna Segment and include:

(a) in 2022: (i) proceeds of €6,500 thousand received from new tenants in order for Zegna to withdraw from existing lease agreements of commercial properties (recorded within the line item "other income" in the consolidated statement of profit and loss) and (ii) €950 thousand for reversals of previously recognized provisions in respect of a legal claim related to a lease agreement in the US (recorded within "write downs and other provisions" in the consolidated statement of profit and loss), partially offset by (ii) €606 thousand for losses related to a sublease agreement in the US (recorded within "other operating costs" in the consolidated statement of profit and loss);

(b) in 2021: (i) €12,192 thousand of provisions relating to a lease agreement in the US following an unfavorable legal claim judgment against the Group (recorded within "write downs and other provisions" in the consolidated statement of profit and loss), (ii) €1,492 thousand of legal expenses related to a lease agreement in Italy (recorded within "other operating costs" in the consolidated statement of profit and loss) and (iii) €1,829 thousand in accrued

property taxes related to a lease agreement in the UK (recorded within "write downs and other provisions" in the consolidated statement of profit and loss);

(c) in 2020: €3,000 thousand for legal expenses relating to a lease agreement in the UK (recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss).

(7) Other adjustments in 2021 include €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group was required to compensate the company in accordance with the terms of the related sale agreement, as well as €144 thousand relating to the write down of the Group's remaining 30% stake in Agnona, both of which relate to Corporate (both amounts are recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss), partially offset by other income generated by the Zegna Segment of €1,266 thousand relating to the sale of rights to build or develop airspace above a building in the United States (this amount is recorded within the line item "other income" in the consolidated statement of profit and loss).

Other adjustments in 2020 include (i) donations of €4,482 thousand to charitable organizations in Italy and abroad to support initiatives related to the COVID-19 pandemic, of which €3,175 thousand relates to Corporate and €1,307 thousand relates to the Zegna Segment (this amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss) and (ii) impairment on assets held for sale of €3,053 thousand in 2020, of which €988 thousand relates to Corporate and is recorded within the line item "write downs and other provisions" and €2,065 thousand relates to the write down of inventories in the Zegna Segment and is recorded within the line item "cost of raw materials and consumables" in the consolidated statement of profit and loss.

*Adjusted Profit/(Loss)*

Adjusted Profit/(Loss) is defined as Profit/(Loss) adjusted for income and costs (net of related tax effects) which are significant in nature and that management considers not reflective of underlying activities, including, for one or all of the periods presented and as further described below, legal costs for trademark disputes, transaction costs related to acquisitions, severance indemnities and provisions for severance expenses, costs related to the Business Combination, net impairment of leased and owned stores, a special donation to the UNHCR, net (income)/costs related to lease agreements, gains on the Thom Browne option realized in connection with the exercise of the option and certain other items, as well as the tax effects of the adjusting items (calculated based on the applicable tax rates of the jurisdictions to which the adjustments relate).

Zegna's management uses Adjusted Profit/(Loss) to understand and evaluate Zegna's underlying performance. Zegna's management believes this non-IFRS financial measure is useful because it excludes items that management believes are not indicative of Zegna's underlying performance and allows management to view performance trends, perform analytical comparisons and benchmark performance between periods. Zegna's management also believes that Adjusted Profit/(Loss) is useful for investors and analysts to better understand how management assesses Zegna's underlying performance on a consistent basis and to compare Zegna's performance with that of other companies. Accordingly, management believes that Adjusted Profit/(Loss) provides useful information to third party stakeholders in understanding and evaluating Zegna's results.

The following table presents a reconciliation of Profit/(Loss) to Adjusted Profit/(Loss) for the years ended December 31, 2022, 2021 and 2020.

| | For the year ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| **Profit/(Loss)** | **65,279** | **(127,661)** | **(46,540)** |
| Legal costs for trademark disputes [(1)] | 7,532 | — | — |
| Transaction costs related to acquisitions [(2)] | 2,289 | — | — |
| Severance indemnities and provisions for severance expenses [(3)] | 2,199 | 8,996 | 12,308 |
| Costs related to the Business Combination [(4)] | 2,137 | 205,332 | — |
| Net impairment of leased and owned stores [(5)] | 1,639 | 8,692 | 19,725 |
| Special donation to the UNHCR [(6)] | 1,000 | — | — |
| Net (income)/costs related to lease agreements [(7)] | (6,844) | 15,512 | 3,000 |
| Gain on Thom Browne option [(8)] | — | (20,675) | — |
| Impairment of investments accounted for using the equity method [(9)] | — | — | 4,532 |
| Other [(10)] | — | 4,884 | 7,535 |
| Tax effects on adjusting items [(11)] | (1,602) | (19,758) | (5,312) |
| **Adjusted Profit/(Loss)** | **73,629** | **75,322** | **(4,752)** |

(1) Relates to legal costs of €7,532 thousand incurred in 2022 by the Thom Browne Segment in connection with a legal dispute between adidas and Thom Browne, primarily in relation to the use of trademarks. For additional information see "*Item 8.A—Consolidated Statements and Other Financial Information —Legal Proceedings.*" This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss.

(2) Relates to transaction costs of €2,289 thousand incurred in 2022 in connection with acquisitions, primarily for consultancy and legal fees related to the TFI Acquisition. This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss and is related to Corporate.

(3) Relates to severance indemnities incurred by the Zegna Segment of €2,199 thousand, €8,996 thousand and €12,308 thousand in 2022, 2021 and 2020, respectively, recorded within the line item "personnel costs" in the consolidated statement of profit and loss.

(4) Costs related to the Business Combination of €2,137 thousand in 2022 relate to the grant of equity awards to management in 2021 with vesting subject to the public listing of the Company's shares and certain other performance and/or service conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and relates to the Zegna Segment for €1,101 thousand, to the Thom Browne Segment for €98 thousand and to Corporate for €938 thousand. For additional information please refer to *Note 40 — Shared-based payments* of the Consolidated Financial Statements.

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(b) €37,906 thousand for the issuance of 5,031,250 Zegna ordinary shares to the holders of IIAC class B shares to be held in escrow. The release of these shares from escrow is subject to achievement of certain targets within a seven-year period. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

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(d) €10,916 thousand for the Zegna family's grant of a one-time €1,500 gift to each employee of the Zegna Group as result of the Company's listing on NYSE completed on December 20, 2021. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to the Zegna Segment for €10,120 thousand and to the Thom Browne Segment for €796 thousand.

(e) €5,380 thousand relating to grant of performance share units, which each represent the right to receive one Zegna ordinary share, to the Group's Chief Executive Officer, other Zegna directors, key executives with strategic responsibilities and other employees of the Group, all subject to certain vesting conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to the Zegna

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(g) €566 thousand related to the write-off of non-refundable prepaid premiums for directors' and officers' insurance. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to Corporate.

(h) €273 thousand related to the deal contingent option entered in November 2021. The amount was recorded within the line item "foreign exchange gains/(losses)" in the consolidated statement of profit and loss.

(5) Net impairment of leased and owned stores includes (i) impairment of €2,369 thousand, €6,486 thousand and €15,716 thousand related to right-of-use assets, (ii) reversals of impairment of €756 thousand and impairment of €2,167 thousand and €4,011 thousand related to property plant and equipment and (iii) impairment of €26 thousand, and €39 thousand and reversals of impairment of €2 thousand related to intangible assets, for 2022, 2021 and 2020, respectively. Net impairment in 2020 includes the effects of the COVID-19 pandemic on the Group's operations. Impairment and reversals of impairment of leased and owned stores are recorded within the line item "depreciation, amortization and impairment of assets" in the consolidated statement of profit and loss and relate entirely to the Zegna Segment for the periods presented, with the exception of impairment of €820 thousand relating to the Thom Browne Segment in 2022.

(6) Relates to a donation of €1,000 thousand in 2022 to the United Nations High Commissioner for Refugees (UNHCR) to support initiatives related to the humanitarian emergency in Ukraine. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

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(b) in 2021: (i) €12,192 thousand of provisions relating to a lease agreement in the US following an unfavorable legal claim judgment against the Group (recorded within "write downs and other provisions" in the consolidated statement of profit and loss), (ii) €1,492 thousand of legal expenses related to a lease agreement in Italy (recorded within "other operating costs" in the consolidated statement of profit and loss) and (iii) €1,829 thousand in accrued property taxes related to a lease agreement in the UK (recorded within "write downs and other provisions" in the consolidated statement of profit and loss);

(c) in 2020: €3,000 thousand for legal expenses relating to a lease agreement in the UK (recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss).

(8) Relates to a gain of €20,675 thousand recognized by the Thom Browne Segment following the exercise of a written option on non-controlling interests and the purchase of an additional 5% of the Thom Browne Group on June 1, 2021. This amount is recorded within the line item "financial income" in the consolidated statement of profit and loss.

(9) Relates to an impairment of €4,532 thousand in the Group's investment in TFI, which was recognized following a reported net loss by TFI that management considered as an indication of impairment.

(10) Other adjustments in 2021 include €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group was required to compensate the company in accordance with the terms of the related sale agreement, as well as €144 thousand relating to the write down of the Group's remaining 30% stake in Agnona, both of which relate to Corporate (both amounts are recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss), partially offset by other income generated by the Zegna Segment of €1,266 thousand relating to the sale of rights to build or develop airspace above a building in the United States (this amount is recorded within the line item "other income" in the consolidated statement of profit and loss).

Other adjustments in 2020 include (i) donations of €4,482 thousand to charitable organizations in Italy and abroad to support initiatives related to the COVID-19 pandemic, of which €3,175 thousand relates to Corporate and €1,307 thousand relates to the Zegna Segment (this amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss) and (ii) impairment on assets held for sale of €3,053 thousand in 2020, of which €988 thousand relates to Corporate and is recorded within the line item "write downs and other provisions" and

€2,065 thousand relates to the write down of inventories in the Zegna Segment and is recorded within the line item "cost of raw materials and consumables" in the consolidated statement of profit and loss.

(11) Includes the tax effects of the aforementioned adjustments.

*Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share*

Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share are defined as basic earnings per share and diluted earnings per share adjusted for income and costs (net of related tax effects) which are significant in nature and that management considers not reflective of underlying activities, including, for one or all of the periods presented and as further described below, legal costs for trademark disputes, transaction costs related to acquisitions, severance indemnities and provisions for severance expenses, costs related to the Business Combination, net impairments of leased and owned stores, a special donation to the UNHCR, net (income)/costs related to lease agreements, gains on the Thom Browne option realized in connection with the exercise of the option and certain other items, as well as the tax effects of the adjusting items (calculated based on the applicable tax rates of the jurisdictions to which the adjustments relate) and excluding the impact of non-controlling interests on the adjusting items.

Zegna's management uses Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share to understand and evaluate Zegna's underlying performance. Zegna's management believes this non-IFRS financial measure is useful because it excludes items that it does not believe are indicative of its underlying performance and allows it to view operating trends, perform analytical comparisons and benchmark performance between periods. Accordingly, management believes that Adjusted Basic and Diluted Earnings per Share provides useful information to third party stakeholders in understanding and evaluating Zegna's operating results.

The following table presents a reconciliation of Profit/(Loss) to Adjusted Basic Earnings per Share and Adjusted Diluted Earnings per Share for the years ended December 31, 2022, 2021 and 2020.

| | For the year ended December 31, | | |
|---|---|---|---|
| *(€ thousands, except per share data)* | **2022** | **2021** | **2020** |
| **Profit/(Loss)** | **65,279** | **(127,661)** | **(46,540)** |
| Legal costs for trademark disputes [1] | 7,532 | — | — |
| Transaction costs related to acquisitions [2] | 2,289 | — | — |
| Severance indemnities and provisions for severance expenses [3] | 2,199 | 8,996 | 12,308 |
| Costs related to the Business Combination [4] | 2,137 | 205,332 | — |
| Net impairment of leased and owned stores [5] | 1,639 | 8,692 | 19,725 |
| Special donation to the UNHCR [6] | 1,000 | — | — |
| Net (income)/costs related to lease agreements [7] | (6,844) | 15,512 | 3,000 |
| Gain on Thom Browne option [8] | — | (20,675) | — |
| Impairment of investments accounted for using the equity method [9] | — | — | 4,532 |
| Other [10] | — | 4,884 | 7,535 |
| Tax effects on adjusting items [11] | (1,602) | (19,758) | (5,312) |
| **Adjusted Profit/(Loss)** | **73,629** | **75,322** | **(4,752)** |
| Impact of non-controlling interests [12] | 14,460 | 8,669 | 4,063 |
| **Adjusted Profit/(Loss) attributable to shareholders of the Parent Company** | **59,169** | **66,653** | **(8,815)** |
| Weighted average number of shares for basic earnings per share | 237,545,736 | 203,499,933 | 201,489,100 |
| **Adjusted Basic Earnings per Share** | **0.25** | **0.33** | **(0.04)** |
| Weighted average number of shares for diluted earnings per share | 240,647,513 | 204,917,880 | 201,489,100 |
| **Adjusted Diluted Earnings per Share** | **0.25** | **0.33** | **(0.04)** |

(1) Relates to legal costs of €7,532 thousand incurred in 2022 by the Thom Browne Segment in connection with a legal dispute between adidas and Thom Browne, primarily in relation to the use of trademarks. For additional information see "*Item 8.A—Consolidated Statements and Other Financial Information —Legal Proceedings.*" This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss.

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(4) Costs related to the Business Combination of €2,137 thousand in 2022 relate to the grant of equity awards to management in 2021 with vesting subject to the public listing of the Company's shares and certain other performance and/or service conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and relates to the Zegna Segment for €1,101 thousand, to the Thom Browne Segment for €98 thousand and to Corporate for €938 thousand. For additional information please refer to *Note 40 — Shared-based payments* of the Consolidated Financial Statements.

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(e) €5,380 thousand relating to grant of performance share units, which each represent the right to receive one Zegna ordinary share, to the Group's Chief Executive Officer, other Zegna directors, key executives with strategic responsibilities and other employees of the Group, all subject to certain vesting conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to the Zegna Segment for €2,908 thousand, to the Thom Browne Segment for €239 thousand and to Corporate for €2,233 thousand. For additional information please refer to *Note 40 — Shared-based payments* of the Consolidated Financial Statements.

(f) €1,236 thousand related to the fair value of private warrants issued, pursuant to the Business Combination, to certain Zegna non-executive directors. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to Corporate.

(g) €566 thousand related to the write-off of non-refundable prepaid premiums for directors' and officers' insurance. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and is related to Corporate.

(h) €273 thousand related to the deal contingent option entered in November 2021. The amount was recorded within the line item "foreign exchange gains/(losses)" in the consolidated statement of profit and loss.

(5) Net impairment of leased and owned stores includes (i) impairment of €2,369 thousand, €6,486 thousand and €15,716 thousand related to right-of-use assets, (ii) reversals of impairment of €756 thousand and impairment of €2,167 thousand and €4,011 thousand related to property plant and equipment and (iii) impairment of €26 thousand, and €39 thousand and reversals of impairment of €2 thousand related to intangible assets, for 2022, 2021 and 2020, respectively. Net impairment in 2020 includes the effects of the COVID-19 pandemic on the Group's operations. Impairment and reversals of impairment of leased and owned stores are recorded within the line item "depreciation, amortization and impairment of assets" in the consolidated statement of profit and loss and relate entirely to the Zegna Segment for the periods presented, with the exception of impairment of €820 thousand relating to the Thom Browne Segment in 2022.

(6) Relates to a donation of €1,000 thousand in 2022 to the United Nations High Commissioner for Refugees (UNHCR) to support initiatives related to the humanitarian emergency in Ukraine. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

(7) Net (income)/costs related to lease agreements relate entirely to the Zegna Segment and include:

(a) in 2022: (i) proceeds of €6,500 thousand received from new tenants in order for Zegna to withdraw from existing lease agreements of commercial properties (recorded within the line item "other income" in the consolidated statement of profit and loss) and (ii) €950 thousand for reversals of previously recognized provisions in respect of a legal claim related to a lease agreement in the US (recorded within "write downs and other provisions" in the

consolidated statement of profit and loss), partially offset by (ii) €606 thousand for losses related to a sublease agreement in the US (recorded within "other operating costs" in the consolidated statement of profit and loss);

(b) in 2021: (i) €12,192 thousand of provisions relating to a lease agreement in the US following an unfavorable legal claim judgment against the Group (recorded within "write downs and other provisions" in the consolidated statement of profit and loss), (ii) €1,492 thousand of legal expenses related to a lease agreement in Italy (recorded within "other operating costs" in the consolidated statement of profit and loss) and (iii) €1,829 thousand in accrued property taxes related to a lease agreement in the UK (recorded within "write downs and other provisions" in the consolidated statement of profit and loss);

(c) in 2020: €3,000 thousand for legal expenses relating to a lease agreement in the UK (recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss).

(8) Relates to a gain of €20,675 thousand recognized by the Thom Browne Segment following the exercise of a written option on non-controlling interests and the purchase of an additional 5% of the Thom Browne Group on June 1, 2021. This amount is recorded within the line item "financial income" in the consolidated statement of profit and loss.

(9) Relates to an impairment of €4,532 thousand in the Group's investment in TFI, which was recognized following a reported net loss by TFI that management considered as an indication of impairment.

(10) Other adjustments in 2021 include €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group was required to compensate the company in accordance with the terms of the related sale agreement, as well as €144 thousand relating to the write down of the Group's remaining 30% stake in Agnona, both of which relate to Corporate (both amounts are recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss), partially offset by other income generated by the Zegna Segment of €1,266 thousand relating to the sale of rights to build or develop airspace above a building in the United States (this amount is recorded within the line item "other income" in the consolidated statement of profit and loss).

Other adjustments in 2020 include (i) donations of €4,482 thousand to charitable organizations in Italy and abroad to support initiatives related to the COVID-19 pandemic, of which €3,175 thousand relates to Corporate and €1,307 thousand relates to the Zegna Segment (this amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss) and (ii) impairment on assets held for sale of €3,053 thousand in 2020, of which €988 thousand relates to Corporate and is recorded within the line item "write downs and other provisions" and €2,065 thousand relates to the write down of inventories in the Zegna Segment and is recorded within the line item "cost of raw materials and consumables" in the consolidated statement of profit and loss.

(11) Includes the tax effects of the aforementioned adjustments.

(12) Represents the Profit/(Loss) for the year attributable to non-controlling interests plus the impact of non-controlling interests on the adjusting items.

*Net Financial Indebtedness/(Cash Surplus)*

Net Financial Indebtedness/(Cash Surplus) is defined as the sum of financial borrowings (current and non-current), derivative financial instrument liabilities, loans and certain other financial liabilities (recorded within other non-current financial liabilities in the consolidated statement of financial position), net of cash and cash equivalents, derivative financial instrument assets, securities and financial receivables (recorded within other current financial assets in the consolidated statement of financial position).

Zegna's management believes that Net Financial Indebtedness/(Cash Surplus) is useful to monitor the level of net liquidity and financial resources available to Zegna. Zegna's management believes this non-IFRS financial measure aids management, investors and analysts to analyze Zegna's financial position and financial resources available, and to compare Zegna's financial position and financial resources available with that of other companies.

The following table sets forth the calculation of Net Financial Indebtedness/(Cash Surplus) at December 31, 2022 and 2021.

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Non-current borrowings | 184,880 | 471,646 |
| Current borrowings | 286,175 | 157,292 |
| Derivative financial instruments — Liabilities | 2,362 | 14,138 |
| Other non-current financial liabilities[(1)] | — | 7,976 |
| **Total borrowings, other financial liabilities and derivatives** | **473,417** | **651,052** |
| Cash and cash equivalents | (254,321) | (459,791) |
| Derivative financial instruments — Assets | (22,454) | (1,786) |
| Other current financial assets[(2)] | (318,795) | (334,244) |
| **Total cash and cash equivalents, other current financial assets and derivatives** | **(595,570)** | **(795,821)** |
| **Net Financial Indebtedness/(Cash Surplus)** | **(122,153)** | **(144,769)** |

*(1) Primarily relates to loans from a related party that were outstanding at December 31, 2021 and fully repaid in the first half of 2022.*

*(2) Includes (i) the Group's investments in securities amounting to €316,595 thousand and €334,244 thousand at December 31, 2022 and 2021, respectively, and (ii) at December 31, 2022 only a financial receivable from an associated company of €2,200 thousand.*

For additional details relating to Net Financial Indebtedness/(Cash Surplus) see "*—Liquidity and Capital Resources—Net Financial Indebtedness/(Cash Surplus).*"

*Trade Working Capital*

Trade Working Capital is defined as current assets less current liabilities adjusted for derivative assets and liabilities, tax receivables and liabilities, cash and cash equivalents, borrowings, lease liabilities, and certain other current assets and liabilities.

Zegna's management uses Trade Working Capital to understand and evaluate Zegna's liquidity generation/absorption. Zegna's management believes this non-IFRS financial measure is important supplemental information for investors in evaluating liquidity in that it provides insight into the availability of net current resources to fund our ongoing operations. Trade Working Capital is a measure used by management in internal evaluations of cash availability and operational performance.

The following table sets forth the calculation of Trade Working Capital at December 31, 2022 and 2021.

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Current assets | 1,285,657 | 1,384,531 |
| Current liabilities | (866,984) | (702,316) |
| **Working capital** | **418,673** | **682,215** |
| Less: | | |
| Derivative financial instruments - Assets | 22,454 | 1,786 |
| Tax receivables | 15,350 | 14,966 |
| Other current financial assets | 320,894 | 340,380 |
| Other current assets | 84,574 | 68,773 |
| Cash and cash equivalents | 254,321 | 459,791 |
| Current borrowings | (286,175) | (157,292) |
| Current lease liabilities | (111,457) | (106,643) |
| Derivative financial instruments - Liabilities | (2,362) | (14,138) |
| Other current financial liabilities | (37,258) | (33,984) |
| Current provisions for risks and charges | (13,969) | (14,093) |
| Tax liabilities | (25,999) | (28,773) |
| Other current liabilities | (118,828) | (124,356) |
| **Trade Working Capital** | **317,128** | **275,798** |
| *of which trade receivables* | *177,213* | *160,360* |
| *of which inventories* | *410,851* | *338,475* |
| *of which trade payables and customer advances* | *(270,936)* | *(223,037)* |

Trade Working Capital increased by €41,330 thousand from €275,798 thousand at December 31, 2021 to €317,128 thousand at December 31, 2022, related to (i) higher inventories of €72,376 thousand and (ii) higher trade receivables of €16,853 thousand, partially offset by (iii) an increase in trade payables and customer advances of €47,899 thousand. All increases are driven by the overall increase in operations to support the growth in sales and production volumes. The increase in inventories also reflects the Group's decision to maintain higher levels of raw materials in order to mitigate the risk of any supply chain disruptions, as well as higher finished products driven by the new Essentials collections in line with the Zegna's One Brand strategy, as well as higher finished products held in the Greater China Region as a result of temporary store closures in the fourth quarter of 2022 as a consequence of COVID-19-related restrictions.

*Constant Currency Information*

In addition to presenting our revenues on a current currency basis, we also present certain revenue information on a constant currency basis, which excludes the effects of foreign currency translation from our subsidiaries with functional currencies different from the Euro. We use revenues on a constant currency basis to analyze how our underlying revenues have changed between periods independent of the effects of foreign currency translation.

We calculate constant currency revenues by applying the current period average foreign currency exchange rates to translate prior period revenues of foreign subsidiaries expressed in local functional currencies different than the Euro.

Revenues on a constant currency basis are not a substitute for revenues on a current currency basis or any GAAP-related measures, however we believe that revenues excluding the impact of foreign currency translation provide additional useful information to management and to investors in analyzing and evaluating our revenues and operating performance.

## ITEM 6 DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### A. Directors and Senior Management

***Board of Directors***

Pursuant to the Zegna Articles of Association, Zegna has a one-tier board consisting of one or more Zegna Executive Directors, having responsibility for the day-to-day management of Zegna and one or more Zegna Non-Executive Directors having oversight responsibilities but not responsibility to manage the day-to-day management. The Zegna Board determines the number of Zegna Executive Directors and Zegna Non-Executive Directors, provided that the majority of the Zegna Board consists of Zegna Non-Executive Directors. The Zegna Board as a whole is responsible for the strategy of Zegna with a focus on long-term value creation for the Company and taking into account the relevant stakeholders' interests. Zegna Directors are appointed by the Zegna General Meeting on a binding nomination by the Zegna Board, also taking into account the binding nomination rights set out in the Zegna Articles of Association and further described under "*Item 10.B—Memorandum and Articles of Association—Board of Directors—Nomination and Appointment.*" The Zegna Board may allocate its duties and powers among the Zegna Directors and the committees of the Zegna Board in accordance with the Zegna Board Regulations or otherwise in writing.

Pursuant to the Zegna Articles of Association, the general authority to represent Zegna is vested in the Zegna Board and any Zegna Executive Director.

At the date of this report, the Zegna Board is composed of eleven members as set forth the in the following table. Unless otherwise indicated, the business address of each person listed below is c/o Ermenegildo Zegna N.V., Viale Roma 99/100, 13835 Valdilana loc. Trivero, Italy.

| Name | Year of Birth | Position |
|---|---|---|
| Ermenegildo Zegna di Monte Rubello | 1955 | Chairperson, Chief Executive Officer and Executive Director |
| Andrea C. Bonomi | 1965 | Non-Executive Director |
| Angelica Cheung | 1966 | Non-Executive Director |
| Domenico De Sole | 1944 | Non-Executive Director |
| Sergio P. Ermotti | 1960 | Lead Non-Executive Director and Non-Executive Director |
| Ronald B. Johnson | 1958 | Non-Executive Director |
| Valerie A. Mars | 1959 | Non-Executive Director |
| Michele Norsa | 1948 | Non-Executive Director |
| Henry Peter | 1957 | Non-Executive Director |
| Anna Zegna di Monte Rubello | 1957 | Non-Executive Director |
| Paolo Zegna di Monte Rubello | 1956 | Non-Executive Director |

Andrea C. Bonomi has been nominated as the Sponsor Nominee; the other Zegna Directors have been nominated by the Zegna Board.

All current members of the Zegna Board were reappointed during the first annual Zegna General Meeting held on June 28, 2022. The term of office of each member of the Zegna Board will end at the close of the next annual Zegna General Meeting. Each Zegna Director may be reappointed.

The Zegna Board has designated Mr. Ermenegildo Zegna di Monte Rubello, Executive Director, also as Chairperson and Chief Executive Officer and Mr. Sergio Ermotti, Non-Executive Director, the title Lead Non-Executive Director, being the chair (voorzitter) as referred to under Dutch law.

Summary biographies of the Zegna Directors are set out below.

***Ermenegildo Zegna di Monte Rubello (Chairperson, Chief Executive Officer and Executive Director)***

Ermenegildo "Gildo" Zegna is currently the Chairman and CEO of Ermenegildo Zegna Group.

A member of the Zegna family's third generation, Mr. Zegna oversees the company founded by his grandfather and namesake in 1910. In December 2021, he led the Group through its public listing on the New York Stock Exchange, making history as the first Italian luxury group listed on the world's largest stock exchange.

Mr. Zegna was born in Turin, Italy, in 1955, and graduated from the University of London in 1978. After starting his career at Bloomingdale's in New York, he joined the family business in 1982, leading Zegna's business in North America and then in Spain. In 1989, he joined the company's Board of Directors and served as Co-Chief Executive Officer from 1998 to 2006.

In addition to his role at the Zegna Group, he is also Chairman of the board of directors of Monterubello and Thom Browne Inc. and a board member of Tom Ford International LLC. He also served as a member of the board of directors of Fiat Chrysler Automobiles N.V. from 2014 to 2021. In 2021, he was appointed as President of Filati Biagioli Modesto S.r.l.

Since 2013, he has been a member of the Strategic Committee and Advisor of Camera Nazionale della Moda Italiana (The National Chamber for Italian Fashion) and has been an active member of the Council for the United States and Italy. In 2011, Mr. Zegna was nominated Cavaliere del Lavoro by the President of the Italian Republic, and received the Leonardo Prize, a prestigious award given to an Italian leader who has meaningfully promoted Italy's image on a global scale, from the President of the Italian Republic in 2016.

Mr. Zegna oversaw the successful acquisition and integration of Thom Browne in 2018, as well as the recent rebranding of Zegna in 2021. Prior to this, Mr. Zegna was actively involved in Zegna's expansion in America and Europe, and in 1991 he oversaw the opening of the brand's first store in China.

Under his leadership, the Zegna brand – which started as a single wool mill in Trivero, Italy – has grown into a leading Italian luxury group that encompasses a one-of-a-kind Made in Italy Luxury Textile Laboratory Platform that produces some of the world's finest textiles and fabrics.

***Andrea C. Bonomi (Non-Executive Director)***

Mr. Bonomi is currently a member of the Zegna Board, a position he has held since 2021.

Mr. Bonomi is Investindustrial's Founder and Chairman of the Industrial and Advisory Teams' Committees. Prior to founding Investindustrial in 1990, Andrea was responsible for the Saffa Group (a diversified holding company) and investments in Europe and the United States. Prior to Saffa, he worked at Kleinwort Benson in London, where he was responsible for Spain and Italy, and at Lazard Frères & Co. in New York.

Mr. Bonomi has been a private equity investor for 30 years and has served as chairman or director in a number of industrial and financial companies, including BPM, RCS MediaGroup, Permasteelisa, 21 Investimenti, 21 Centrale Partners and Inversiones Ibersuizas.

He is a Trustee of New York University, a member of the NYU President's Global Council and Private Equity Awards "Hall of Fame" (2018) inductee.

Born in New York City (USA) in 1965, Mr. Bonomi holds a B.Sc. in Business Administration from New York University.

***Angelica Cheung (Non-Executive Director)***

Ms. Cheung is currently a member of the Zegna Board, a position she has held since 2021, and also serves as member of the Governance and Sustainability Committee.

Ms. Cheung was the founding Editor-in-Chief of Vogue China and served as its Editor-in-Chief from 2005 to 2020.

In February 2021, Ms. Cheung joined Sequoia Capital China as Venture Partner where she focuses on investments in the fashion/lifestyle/entertainment industry, especially the new generation of Chinese innovation and international brands seeking expansion in China. Since June 2021, Ms. Cheung has served on the board of directors of SSense, a Montreal-based fashion platform. In 2022, she has been appointed as a member of board of directors of AMI 9 Holding (AMI Paris), Rare

Inc. (WE11DONE) and Holzweizer Oslo. She is Asia ambassador for the British Fashion Council, serves on the Advisory Board of Advance Global Alumni and is a strategic advisor to several international brands.

Born in Beijing (China) in 1966, Ms. Cheung holds degrees in law and literature from Beijing University as well as a M.B.A. from the University of South Australia.

***Domenico De Sole (Non-Executive Director)***

Mr. De Sole is currently a member of the Zegna Board, a position he has held since 2005, and also serves as member of the Compensation Committee.

Mr. De Sole is the co-founder of luxury retailer Tom Ford International, LLC and has been the Chairman of its board of directors since its formation in 2005. During this time, Mr. De Sole also advised private equity firms in transactions in the field of fashion business.

From 1984 to 1994, Mr. De Sole served as President and Chief Executive Officer of Gucci America, and, from 1994 to 2004, he served as the President and Chief Executive Officer of Gucci Group, which during his tenure made significant acquisitions such as YSL, Bottega Veneta and Balenciaga. Mr. De Sole has served on numerous public and private company boards of directors, including his current role as director of Pirelli & C. S.p.A. He formerly served as Chairman of Sotheby's, and director of Conde Nast, Bausch & Lomb Incorporated, Delta Airlines, Inc., Gap, Inc., Newell Brands Inc. and Procter & Gamble.

Born in Rome (Italy) in 1944, Mr. De Sole graduated from the University of Rome with a law degree and received a L.L.M. from Harvard Law School where he also currently serves as a member of the Dean's Advisory Board.

***Sergio P. Ermotti (Non-Executive Director)***

Mr. Ermotti is currently a member of the Zegna Board, a position he has held since 2021. Mr. Ermotti serves as the Chair (voorzitter) under the Dutch law and has been granted the title Lead Non-Executive Director.

Mr. Ermotti is currently Group Chief Executive Officer and President of the Group Executive Board of UBS Group. He was previously Group Chief Executive Officer from September 2011 to October 2020, having joined the Group Executive Board in April 2011.

Mr. Ermotti was elected to the Board of Directors of Swiss Re Ltd. in 2020 and has been Chairman of the Board of Directors since April 2021. At Swiss Re Ltd., he also chairs the Governance and Nomination Committee.

Prior to this, he was at UniCredit Group, serving as Head of the Markets & Investment Banking Division as of December 2005, and, from 2007 to 2010, as Group Deputy Chief Executive Officer responsible for Corporate and Investment Banking and Private Banking. Between 1987 and 2004, he held various positions at Merrill Lynch & Co. in the areas of equity derivatives and capital markets. He became Co-Head of Global Equity Markets and a member of the Executive Management Committee for Global Markets & Investment Banking in 2001.

Born in Lugano (Switzerland) in 1960, Mr. Ermotti is a Swiss-certified banking expert and a graduate of the Advanced Management Program at Oxford University.

***Ronald B. Johnson (Non-Executive Director)***

Mr. Johnson is currently a member of the Zegna Board, a position he has held since 2019, and also serves as member of the Audit Committee and Governance and Sustainability Committee. Mr. Johnson is also a member of the board of directors of Ermenegildo Zegna Corporation, a subsidiary of Zegna in the United States.

Mr. Johnson is the founder of Enjoy Technology Inc., where he has served as Chief Executive Officer from 2014, through the sale of the majority of the assets of the company in 2022 and shutdown of the remainder of the company in 2022. He also serves as a member of the board of directors of Globality, Inc., Philz Coffee, Inc. and Fish Six Restaurant Corp (d/b/a The Melt).

Previously, Mr. Johnson served as the Chief Executive Officer of JCPenney Company, Inc. from November 2011 to April 2013, Senior Vice President of Retail at Apple Inc. from January 2000 to October 2011, and Vice President of Merchandising at Target Corporation from September 1984 to December 1999.

Born in Minneapolis (USA) in 1958, Mr. Johnson holds a B.A. in Economics from Stanford University and a M.B.A. from Harvard Business School.

***Valerie A. Mars (Non-Executive Director)***

Ms. Mars is currently a member of the Zegna Board, a position she has held since 2021. Ms. Mars also serves as chairperson of the Audit Committee and member of the Compensation Committee.

Ms. Mars currently serves as Senior Vice President & Head of Corporate Development for Mars, Incorporated, a diversified food business operating in over 120 countries, where she focuses on acquisitions, joint ventures and divestitures for the company.

Previously, Ms. Mars served as a member of the board of directors of Fiat Chrysler Automobiles N.V. from 2014 until its merger with Peugeot S.A. in 2021, Ahlstrom-Munksjo, a Finnish/Swedish listed specialty paper business, from 2018 until its delisting in 2021, and Celebrity Inc., a NASDAQ listed company, from 1994 to 2000.

Ms. Mars is also involved in a number of community and educational organizations and currently serves on the Board of Conservation International, where she chairs the Audit Committee.

Born in New York City (USA) in 1959, Ms. Mars holds a Bachelor of Arts degree from Yale University and a M.B.A. from the Columbia Business School.

***Michele Norsa (Non-Executive Director)***

Mr. Norsa is currently a member of the Zegna Board, a position he has held since 2017. He also serves as chairperson of the Governance and Sustainability Committee and member of the Audit Committee.

Until December 31, 2021, Mr. Norsa was Executive Vice Chairman of Salvatore Ferragamo S.p.A., where he previously served as Chief Executive Officer from 2006 to 2016. In 2022, he was appointed as a member of the board of directors of Palazzo Feroni Finanziaria S.p.A., engaged in the business of real estate and luxury hospitality. He is also director of Horacio Pagani S.p.A. and member of the International Advisory Board of the China Europe International Business School in Shanghai (CEIBS). Previously, Mr. Norsa served on the board of directors of Thom Browne Inc., Rocco Forte Hotels, Oettinger Davidoff Group and Hugo Boss and successfully led two IPOs in the luxury sector (Salvatore Ferragamo S.p.A. in 2011 and Valentino Fashion Group S.p.A. in 2005).

Mr. Norsa has extensive experience in the fashion, consumer goods and publishing sectors with Marzotto, Benetton, Sergio Tacchini, Rizzoli Editore and Mondadori Editore.

Born in Lecco (Italy) in 1948, Mr. Norsa graduated in Business and Economics from Università Cattolica del Sacro Cuore in Milan.

***Henry Peter (Non-Executive Director)***

Mr. Peter is currently a member of the Zegna Board, a position he has held since 2014. He also serves as chairperson of the Compensation Committee and as director of Consitex SA, a subsidiary of Zegna.

Mr. Peter serves on the board of directors of Swiss Life AG (Switzerland's largest life insurance company) and, among others, of Banque Lombard Odier & Cie SA, where he chairs the Audit Committee, and is Chairman of the board of directors of Sigurd Rück AG, a captive reinsurance company of the Italian Saipem SpA group. He was a member of the Swiss Takeover Board between 2004 and 2015 and has been a member of the Sanctions Commission of the SIX Swiss Exchange since 2007.

Born in Boston (USA) in 1957, Mr. Peter holds a Ph.D. in law from the University of Geneva. Since 1988, Mr. Peter has been a partner in a Lugano law firm, currently Kellerhals Carrard Lugano SA and in 2022 he joined the board of directors of the Swiss cooperative Kellerhals Carrard Genossenschaft. He has also served since 1997 as professor of business law, and since 2017 as President of the Geneva Center for Philanthropy, at the University of Geneva.

Mr. Peter is Vice-Chairman of Swiss Sports Disciplinary Chamber of the Swiss Olympic Association in charge of disciplinary cases, a position he has held since 2001. He is also Chairman of the board of the Foundation for the Lugano Faculties of the Swiss Italian University, member of the audit committee of the University of Geneva and a member of the board and executive committee of the Foundation of the Swiss Italian Art Museum (MASI).

***Anna Zegna di Monte Rubello (Non-Executive Director)***

Ms. Zegna is currently a member of the Zegna Board, a position she has held since 2018.

Ms. Zegna is also Sustainability Officer of Oasi Zegna, where she has served since 2014; prior to that, she directed the Store Planning at Zegna from 1995 to 1998 and the Group Image until 2017. Ms. Zegna is still involved in the Store Planning of Zegna as a special advisor. She is also a member of the board of directors of Monterubello and of the non-profit foundation Fondo Ambiante Italiano (FAI).

Previously, Ms. Zegna headed the public relations department of Gianni Versace from 1982 to 1984 before joining Zegna in 1984 as Head of Corporate Advertising and External Relations Manager. In 1993, along with Laura Zegna, Ms. Zegna developed the Oasi Zegna project, which has over the years become a model of environmental sustainability. In 1998, she won a Green Globe Award for her work at Zegna in support of environmental issues, and was appointed to the management committee of Touring Club Italiano in 2002. In 2007, in recognition of her social commitment, she received a MarcoPolo Award from the prestigious Babson College in Boston. Ms. Zegna is also the President of Fondazione Zegna, where she oversees the planning and coordination of international humanitarian initiatives related to conservation, sustainable development and education.

Born in Turin (Italy) in 1957, Ms. Zegna holds a degree in Political Sciences from the University of Lausanne and did her post-graduate studies in advertising and marketing at Watford College.

Mr. Ermenegildo Zegna di Monte Rubello and Ms. Anna Zegna di Monte Rubello are siblings.

***Paolo Zegna di Monte Rubello (Non-Executive Director)***

Mr. Zegna is currently a member of the Zegna Board, where he has served as Chairman from 2006 until December 2021. Previously, he served as a member of the Zegna Board from 1989 to 1998 and was Co-Chief Executive Officer from 1998 to 2006.

Mr. Zegna is also Vice-Chairman of the board of directors of Monterubello and Chairman of the board of directors of Lanificio Ermenegildo Zegna e Figli S.p.A., Achill Station Pty Ltd. and Achill Land Pty Ltd., and a member of the board of directors of Bonotto S.p.A., Gruppo Dondi S.p.A. and Elah Dufour S.p.A.

Mr. Zegna has been a member of the board of Sistema Moda Italia since 2005, which represents companies of the entire supply chain and is the official interlocutor in relations with Italian and international institutions and organizations. He also served as Vice President of the Altagamma Foundation, which is committed to gathering high-end cultural and creative companies and increasing the competitiveness of the high-end industry.

Born in Turin (Italy) in 1956, Mr. Zegna holds a degree in Economics from the University of Geneva.

Mr. Paolo Zegna di Monte Rubello is a cousin to Mr. Ermenegildo Zegna di Monte Rubello and Ms. Anna Zegna di Monte Rubello.

***Senior Management***

The senior management of Zegna comprises the following individuals:

- Ermenegildo Zegna di Monte Rubello as Chairman and Chief Executive Officer;
- Gianluca Ambrogio Tagliabue as Chief Operating Officer and Chief Financial Officer;
- Alessandro Sartori as Zegna Artistic Director;
- Franco Ferraris as Head of Textiles;
- Rodrigo Bazan as Chief Executive Officer of Thom Browne; and
- Thom Browne as Founder and Chief Creative Officer of Thom Browne.

Summary biographies of members of the senior management are set out below.

***Ermenegildo Zegna di Monte Rubello***

For the biography of Mr. Zegna, please see "*—Memorandum and Articles of Association—Board of Directors*."

***Gianluca A. Tagliabue***

Mr. Tagliabue currently serves as Zegna Group Chief Financial Officer and Chief Operating Officer, positions he has held since January 2020.

Mr. Tagliabue joined Zegna in January 2016 as Chief Financial Officer and Head of Business Development. Before joining Zegna, Mr. Tagliabue was the Chief Financial Officer and Senior Vice President, Strategy and Shared Services of Oakley Group from 2012 to 2015, based in California, USA. Previously, he served as Group Business Development Director and International Business Development Director (Retail, Sun & Luxury) of the Luxottica Group from January 2011 to June 2012 and June 2010 to December 2010, respectively. Mr. Tagliabue has over 10 years of experience in strategic consulting, having worked at Value Partners, in Italy and Brazil, as Partner from 2005 to 2010 and as Senior Manager from 2001 to 2005, and earlier at Gemini Consulting.

Born in Milan (Italy) in 1968, Mr. Tagliabue holds a degree in Business Administration from the Bocconi University in Milan.

***Alessandro Sartori***

Mr. Sartori is currently the Artistic Director of Zegna, a position he has held since 2016, and oversees all the brands and creative functions in the Zegna Branded Products product line. He started his professional career at Zegna in 1989, and worked as a men's wear designer for over 10 years. In 2003, Mr. Sartori was appointed Creative Director of Z Zegna. During his eight-year tenure as Creative Director, he oversaw the launch of the brand, including its first runway show in New York City in 2007.

In 2011, Mr. Sartori joined Berluti, a Paris-based menswear brand which had become part of the LVMH group in 2003, as Artistic Director where he was responsible for developing the brand.

Born in Trivero (Italy) in 1966, Mr. Sartori studied fashion design at Istituto Marangoni Milano.

***Franco Ferraris***

Mr. Ferraris is currently the Head of Textiles at Zegna, a position he has held since 1992.

Mr. Ferraris has served as the Chief Executive Officer and General Manager of Lanificio Ermenegildo Zegna e Figli S.p.A. since 1992, where he has been serving as Managing Director starting from 2022. He is also the Chairman of the board of directors of Bonotto S.p.A., Gruppo Dondi S.p.A. and Tessitura Ubertino S.r.l. Mr. Ferraris also serves on the board of directors of a number of private companies in the industrial services and real estate sector, including Finissaggio e Tintoria Ferraris S.p.A., Pettinatura di Verrone S.r.l., F2 S.r.l., Immobiliare Giulia s.s. and Immobiliare Magda s.s.

Since 2015, he has served as the Chairman of Fondazione Cassa di Risparmio di Biella, which plays an active role in supporting initiatives aimed at promoting the cultural, economic and social growth of the Province of Biella.

Born in Turin (Italy) in 1956, Mr. Ferraris holds a degree in Business and Economics from the University of Ancona. Mr. Franco Ferraris is the spouse of Ms. Anna Zegna di Monte Rubello.

***Rodrigo Bazan***

Mr. Bazan is currently the Chief Executive Officer of Thom Browne, a position he has held since 2016. Under his leadership, Thom Browne has expanded in the DTC channel, opening directly-operated stores in North America, Europe, UK, Japan and Greater China Region, Middle East and with partners in South Korea, Hong-Kong SAR and South East Asia. He has led the digital retail footprint for e-business, including partnering with platforms like Farfetch and TMall.

Before joining Thom Browne, Mr. Bazan served as President at Alexander Wang from 2010 to 2016 where he oversaw merchandising, marketing and sales, finance/operations, digital, as well as the company's retail expansion. Prior to his appointment at Alexander Wang, Mr. Bazan served as Vice President and General Manager of Marc Jacobs International for Europe, the Middle East and India from 2007 to 2010. Previously, he served as the General Manager and Chief Financial Officer of Alexander McQueen from 2003 to 2007, where he oversaw both the wholesale ready-to-wear and accessories team and the retail network of flagship stores.

Since 2012, Mr. Bazan has served as a member of the CFDA/Vogue Fashion Fund business advisory committee and has been actively involved in the Fund's mentorship program. Since 2015, Mr. Bazan has been recognized by The Business of Fashion in the "BoF 500," an annual list of the most influential people who are shaping the global fashion industry.

Born in Mar del Plata (Argentina) in 1975, Mr. Bazan graduated from the Universidad Argentina de la Empresa in Buenos Aires.

***Thom Browne***

Mr. Browne is the Founder and Chief Creative Officer of Thom Browne, a position he has held since 2002 before the acquisition of Thom Browne by Zegna in November 2018.

Mr. Browne is widely recognized for challenging and modernizing today's uniform, the suit. Mr. Browne began his eponymous business in the early 2000s with five suits in a small "by appointment" shop in New York City's West Village and, in the following years, expanded it to include complete ready-to-wear and accessories collections for both men and women. Mr. Browne has also become known for his highly conceptual runway presentations, which have gained global attention for their thought provoking and dramatic themes and settings.

In October 2022, Mr. Browne was elected chairman of the Council of Fashion Designers of America, succeeding Mr. Tom Ford starting from January 1, 2023.

Born in Allentown, Pennsylvania, in 1965, Mr. Browne holds a Bachelor of Science from the University of Notre Dame.

**B. Compensation**

***Introduction***

The description below provides information relating to the remuneration that was earned by the Zegna Board and senior management team for the year ended December 31, 2022. The form and amount of remuneration received by the directors of Zegna was determined in accordance with the remuneration policy adopted on December 17, 2021, further amended on June 28, 2022 at the Zegna General Meeting, in accordance with Dutch law and the Zegna Articles of Association. The remuneration received by the senior management team was determined consistent with Zegna's prior practice, based on principles aimed to (i) ensure talent retention and (ii) align the remuneration of senior management with the Group's strategy, the Group's performance and each individual's contribution to such performance. The non-executive directors of the Zegna Board oversee the remuneration policy, remuneration plans and practices of Zegna and recommend changes when appropriate. More than half of the members of the Compensation Committee (including the chairperson) are

independent pursuant to the DCGC. The Company may from time to time amend the remuneration policy, subject to the Zegna General Meeting adopting such amendment with the required majority.

This compensation report consists of two sections:

- Historical Compensation for the 2022 Financial Year: details the remuneration features during the 2022 financial year and actual remuneration received by or awarded to each executive and non-executive director and the senior management team.

- Remuneration Policy: details our current remuneration policy (which is available on our corporate website), as adopted by the Zegna General Meeting and most recently amended on June 28, 2022. Our remuneration policy, which governs compensation for both executive and non-executive directors (with regard to the latter as of January 1, 2022), aligns remuneration of the Zegna Board with successful delivery of Zegna's long-term strategy and long-term value creation with the goal of ensuring that the directors' interests are closely aligned to those of Zegna's stakeholders, including its shareholders.

***Historical Compensation for the 2022 Financial Year***

*Board of Directors*

*Short Term Incentive Plan*

In 2022, Ermenegildo Zegna di Monte Rubello, Zegna Director and Chief Executive Officer of Zegna, was eligible to earn short term variable cash compensation for 2022, based on Zegna's profitability. The amount of short term variable compensation earned by Ermenegildo Zegna di Monte Rubello for the year ended December 31, 2022 was €2,314,000.

*Long Term Incentive Plan*

The Chief Executive Officer's executive agreement (which was last amended and restated on July 15, 2021, as approved by the Zegna Board) includes a Long Term Incentive Plan (the "*LTIP*").

Under the LTIP, Ermenegildo Zegna di Monte Rubello is eligible to earn Ordinary Shares subject to continued service and performance-based conditions for each of 2022 through 2024. Awards will generally lapse in the event of termination of employment prior to the applicable vesting date or if Mr. Zegna has given notice to terminate his employment prior to the applicable vesting date. In the event of a termination of employment classified as "good leaver," grants will vest pro-rata from the date of grant to the date of termination of employment. "Good leaver" is defined as (a) death, (b) incapacity or illness, (c) redundancy, (d) any other reason that the Zegna Board may determine and (e) if Mr. Zegna leaves his position as Chief Executive Officer of Zegna after December 31, 2023. The amount accrued by Zegna for the year ended December 31, 2022 in respect of long term variable compensation awarded to Mr. Zegna was €6,789,080 (which amount does not reflect the value of the number of Ordinary Shares that will actually be delivered to Mr. Zegna after achievement of the performance measures).

On December 17, 2021, in connection with the completion of the Merger, the Zegna Board approved an equity incentive plan (the "*EIP*"), which was approved by the Zegna General Meeting on December 17, 2021. In addition, the Zegna Board adopted the CEO Long Term Incentive Plan 2022-2024, a sub-plan of the EIP, which set out the modalities of the arrangements agreed upon pursuant to Ermenegildo Zegna di Monte Rubello's executive agreement, as discussed above. In accordance with the amendment to the remuneration policy on June 28, 2022, the LTIP was amended to include, among other measures, a non-financial performance measure linked to the sustainability strategy of Zegna. The amendment to the LTIP would have had a positive impact on the accrual amount for the entire term of the LTIP (i.e., the amount of the accrual would be reduced if the LTIP amendment was taken into consideration) and therefore was not reflected in the accrual, in accordance with the recognition and measurement principles of IFRS.

On April 5, 2023, the Zegna Board determined the level of achievement of the performance conditions under the LTIP in 2022. As a result of such determination, 588,000 Ordinary Shares vested and will be delivered to Mr. Zegna in due course.

*IPO Performance Bonus*

Pursuant to the Chief Executive Officer's executive agreement, as amended and restated on July 15, 2021, as a result of the Company becoming listed on a public stock exchange, Ermenegildo Zegna di Monte Rubello is entitled to receive, at no cost to him, performance-based share awards giving right to receive 600,000 Ordinary Shares upon the satisfaction of certain vesting conditions (the "*IPO Performance Bonus*").

Subsequently, on December 17, 2021, the Zegna Board adopted an IPO bonus plan (the "IPO Bonus Plan"), a sub-plan of the EIP, which sets out the terms and conditions governing the IPO Performance Bonus, subject to Zegna filing a registration statement registering the Ordinary Shares subject to the IPO Performance Bonus. The IPO Performance Bonus vests and become transferrable in two tranches upon the per share price of the Ordinary Shares of the Company reaching certain pre-determined levels and, with respect to the second tranche (representing 360,000 Ordinary Shares), also subject to his continued service as Zegna's Chief Executive Officer as of December 31, 2023, unless otherwise resolved by the Zegna Non-Executive Directors. Zegna recorded an expense of €839,775 for the year ended December 31, 2022 in respect of the IPO Performance Bonus awarded to Mr. Zegna.

In addition, in compliance with the remuneration policy and in recognition of his specific contribution to the listing, the Zegna Board resolved to grant to Henry Peter an IPO Performance Bonus representing the right to receive 50,000 Ordinary Shares pursuant to the IPO Bonus Plan. Mr. Peter's IPO Bonus vests and becomes transferrable in two tranches upon the per share price of the Ordinary Shares of the Company reaching certain pre-determined levels and, with respect to the second tranche (representing 25,000 Ordinary Shares), also subject to continued service as of December 31, 2023, unless otherwise resolved by the Zegna Board.

On April 5, 2023, the Zegna Board determined the level of achievement of the performance condition applicable to the first tranche of awards under the IPO Bonus Plan. As a result of such determination, 240,000 Ordinary Shares vested and will be delivered to Mr. Zegna and 25,000 Ordinary Shares vested and will be delivered to Mr. Peter. The Ordinary Shares will be delivered in due course.

*Share Purchases*

In compliance with the remuneration policy, Mr. Zegna's executive agreement, amended and restated as of July 15, 2021, provides that each year he is entitled to buy from Zegna Ordinary Shares valued at 12 times the previous year's EBIT (calculated in accordance with the recognition and measurement principles of IFRS), for a maximum amount corresponding to his base salary plus short term incentive compensation for the previous year. Zegna did not incur any costs in 2022 in respect of such purchase rights. If Mr. Zegna decided to exercise his option, no cost would be incurred by the Company in relation thereto.

*Warrants*

In connection with the completion of the Business Combination, Zegna granted an aggregate number of 800,000 Private Placement Warrants to certain Zegna Non-Executive Directors, namely the directors who were members of the Zegna Board prior to the Conversion, the Lead Non-Executive Director and the chairperson of the Audit Committee, in accordance with the terms and conditions set forth in the New Warrant Agreement (100,000 each). The Warrants were subject to a lock-up period of 12 months from the Closing Date.

The grants of Warrants were in compliance with the addendum to the Remuneration Policy adopted on December 17, 2021, which provided that the grant of Warrants aimed, among others, to motivate and retain key resources of the Company as well as to induce certain beneficiaries to serve as Chair of the Audit Committee and Lead Non-Executive Director, while strengthening the alignment of the interests of the relevant Non-Executive Director and the Company's stakeholders, including its shareholders.

Following announcement of the Warrant Redemption by the Company, all Zegna Non-Executive Directors who were granted Private Placement Warrants exercised them on a "cashless basis" and received 0.277 Ordinary Shares per Warrant, as determined in accordance with the terms of the New Warrant Agreement. This exercise has no impact on the compensation granted to them in 2022. For the additional number of Ordinary Shares held by each of them, see "*Item 7.A—Major Shareholders*."

*Remuneration in the Event of Termination*

Ermenegildo Zegna di Monte Rubello's executive agreement provides that in the event that, for any reason, Mr. Zegna leaves his position as Chief Executive Officer of Zegna, regardless of whether he maintains his position as Chairperson of the Zegna Board, he will be entitled to a severance payment of an amount equal to two years of his fixed annual fee, net of income taxes.

*Non-Executive Directors*

In 2022, Zegna Non-Executive Directors received an annual base fee of €150,000, paid 50% in cash and 50% in Zegna's Ordinary Shares, subject to a restricted stock award. Non-Executive Directors acting as members of Committees received an additional fee as defined by the remuneration policy. The aggregate amount of compensation earned by Zegna's Non-Executive Directors in their role as directors in 2022 was €1,684,394, of which €905,000 was paid in cash and €779,394 relates to equity-settled share-based compensation (recognized in accordance with IFRS 2).

*Historical Compensation*

The following table summarizes the compensation from Zegna received by the members of the Zegna Board for the year ended December 31, 2022.

Of the compensation reported for Ermenegildo Zegna di Monte Rubello, a significant portion (€7,427,540) represents non-realized remuneration that was accrued in 2022 in respect of the equity awards subject to satisfaction of performance and presence conditions and his termination indemnity.

| | | Fixed Compensation | | | | | |
|---|---|---|---|---|---|---|---|
| **Name** | **Office Held** | **Annual Fee** | **Fringe Benefits** | **Variable Compensation** | **Stock Awards** | **Other Compensation** | **Total** |
| | | | | *in €* | | | |
| Ermenegildo Zegna di Monte Rubello | Chairperson Executive Officer and Executive Director | | | | | | |
| Realized | | 1,958,303 (1) | 362,337 (2) | 2,314,000 (4) | — | 71,295 (7) | 4,705,935 |
| Non-Realized | | — | (201,315) (3) | 6,789,080 (5) | 839,775 (6) | — | 7,427,540 |
| **Total – Sole Executive Director** | | **1,958,303** | **161,022** | **9,103,080** | **839,775** | **71,295** | **12,133,475** |
| Andrea C. Bonomi | Non-Executive Director | 75,000 | 13,622 (8) | — | 77,939 (9) | — | **166,561** |
| Angelica Cheung | Non-Executive Director | 85,000 | 19,900 (8) | — | 77,939 (9) | — | **182,839** |
| Domenico De Sole | Non-Executive Director | 85,000 | — | — | 77,939 (9) | (24,000) | **138,939** |
| Sergio P. Ermotti | Non-Executive Director | 105,000 | 16,294 (8) | — | 77,939 (9) | — | **199,233** |
| Ronald B. Johnson | Non-Executive Director | 100,000 | — | — | 77,939 (9) | — | **177,939** |
| Valerie A Mars | Non-Executive Director | 115,000 | — | — | 77,939 (9) | — | **192,939** |
| Michele Norsa | Non-Executive Director | 95,000 | — | — | 77,939 (9) | — | **172,939** |
| Henry Peter | Non-Executive Director | 201,336 (10) | 12,960 (8) | — | 153,496 (9)(11) | — | **367,792** |
| Anna Zegna di Monte Rubello | Non-Executive Director | 75,000 | 3,193 (8) | — | 77,939 (9) | — | **156,132** |
| Paolo Zegna di Monte Rubello | Non-Executive Director | 105,000 (12) | 13,193 (8) | — | 77,939 (9) | — | **196,132** |
| **Total – Non-Executive Directors** | | **1,041,336** | **79,162** | **—** | **854,947** | **(24,000)** | **1,951,445** |

*(1) The amount reported is comprised of (i) the base salary earned by Mr. Zegna as Chief Executive Officer of Zegna (€1,357,333) and (ii) €600,970 for his services as a director of Zegna Group companies.*

*(2) The amount reported represents post-employment benefits in the form of mandatory social contributions for Ermenegildo Zegna di Monte Rubello and the value of customary benefits.*

*(3) The amount reported represents the variation in the accrued value of the indemnity payable to Mr. Zegna on termination of his employment.*

*(4) The amount reported represents short term variable compensation, determined as described above.*

*(5) The amount reported represents the accrued value of long term variable compensation, calculated as described above.*

*(6) The amount reported represents the value accrued in 2022 in relation to the IPO Performance Bonus to which Mr. Zegna is entitled, subject to the satisfaction of certain conditions described above.*

*(7) The amount reported represents the difference between the final amount of the short term variable compensation earned in 2021 and the accrual recorded in the same year.*

*(8) Includes post-employment benefits in the form of mandatory social contributions earned for services as a director of Zegna.*

*(9) The amount reported represents the amount in relation to the portion of the share-based compensation granted to the Non-Executive Directors for 2022 in accordance with the remuneration policy described above.*

*(10) The amount reported includes €106,336 earned by Henry Peter for services as a director of a Zegna subsidiary.*

*(11) The amount reported includes the accrual for 2022 of the IPO Performance Bonus to which the Zegna Director shall be entitled, as described above.*

*(12) The amount reported includes €30,000 earned by Paolo Zegna di Monte Rubello for services as a director of certain Zegna subsidiaries.*

*Senior Management*

For 2022, Zegna's senior management team consisted of:

- Ermenegildo Zegna di Monte Rubello as Chief Executive Officer;
- Gianluca Ambrogio Tagliabue as Chief Operating Officer and Chief Financial Officer;
- Alessandro Sartori as Zegna Artistic Director;
- Franco Ferraris as Head of Textiles;
- Rodrigo Bazan as Chief Executive Officer of Thom Browne; and
- Thom Browne as Founder & Chief Creative Officer of Thom Browne.

The aggregate amount of fixed compensation earned by Zegna's senior management team (excluding the CEO, whose compensation is included in the discussion of the compensation earned by the Zegna Board above) for the year ended December 31, 2022 was €27,224,492, including (a) €5,673,567 earned by Zegna's senior management team (excluding the CEO) as base salary and consulting fees, (b) €2,209,838 earned by Zegna's senior management team (excluding the CEO) for service as a director of a Zegna subsidiary, (c) €1,836,067 accrued by Zegna for post-employment benefits and (d) €14,430 accrued by Zegna for fringe benefits to its senior management team (excluding the CEO). The aggregate amounts accrued by Zegna in respect of short term variable compensation under Zegna's Performance Management Program (the "PMP"), and long term variable compensation earned by Zegna's senior management team (excluding the CEO) for the year ended December 31, 2022 were €2,992,625 and €534,661, respectively. Zegna also accrued €13,623,298 for the year ended December 31, 2022 in respect of cash-based long-term incentive awards awarded to certain members of the senior management team (excluding the CEO), based on the achievement of certain performance criteria over a period expiring at the end of 2023.

Cash compensation for Zegna's senior management team in 2022 consisted of base salary, consulting fees and a short term variable cash compensation under the PMP. The PMP provides eligible employees, including the senior management team, with an opportunity to earn a cash incentive payment to the extent that pre-established business and individual performance goals are achieved. Additionally, certain members of Zegna's senior management team are entitled to awards under the IPO Bonus Plan representing the right to receive an aggregate of 175,000 Ordinary Shares, as communicated to the applicable recipients in December 2021, resulting in an expense to Zegna of €340,006 for the year ended December 31, 2022.

In addition, to further align the interests of the senior management with those of the shareholders and ensure retention of senior management, in February 2022, the Zegna Board adopted a long term incentive plan (as a sub-plan of the Equity Incentive Plan approved by the shareholders on December 17, 2021), pursuant to which participants in the plan – selected executives and top managers (excluding Ermenegildo Zegna di Monte Rubello) – were granted restricted share awards. 70% of these restricted share awards are to vest in 2025 following a three-year period, subject to the (i) achievement of performance conditions measured from 2022 to 2024 and (ii) participant's continued employment through December 31, 2024. The performance conditions are linked to profitability, cash and sustainability objectives. The remaining 30% of these restricted share awards will vest after the end of a four year period, subject to the participant's continued employment through December 31, 2025 (and good leaver provisions, in the case of an earlier termination of employment). In total, 262,500 Ordinary Shares have been granted to members of senior management (excluding Ermenegildo Zegna di Monte Rubello and members of the Thom Browne segment) under this plan.

***Remuneration Policy***

Zegna's remuneration policy provides a framework for the Zegna Non-Executive Directors to determine the remuneration of the Zegna Executive Directors and the Zegna Non-Executive Directors. The remuneration policy provides a structure that aligns remuneration of the Zegna Board with successful delivery of Zegna's long-term strategy and long-term value creation, and therefore aims to ensure that the Zegna Directors' interests are closely aligned to those of Zegna's stakeholders, including its shareholders. The purposes of the remuneration policy is to define a competitive remuneration package, designed to attract, retain and motivate Zegna Directors who possess the necessary leadership qualities and requisite skills and experience in the various aspects of Zegna's business, while also providing enough flexibility to tailor remuneration practices to a specific situation.

While formulating the remuneration policy, the Zegna Non-Executive Directors have taken into consideration Zegna's strategy and core values, which are focused on long-term value creation and sustainable development of Zegna. Pay ratios within Zegna and scenario analyses have also been considered. The remuneration policy is based upon the following principles:

*General*

1. The remuneration of the board follows the pay-for-performance principle and incentivizes Zegna Directors to create long-term value for shareholders and other stakeholders through achievement of strategic objectives;

2. The remuneration is appropriately balanced between fixed and variable remuneration components, aiming to ensure long-term value creation and alignment of Zegna Directors' interests with Zegna's strategic objectives;

3. The remuneration of the board is competitive in relation to the market in which Zegna operates, the relative size of the business, the specificity of Zegna's governance structure and the duties and responsibilities of the board resulting therefrom;

*With Respect to Zegna Executive Director(s)*

4. The remuneration is predominantly long-term in character, with long-term equity incentives linked to the delivery of Zegna's strategic objectives in the highly competitive industry Zegna operates in;

*With Respect to Zegna Non-Executive Directors*

5. The remuneration of the Zegna Non-Executive Directors is designed to attract and retain non-executive directors who have the talent and skills to foster the long-term value creation of Zegna while respecting its core values;

6. The remuneration of the Zegna Non-Executive Directors consists of cash payments and equity awards in order to enable Zegna to limit the cash component of the non-executive director remuneration and to ensure structural alignment of the Zegna Non-Executive Directors' interests with the interests of Zegna's stakeholders, including its shareholders; and

*Evaluation*

7. The Zegna Non-Executive Directors will evaluate the objectives and structures of the remuneration policy at regular intervals, to ensure it is fit for its intended purpose. The Zegna Non-Executive Directors will be assisted by Zegna's Compensation Committee.

*Zegna Executive Director(s)*

On the basis of the remuneration policy objectives, the compensation of Zegna Executive Director(s) consists of the elements discussed below.

*Base Salary*

The base salary is set at a level to attract, motivate and retain executive director(s).

*Reimbursement of Expenses*

Zegna will reimburse the expenses and costs reasonably incurred in relation to the performance of the Zegna Executive Director's duties.

*Short-Term Incentives*

The objective of any short-term variable compensation is to incentivize the Zegna Executive Director to achieve annual targets and objectives that are related to the short-term focus of Zegna. The annual short-term incentive payment to be granted to an individual executive director will not exceed 200% of that individual Zegna Executive Director's base salary. Notwithstanding the foregoing, the Zegna Non-Executive Directors may decide, based on a proposal of the Compensation Committee, to increase the short-term incentive payable to an individual Zegna Executive Director for any given year in case of exceptional achievements of such Zegna Executive Director.

*Long-Term Incentives*

The objective of any long-term equity incentive is to provide a retention tool for the Zegna Executive Director and to align the long-term interests of the Zegna Executive Director with those of Zegna and its stakeholders. The granting of long-term equity incentives also aims to motivate the Zegna Executive Directors to pursue and implement Zegna's sustainability strategy. Furthermore, by granting a long-term incentive in the form of equity, the Zegna Executive Director participate directly in the growth of the value of Zegna to which he or she contributes. The amount of equity awarded to the Zegna Executive Director will be determined by the Zegna Non-Executive Directors, taking into account the applicable performance conditions, which may include both financial and non-financial conditions, and continuous service requirements with the intent of creating long-term shareholder value. The Zegna Non-Executive Directors may resolve, upon recommendation of the Compensation Committee, to grant equity awards in accordance with any equity incentive plan approved by the Zegna General Meeting and to be further implemented by the Zegna Board.

The Zegna Executive Director may be entitled to annually acquire such number of Zegna's Ordinary Shares up to a maximum value of his or her base salary and annual variable cash compensation awarded for the previous year, at a value per share based on an enterprise value corresponding to 12 times the Group's EBIT of the year preceding the year in which the Zegna Executive Director wishes to acquire the Ordinary Shares.

*Recoupment of Incentive Compensation (Adjustment and Claw-Back)*

Any grant, award or actual payment in relation to the short-term and long-term incentives may during any relevant performance and/or vesting period and during a period of three years following the actual award, in the sole discretion of the Zegna Non-Executive Directors and whether or not at the instigation of the Compensation Committee:

1. Be decreased or eliminated if such grant, award or actual payment were to be unacceptable according to principles of reasonableness and fairness; and

2. Clawed back if such grant, award or actual payment took place on the basis of incorrect data (including data that has been maliciously altered and therefore, is incorrect).

*Remuneration in the Event of Termination*

Zegna may pay severance compensation in accordance with the terms and conditions of the applicable services agreement of an individual Zegna Executive Director. Such severance compensation will not exceed 200% of the Zegna Executive Director's annual base salary. Severance benefits may also include outplacement services and continuation of insurance and other benefits that have been paid or made available to the Zegna Executive Director prior to the termination of service. The specific terms of the severance package of a Zegna Executive Director will be established in his or her services agreement, all in accordance with the framework provided in the remuneration policy.

*Benefits*

Zegna may provide to the Zegna Executive Director customary benefits such as company cars (or a car allowance), travel expenses and work related costs, medical insurance, accident insurance, D&O insurance, tax assistance and relocation allowances. In addition, in individual cases, company housing and other benefits may also be offered, such as annual clothing allowances. Such benefits are in line with general prevailing market practice, while also providing the Zegna Non-Executive Directors with enough flexibility to tailor the remuneration and benefits practices to a specific situation.

*Loans, Advances and Guarantees*

Zegna will not provide any loans, advances or guarantees to Zegna Executive Director(s).

*Zegna Non-Executive Director(s)*

On the basis of the remuneration policy objectives, the compensation of Zegna Non-Executive Directors consists of the elements discussed below. Each year, the Zegna Non-Executive Directors will review the remuneration levels and structure applicable to the Zegna Non-Executive Directors and consider whether any adjustment is required.

*Annual Base Remuneration*

Zegna will pay the Zegna Non-Executive Directors an annual base fee of €150,000 payable 50% in cash and 50% in Zegna's Ordinary Shares, subject to a restricted stock award ("*Equity Awards*"). The Lead Non-Executive Director will be entitled to an additional fee of €15,000 for the additional duties and responsibilities related to that role, payable in cash.

The number of Equity Awards granted to the Zegna Non-Executive Directors will be established, based on the closing stock price of the last trading day of the month preceding the date of grant, converted into Euros at the reference rate published by the European Central Bank on the closing of the same day, rounded down to the nearest whole share. The date of grant for the Equity Awards will be determined by the Zegna Non-Executive Directors. The Equity Awards will vest on the second anniversary of the date of grant.

*Annual Committee Fee*

Zegna will pay each Zegna Non-Executive Director serving on one of Zegna's committees of the board an additional fee as set forth below:

- Audit Committee – €30,000 (chairperson), €15,000 (other members)
- Compensation Committee – €20,000 (chairperson), €10,000 (other members)
- Governance and Sustainability Committee – €20,000 (chairperson), €10,000 (other members)

*Additional Cash and/or Equity Awards*

Notwithstanding the annual base fee and committee fees received by the Zegna Non-Executive Directors, the Zegna Non-Executive Directors may decide, based on a proposal of the Compensation Committee, to grant additional cash and/or equity awards to an individual Zegna Non-Executive Director for any given year in case of exceptional achievements of that Zegna Non-Executive Director, provided, however, that any such additional grant should not result in a significant discrepancy between the size of the award and Zegna's results and performance.

*Reimbursement of Expenses*

Zegna will reimburse the expenses and costs reasonably incurred in relation to the performance of the Zegna Non-Executive Directors' duties, in accordance with Zegna's expense policy, if any.

*Benefits*

Zegna will subscribe to the benefit of the Zegna Non-Executive Directors a liability insurance with a coverage in line with the general market practice prevailing among companies similar to Zegna.

*Loans, Advances and Guarantees*

Zegna will not provide any loans, advances or guarantees to Zegna Non-Executive Directors, unless the majority of the Zegna Non-Executive Directors gives prior written approval.

**C. Board Practices**

Please refer to "*Item 6.A—Directors and Senior Management*" and "*Item 6.B—Compensation*" for additional information concerning the Zegna Directors required by this item.

***Committees of the Zegna Board***

Pursuant to the Zegna Articles of Association, the Zegna Board has power to establish any committees and may allocate specific duties, tasks and procedures to any such committees.

The Zegna Board has established three standing committees: (i) the Audit Committee, (ii) the Compensation Committee and (iii) the Governance and Sustainability Committee.

Each standing committee is comprised of at least three Zegna Directors. As of the date of this report, all members of the Zegna Audit Committee and Governance and Sustainability Committee, as well as two members out of three of the Compensation Committee are considered independent both under the NYSE listing standards and under the DCGC rules

*The Audit Committee*

The Audit Committee is responsible for assisting and advising the Zegna Board in the oversight of, among others: (i) the integrity of Zegna's financial statements, including any published interim reports; (ii) the adequacy and effectiveness of Zegna's internal control over financial reporting, financial reporting procedures and disclosure controls and procedures; (iii) Zegna's policy on tax planning; (iv) Zegna's policy on reservations and dividends; (v) Zegna's financing; (vi) Zegna's application of information and communication technology; (vii) the systems of internal controls that management and/or the Zegna Board have established; (viii) Zegna's compliance with legal and regulatory requirements; (ix) Zegna's compliance with recommendations and observations of internal and independent auditors; (x) the open and ongoing communications regarding Zegna's financial position and results of operations between the Zegna Board, the independent auditors, Zegna's management and internal audit department; (xi) Zegna's policies and procedures for addressing certain actual or perceived conflicts of interest; (xii) the qualifications, independence, oversight and remuneration of the independent auditors and any non-audit services provided to Zegna by the independent auditors; (xiii) determining the process for selecting the external auditor or the audit firm (and/or the independent registered public accounting firm), if applicable, and the nomination to extend the assignment to carry out the statutory audit; (xiv) the performance of Zegna's internal auditors and of the independent auditors; (xv) risk management guidelines and policies; and (xvi) the implementation and effectiveness of Zegna's ethics and compliance program.

The Audit Committee is comprised of at least three Zegna Non-Executive Directors. Each member of the Audit Committee is required (i) not to have any material relationship with Zegna or to serve as auditors or accountants for Zegna; (ii) to be "independent," for purposes of the NYSE rules, Rule 10A-3 of the Exchange Act and the DCGC; and (iii) to be "financially literate" and have "accounting or selected financial management expertise" (as determined by the Zegna Board). At least one member of the Audit Committee will be a "financial expert" as defined by the Sarbanes- Oxley Act and the rules of the SEC. No Audit Committee member may serve on more than four audit committees for other public companies, absent a waiver from the Zegna Board which must be disclosed in Zegna's annual report. Unless decided otherwise by the Audit Committee, the independent auditors of the Company, the Chief Financial Officer and the head of internal audit will attend its meetings. The Chief Executive Officer will be entitled to attend meetings of the Audit Committee unless the Audit Committee determines otherwise and should attend the meetings of the Audit Committee if the Audit Committee so requires. The Audit Committee will meet with the independent auditors at least once per year outside the presence of the Zegna Executive Directors and management.

In 2022, the Audit Committee comprised Valerie A. Mars (as chairperson), Sergio P. Ermotti and Ronald B. Johnson, each of whom was independent for purposes of the NYSE rules, Rule 10A-3 of the Exchange Act and the DCGC. On April 4, 2023, Sergio P. Ermotti resigned from his position as member of the Audit Committee. On April 5, 2023, the Zegna Board appointed Michele Norsa as member of the Audit Committee. The committee currently comprises Valerie A. Mars (as chairperson), Ronald B. Johnson and Michele Norsa. Each of the members is independent for purposes of the NYSE rules, Rule 10A-3 of the Exchange Act and the DCGC.

*The Compensation Committee*

The Compensation Committee is responsible for, among others, assisting and advising the Zegna Board in: (i) determining executive compensation consistent with Zegna's remuneration policy; (ii) reviewing and approving the remuneration structure for the Zegna Non-Executive Directors; (iii) administering equity incentive plans and deferred compensation benefit plans; (iv) discussing with management Zegna's policies and practices related to compensation and issuing recommendations with respect to such compensation; and (v) to prepare the remuneration report in accordance with the DCGC.

The Compensation Committee is comprised of at least three Zegna Non-Executive Directors. More than half of its members (including the chairperson) are independent under the DCGC. Unless decided otherwise by the Compensation Committee, the head of human resources of Zegna or its relevant subsidiaries may be invited to attend the discussions of the Compensation Committee other than discussions relating to the compensation of Zegna Non-Executive Directors.

The Compensation Committee comprises Henry Peter (as chairperson), Domenico De Sole and Valerie A. Mars. Each of Henry Peter and Valerie A. Mars is independent for purposes of the NYSE rules and the DCGC.

*The Governance and Sustainability Committee*

The Governance and Sustainability Committee is responsible for, among others, assisting and advising the Zegna Board with: (i) the recommendation of the criteria, professional and personal qualifications for candidates to serve as Zegna Directors; (ii) periodic assessment of the size and composition of the Zegna Board; (iii) periodic assessment of the performance of individual Zegna Directors and reporting on this to the Zegna Board; (iv) proposals to the Zegna Non-Executive Directors for the nomination and re-nomination of Zegna Directors to be appointed by the Zegna General Meeting; (v) supervision of the policy on the selection and appointment criteria for senior management and on succession planning; (vi) monitoring, evaluating and reporting on the group's sustainable development policies and practices, management standards, strategy, performance and governance globally; and (vii) reviewing, assessing and making recommendations as to strategic guidelines for sustainability-related issues, and reviewing the annual sustainability report.

The Governance and Sustainability Committee is comprised of at least three Zegna Non-Executive Directors. More than half of its members are independent under the DCGC.

The Governance and Sustainability Committee comprises Michele Norsa (as chairperson), Ronald B. Johnson and Angelica Cheung, each of whom is independent for purposes of the NYSE rules and the DCGC.

**D. Employees**

At December 31, 2022, 2021 and 2020, respectively, we had the following number of employees, divided in the categories of activity and geographic locations as set forth in the tables below.

| | At December 31, | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| White Collars | 3,953 | 3,814 | 3,897 |
| Blue Collars | 2,077 | 2,016 | 2,201 |
| Temporary employees | 226 | 219 | 151 |
| **Total** | **6,256** | **6,049** | **6,249** |

| | At December 31, | | |
|---|---|---|---|
| | **2022** | **2021** | **2020** |
| EMEA | 4,159 | 3,957 | 4,217 |
| North America | 420 | 369 | 327 |
| Latin America | 118 | 117 | 125 |
| APAC | 1,559 | 1,606 | 1,580 |
| **Total** | **6,256** | **6,049** | **6,249** |

The Zegna Group reported a 3.4% increase in the number of employees excluding temporary staff, going from 5,830 at end of 2021 to 6,030 at the end of 2022. This was the result of three main factors: (i) the need to strengthen Finance, Legal and Compliance functions following the listing on the NYSE; (ii) the launch of the One Brand strategy, which required the reinforcement of our Marketing, Design and Sales functions; (iii) an increase in the production capacity in our manufacturing facilities in order to meet higher demand of production volumes.

By region, the number of employees recorded an increase of 202 headcounts in EMEA, and 52 in the Americas while it recorded a decline of 47 headcounts in APAC as a consequence of the COVID-19 pandemic. By segment, Thom Browne recorded the highest expansion in the headcount, which has increased by 31%, from 465 at December 31, 2021 to 611 at December 31, 2022; such increase was mainly triggered by the expansion of the store network. External temporary employees increased by 7 units, from 219 at December 31, 2021 to 226 at December 31, 2022, mainly due to the hiring of blue collars in our manufacturing facilities.

In 2022, office, retail, manufacturing and logistics operations worked regularly with no disruption related to the COVID-19 pandemic, with the exception of the Greater China Region. The Greater China Region was heavily impacted as a result of city lockdowns, with 66 stores impacted across GCR with 2,040 lost retail days. During store closure periods, staff continued to receive their daily base remuneration.

Historically, we have had good labor relationships with our employees and we are committed to maintaining a positive and constructive relationship with them. In the past, we have not experienced any material job action or labor stoppage that has had a material impact on our business.

**E. Share Ownership**

Information regarding the ownership of Ordinary Shares by our directors and senior management is set forth in Item 7.A of this report.

**F. Disclosure of a Registrant's Action to Recover Erroneously Awarded Compensation**

Not applicable.

## ITEM 7 MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

### A. Major Shareholders

The following table sets forth information relating to the beneficial ownership of our Ordinary Shares as of March 28, 2023, based on the information in Zegna's shareholder register and other sources available to us, by: each person who is known to be the beneficial owner of more than 5% of our issued and outstanding Ordinary Shares; and each of the Zegna Directors and senior managers.

Monterubello is the controlling shareholder of Zegna through its 60.2% shareholding interest in Zegna's issued and outstanding Ordinary Shares (as of March 28, 2023).

Beneficial ownership is determined according to the rules of the SEC, which generally provide that a person has beneficial ownership of a security if he, she or it possesses sole or shared voting or investment power over that security, including options and warrants that are currently exercisable or exercisable within 60 days.

The percentages in the table below are computed on the basis of 248,563,813 Ordinary Shares issued and outstanding.

| Beneficial Owner | Number of Ordinary Shares | % of Outstanding |
|---|---|---|
| **>5% holders** | | |
| Monterubello s.s.[(1)] | 149,734,550 | 60.2 % |
| Strategic Holding Group S.à r.l.[(2)] | 40,571,634 [(3)] | 16.3 % |
| **Zegna Directors** | | |
| Ermenegildo Zegna di Monte Rubello | 6,533,886 | 2.6 % |
| Andrea C. Bonomi | — | — |
| Angelica Cheung | — | — |
| Domenico De Sole | 147,700 | (*) |
| Sergio P. Ermotti | 1,488,759 | (*) |
| Ronald B. Johnson | 147,700 | (*) |
| Valerie A. Mars | 147,700 | (*) |
| Michele Norsa | 147,700 | (*) |
| Henry Peter | 472,700 | (*) |
| Anna Zegna di Monte Rubello | 177,700 | (*) |
| Paolo Zegna di Monte Rubello | 267,700 | (*) |
| **Zegna Senior Managers** | | |
| Gianluca Ambrogio Tagliabue | 80,000 | (*) |
| Rodrigo Bazan | (*) | (*) |
| Thom Browne | 200,000 | (*) |
| Franco Ferraris | — | — |
| Alessandro Sartori | 55,000 | (*) |

(*) Less than 1% of the shares outstanding.

(1) Monterubello is an Italian società semplice whose quotas are currently held by members of the Zegna family. The directors of Monterubello, as of December 31, 2022, were Ermenegildo Zegna di Monte Rubello (chairman of the board of directors), Paolo Zegna di Monte Rubello (vice chairman of the board of directors), Anna Zegna di Monte Rubello, Laura Zegna di Monte Rubello, Angelo Zegna di Monte Rubello, Giovanni Schneider, Alessandro Andrea Trabaldo Togna and Franca Calcia.

(2) Based on filings with the SEC (Schedule 13G/A filed on February 13, 2023, File No. 005-93353) (the "Schedule 13G/A"). Strategic Holding Group S.à r.l. is governed by a five-member board of managers, which at the time of the SEC filing included Kamel Aliat, Amélie Flammia, Marvin Martins, Alex Browning and John Crostarosa Mowinckel. Action by the five-member board of managers is by simple majority vote. No individual manager on the board of managers has voting or dispositive control over the reported securities and, therefore, no individual manager has or shares beneficial ownership of such securities.

(3) Based on the Schedule 13G/A, included (i) 4,276,563 shares held in escrow pending satisfaction of the relevant release conditions or lapse of the prescribed period of time and (ii) 5,230,000 Ordinary Shares acquirable in respect of the Private Placement Warrants.

Based on the information in Zegna's shareholder register, as of March 28, 2023, 76,692,724 Ordinary Shares were held in the United States. At the same date, 31 record holders had registered addresses in the United States.

**B. Related Party Transactions**

The related parties of the Group are all entities and individuals, including their close family members, capable of exercising control, joint control or significant influence over the Group and its subsidiaries, including the Group's controlling shareholder, Monterubello, as well as other companies owned by Monterubello and its shareholders. Related parties also include Zegna's associates and joint arrangements, members of the Zegna Board and executives with strategic responsibilities, as well as their families and entities controlled by them.

The Group carries out transactions with related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

Transactions carried out by the Group with these related parties are primarily of a commercial and financial nature and mainly relate to:

***Transactions with associates***

- Transactions with TFI related to:
    - a licensing agreement for the production and worldwide distribution of luxury men's ready to wear and made to measure clothing, footwear and accessories under the TOM FORD brand (which ended with the deliveries of the Fall/Winter 2022 collection), as well as a supply agreement to act as exclusive supplier for certain TOM FORD products starting with the Spring/Summer 2023 collection (for which the supply commenced in 2022). On November 15, 2022, the Group entered into arrangements to acquire the remaining 85% interest in TFI and to enter into the TFI License with The Estée Lauder Companies for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products. The TFI Acquisition is subject to antitrust approvals and other customary closing conditions, and is contingent upon the closing of the acquisition of the TOM FORD brand and all its intellectual property by The Estée Lauder Companies. TFI, together with its subsidiaries, owns the operations of the TOM FORD fashion business necessary to act as licensee under the TFI License. The closing of the TFI Acquisition is expected in the second quarter of 2023;
    - financial assets related to loans to TFI; and
    - financial guarantees provided to TFI in relation to its payment obligations under a bank loan for an amount of $7,500 thousand issued to TFI in 2020 and subsequently reduced to $6,875 thousand in 2022, which matures in March 2025.
- The purchase of raw materials, in particular carded yarns from Filati Biagioli Modesto.

***Transactions with Monterubello and companies controlled by Monterubello or its shareholders, Zegna directors or senior management***

- Certain transactions with Monterubello as part of the Business Combination (as further described below).
- The purchase of raw materials, in particular of wool, from Gruppo Schneider S.p.A. and its subsidiaries ("Schneider Group").
- The purchase of industrial services, in particular of fabrics' finishing, from Finissaggio e Tintoria Ferraris S.p.A.
- The purchase of industrial services from Pettinatura di Verrone S.r.l.

- Transactions with PKB Privatbank AG relating to an interest-bearing loan amounting to €5,000 thousand which was fully repaid in the first half of 2022.

- The Disposition, which was completed in November 2021, of certain of its businesses, through the statutory demerger under Italian law to a new company owned by its existing shareholders. The Disposition included, inter alia, Zegna's real estate business, consisting of Zegna's former subsidiary EZ Real Estate, which directly and indirectly holds substantially all of the real estate assets formerly owned by the Zegna Group, as well as certain properties previously owned by Lanificio Zegna. Zegna pays rent to EZ Real Estate or its subsidiaries under lease agreements.

- Following the Disposition, the rental of properties from EZ Real Estate or its subsidiaries under lease agreements.

- Following the Disposition, Zegna receives licensing, marketing and other sustainability-related services from Oasi Zegna.

- As part of the Disposition, on January 14, 2021, the Group sold 70% of its equity stake in Agnona to a related party for consideration of €1 and as a result Agnona was deconsolidated from the beginning of the year and became a related party of the Group. The Group subsequently disposed of the remaining 30% stake in Agnona in two tranches during September and October 2021 for total consideration of €500 thousand. Following the initial disposal of Agnona, the Group sold products and recharged costs for services to Agnona, as well as compensated amounts related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in accordance with the terms of the related sale agreement.

- Support to the activities of Fondazione Zegna, a charitable organization which provides an opportunity for charitable work on the part of the Zegna family and Group employees. Fondazione Zegna supports and funds projects in cooperation with non-profit organizations operating in various fields and different parts of the world.

- Put contracts entered into as part of the Group's investments in the Thom Browne Group and Lanificio whereby the Group has been required to, and may in the future be required to, purchase all or a portion of the remaining non-controlling interests in the Thom Browne Group and Lanificio. In July 2021, the Group purchased the additional 10% of Lanificio for a total consideration of €9,600 thousand, following which the Group owns 100% of Lanificio. For additional information relating to the Thom Browne put contract please refer to *Note 31 — Other current and non-current financial liabilities* to the Consolidated Financial Statements.

***Transactions related to the Business Combination in 2021***

In connection with the closing of the Business Combination and the public listing of Zegna (as further described in the *Note 1 — General information* to the Consolidated Financial Statements), Zegna entered into various transactions with Monterubello and other shareholders and related parties, including the following:

- The repurchase by Zegna of 54,600,000 of its own shares from Monterubello for total consideration of €455,000 thousand.

- The reimbursement to Zegna by Monterubello of a special gift to all employees of the Group for an amount of €10,923 thousand.

- The issuance of 800,000 private warrants to certain Zegna Non-Executive Directors, for which the Group recognized personnel costs of €1,236 thousand and an offsetting increase to other reserves within equity for the year ended December 31, 2021.

- The grant of equity-settled share-based payments to key management.

In connection with the Business Combination, certain of Zegna's related parties (including certain directors and officers and affiliates of Monterubello) entered into PIPE Subscription Agreements with Zegna pursuant to which they subscribed for Ordinary Shares at the closing of the Business Combination. The amount of each such subscription was immaterial. Under the terms of the PIPE Subscription Agreements, such related parties are entitled to certain registration rights in respect of their Ordinary Shares. In addition, at the Closing of the Business Combination, Zegna entered into certain

agreements with related parties, including the Shareholders Agreement, the Zegna Shareholders Lock-Up Agreement, the IIAC Sponsor Lock-Up Agreement and the Registration Rights Agreement. For a description of such agreements, see "*Item 10.B—Memorandum and Articles of Association.*"

For additional information on related party transactions, included transactions related to the Business Combination in 2021, see *Note 39 — Related party transactions* to the Consolidated Financial Statements included elsewhere in this annual report on Form 20-F.

**C. Interests of Experts and Counsel**

Not applicable.

**ITEM 8 FINANCIAL INFORMATION**

**A. Consolidated Statements and Other Financial Information**

***Consolidated Financial Statements***

The audited Consolidated Financial Statements and the report of our independent registered public accounting firm are included starting on page F-1 of this report.

***Export Sales***

Refer to "*Item 4.B—Business Overview*" for a discussion of our sales and distribution channels.

***Legal Proceedings***

We are party to civil and administrative proceedings (including tax audits) and to legal actions in the normal course of our business, including with respect to lease agreements, labor matters and intellectual property matters. Adverse decisions in one or more of these proceedings could require us to pay substantial damages. Litigation is subject to many uncertainties, and the outcome of individual matters is not predictable with assurance. An accrual is established in connection with pending or threatened litigation if a loss is probable and a reliable estimate can be made. For information regarding provisions made for the legal proceedings we are a party to, please refer to *Note 33 — Provisions for risks and charges* to the Consolidated Financial Statements.

On June 28, 2021, adidas filed a lawsuit in the Southern District of New York for, among others, trademark infringement, unfair competition, dilution and various state claims, in connection with Thom Browne's five color grosgrain ribbon and the four bands on sleeves and pants on its sporting goods, sportswear and athletic wear. Adidas claims these designs allegedly infringe the three stripe marks of adidas. The case was assigned to a jury trial and on January 12, 2023, the jury found that at no time did Thom Browne, Inc. infringe on any of adidas' trademarks. Adidas filed a notice of appeal, in pursuance of which Thom Browne, Inc. filed a notice of cross-appeal. Meanwhile, Thom Browne, Inc. has also initiated cancellation proceedings against a number of adidas marks registered in the European Union, alleging that the marks lack distinction, as well as in England, on the ground of non-use. In 2022, adidas also commenced an action before the Nuremberg-Furth District Court in Germany against Thom Browne, Inc. and Thom Browne Retail Italy Srl, alleging Thom Browne's four-bar signature infringed adidas' three stripe mark. Counsel's service of the documentation was flawed and formed the basis of default judgments against both Thom Browne, Inc. and Thom Browne Retail Italy Srl. Upon discovery of the defaults, Thom Browne successfully moved to suspend judgment against Thom Browne Retail Italy Srl. Thom Browne, Inc. has filed a motion to set aside that default judgment on the same grounds. All such proceedings remain pending. Thom Browne intends to vigorously defend its position.

On February 17, 2022, the New York Supreme Court in the City of New York issued a judgment dismissing Zegna's claims seeking rescission of a lease of premises in New York City. The trial court found that the lease was still in full force and effect and ordered Zegna to pay the amount requested by the landlord as unpaid rent and fees. On March 10, 2022, the landlord filed a complaint requesting Zegna to pay the unpaid rent and fees accrued until March 2022. Following the latest developments, Zegna had accrued a provision of €28,254 thousand on its balance sheet at December 31, 2021. On July 13, 2022, Zegna and the landlord entered into a settlement agreement, following which the Group made a payment of €25,698

thousand and the remaining provision was reclassified to other current liabilities. See *Note 33 — Provisions for risks and charges* to the Consolidated Financial Statements.

***Dividend Policy***

The Company intends to pay regular dividends on outstanding Ordinary Shares. However, any decision to declare and pay dividends in the future will ultimately be made at the discretion of the Zegna Board and will depend on the Group's results of operations, business conditions, financial conditions, earnings, cash balances, commitments, strategic plans and other factors that the Zegna Board may deem relevant at the time it recommends approval of any such dividend, including economic and market conditions.

Pursuant to Dutch law and the Zegna Articles of Association, the distribution of dividends will take place following the adoption of the annual accounts, from which we will determine whether such distribution is permitted. We may make distributions to our shareholders, whether from profits or from our freely distributable reserves, only insofar as our shareholders' equity exceeds the sum of the paid-up and called-up share capital plus any reserves to be maintained by Dutch law or the Zegna Articles of Association.

The Zegna Board may resolve to reserve the profits or part of the profits. Any profits remaining after the reservation referred to in the previous sentence by the Zegna Board will first be applied to allocate and add to the dividend reserve for each class of Zegna Special Voting Shares an amount equal to 1% of the aggregate nominal value of all issued and outstanding Zegna Special Voting Shares of that class. The profits remaining after application of the preceding sentence will be at the disposal of the Zegna General Meeting, which may resolve to add the remaining profits to the reserves or distribute them to the holders of Ordinary Shares. Distributions of dividends will be made to Zegna's shareholders in proportion to the nominal value of their Ordinary Shares.

Pursuant to Dutch law and the Zegna Articles of Association, the Zegna Board or the Zegna General Meeting at the proposal of the Zegna Board will be allowed to resolve upon interim distributions on Ordinary Shares. For this purpose, the Zegna Board must prepare an interim statement of assets and liabilities. Such interim statement shall show our financial position not earlier than on the first day of the third month before the month in which the resolution to make the interim distribution is announced. An interim dividend can only be paid if (i) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (ii) our shareholders' equity exceeds the sum of the paid-up and called-up share capital and any reserves to be maintained by Dutch law or the Zegna Articles of Association. Interim distributions will be made in cash, in kind or in the form of Ordinary Shares.

Since Zegna is a holding company and its operations are carried out through its subsidiaries, Zegna's ability to pay dividends will primarily depend on the ability of its subsidiaries to generate earnings and to provide it with the necessary financial resources.

In line with its dividend policy, in July 2022 the Company made a dividend distribution to the holders of Ordinary Shares of €0.09 per Ordinary Share, corresponding to a total dividend distribution of approximately €21.8 million. Such dividend distribution represents the first cash dividend paid by the Company since becoming a public company.

Subject to the finalization and adoption of the annual statutory accounts of the Company, provided that the distribution is permitted under Dutch law, and also subject to the approval of the proposed distribution by Zegna's 2023 annual general meeting (which is currently expected to be on June 27, 2023), the Company intends to make a dividend distribution to the holders of Ordinary Shares of €0.10 per share, corresponding to a total dividend distribution to shareholders of approximately €25 million.

**B. Significant Changes**

Except otherwise disclosed within this report, no significant changes have occurred since the date of the Consolidated Financial Statements.

## ITEM 9 THE OFFER AND LISTING

### A. Offer and Listing Details

The Ordinary Shares are listed on NYSE under the symbol "ZGN." Until February 27, 2023, the Public Warrants were listed on NYSE under the symbol "ZGN WS." Following the Warrant Redemption, there are no Public Warrants outstanding.

### B. Plan of Distribution

Not applicable.

### C. Markets

See "*—Offer and Listing Details*" above.

### D. Selling Shareholders

Not applicable.

### E. Dilution

Not applicable.

### F. Expenses of the Issue

Not applicable.

## ITEM 10 ADDITIONAL INFORMATION

### A. Share Capital

Not applicable.

### B. Memorandum and Articles of Association

***Corporate Seat and Place of Effective Management***

Zegna is a legal entity organized under the laws of the Netherlands. It has its corporate seat (*statutaire zetel*) in Amsterdam, the Netherlands. The address of Zegna is Viale Roma 99/100, 13835 Valdilana loc. Trivero, Italy. Since its incorporation Zegna has had, and it intends to continue to have, its place of effective management in Italy.

Zegna is registered with the Dutch Trade Register. Its trade register number is 84808640.

***Share Capital and Form of Shares***

At December 31, 2022, there were 242,802,746 Ordinary Shares issued and outstanding. At the same date, there were also 13,416,636 Public Warrants and 6,700,000 Private Placement Warrants outstanding.

On January 26, 2023, the Company announced a redemption of all Warrants, following which 19,322,846 Warrants were exercised on a cashless basis and 408,667 Warrants were exercised for cash, resulting in the issuance of an aggregate of 5,761,067 Ordinary Shares. The 385,123 remaining outstanding Warrants were redeemed on February 27, 2023.

As a result of the Warrant Redemption, as of March 28, 2023, there were 248,563,813 Ordinary Shares issued and outstanding and no Warrants outstanding.

At December 31, 2022, Zegna's authorized share capital amounted to €18,700,000, divided into 400,000,000 Ordinary Shares, with a nominal value of €0.02 each, 200,000,000 Zegna Special Voting Shares A, with a nominal value of €0.02 each, 50,000,000 Zegna Special Voting Shares B, with a nominal value of €0.08 each and 15,000,000 Zegna Special Voting Shares C, with a nominal value of €0.18 each. In order to facilitate Zegna's loyalty voting structure, the Zegna Articles of Association provide for transitional provisions to increase the authorized share capital when the Zegna Board makes the required filings with the Dutch Trade Register. All issued Ordinary Shares have been fully paid up.

At December 31, 2022, 54,140,913 Ordinary Shares were held by Zegna in treasury.

All issued and outstanding Ordinary Shares and Zegna Special Voting Shares are held in registered form. No share certificates may be issued.

***Issuance of Shares***

The Zegna Articles of Association provide that Ordinary Shares and Zegna Special Voting Shares may be issued or rights to subscribe for shares may be granted pursuant to a resolution adopted by the Zegna General Meeting at the proposal of the Zegna Board, or alternatively, by the Zegna Board if so designated by the Zegna General Meeting. Designation by resolution of the Zegna General Meeting cannot be withdrawn unless determined otherwise at the time of designation. The scope and duration of the Zegna Board's authority to issue shares or grant rights to subscribe for shares (such as granting stock options) will be determined by a resolution of the Zegna General Meeting and relates, at the most, to all unissued shares in Zegna's authorized capital on the date on which the Zegna Board resolves to issue shares or grant rights to subscribe for shares. The duration of this authority may not exceed a period of five years. Designation of the Zegna Board as the body authorized to issue shares or grant rights to subscribe for shares may be extended by a resolution of the Zegna General Meeting for a period not exceeding five years in each case. The maximum number of shares or rights to subscribe for shares that may be issued or granted by the Zegna Board is determined at the time of designation by the Zegna General Meeting.

No resolution of the Zegna General Meeting or resolution of the Zegna Board is required to issue shares pursuant to the exercise of a previously granted right to subscribe for shares.

The Zegna General Meeting adopted a resolution prior to the Closing pursuant to which the Zegna Board is authorized, for a period of five years from the date of the Closing, to issue Ordinary Shares and grant rights to subscribe for Ordinary Shares up to the authorized share capital from time to time.

***Pre-emptive Rights***

Under Dutch law and the Zegna Articles of Association, each shareholder has a pre-emptive right in proportion to the aggregate number of its Ordinary Shares upon the issuance of new Ordinary Shares or the granting of rights to subscribe for Ordinary Shares. Exceptions to this pre-emptive right include the issuance of new Ordinary Shares or the granting of rights to subscribe for Ordinary Shares: (i) to employees of Zegna or another company of its group; (ii) against payment other than in cash; and (iii) to persons exercising a previously granted right to subscribe for Ordinary Shares. Holders of Zegna Special Voting Shares will not have pre-emptive rights to acquire newly issued Ordinary Shares or Zegna Special Voting Shares and no pre-emptive rights will exist with respect to the issue of Zegna Special Voting Shares. In accordance with Dutch law, pre-emptive rights may be exercised during a period of at least two weeks after the announcement of an issuance of new Ordinary Shares or a grant of rights to subscribe for Ordinary Shares in the Dutch State Gazette.

The Zegna General Meeting at the proposal of the Zegna Board, or alternatively the Zegna Board if it has been designated to do so by the Zegna General Meeting, has the authority to resolve on the limitation or exclusion of pre-emptive rights upon an issuance of Ordinary Shares or a grant of rights to subscribe for Ordinary Shares. A resolution of the Zegna General Meeting to limit or exclude pre-emptive rights or to authorize the Zegna Board to do so requires a two-thirds majority of the votes cast if less than half of the issued share capital is represented at a Zegna General Meeting. If half or more of the issued share capital is represented at the meeting, this resolution is adopted with a simple majority of the votes cast.

Pursuant to Dutch law, the Zegna Board may be designated as the competent body to limit or exclude pre-emption rights for a specified period of time not exceeding five years, but only if the Zegna Board has also been authorized or is simultaneously authorized to issue Ordinary Shares. If a proposal is made by the Zegna Board to the Zegna General Meeting

to limit or exclude pre-emptive rights, the reasons for the proposal and the choice of the intended price of issue must be explained in writing.

The Zegna General Meeting adopted a resolution prior to the Closing pursuant to which the Zegna Board is authorized, for a period of five years from the Closing Date, to limit or exclude pre-emptive rights in connection with an issuance of Ordinary Shares or grant of rights to subscribe for Ordinary Shares.

***Repurchase of Shares***

Zegna and each of its subsidiaries may acquire Ordinary Shares and Zegna Special Voting Shares, subject to certain provisions of Dutch law and the Zegna Articles of Association and the articles of association of such subsidiary, as applicable. Ordinary Shares or Zegna Special Voting Shares may be acquired by Zegna or a subsidiary against no consideration or against consideration. Ordinary Shares or Zegna Special Voting Shares may only be acquired against consideration if (i) Zegna's shareholders' equity (*eigen vermogen*) less the acquisition price is not less than the sum of the paid-up and called-up share capital and any reserves to be maintained by Dutch law or the Zegna Articles of Association, (ii) Zegna and its subsidiaries would not thereafter hold shares or hold shares as pledgee with an aggregate nominal value exceeding 50% of Zegna's then current issued and outstanding share capital, and (iii) the Zegna Board has been designated to do so by its shareholders at a Zegna General Meeting. The designation of the Zegna Board is not required if Zegna acquires fully paid-up Ordinary Shares for the purpose of transferring these to employees of Zegna under any applicable equity compensation plan.

On June 28, 2022, the Zegna General Meeting adopted a resolution to authorize the Zegna Board for a period of 18 months (starting from the date of such meeting, until December 28, 2023) to repurchase Ordinary Shares, on the open market, through privately negotiated repurchases, in self-tender offers, through accelerated repurchase arrangements or through other arrangements, for a total amount up to 10% of Zegna's issued share capital at June 28, 2022. Notwithstanding the foregoing and in accordance with the terms of the resolution, the Zegna Board is authorized to repurchase Ordinary Shares representing up to 20% of Zegna's issued share capital at June 28, 2022, if Zegna intends to cancel or transfer the repurchased Ordinary Shares within 12 months from the date of such repurchase, at prices ranging from the nominal value of the Ordinary Shares up to 110% of the market price for the Ordinary Shares and provided that (i) for open market or privately negotiated repurchases, the market price shall be the price for the Ordinary Shares on the NYSE at the time of the transaction; (ii) for self-tender offers, the market price shall be the volume weighted average price (the "VWAP") for the Ordinary Shares on the NYSE during a period, determined by the Zegna Board, of no less than one and no greater than five consecutive trading days immediately prior to the expiration of the tender offer; and (iii) for accelerated repurchase arrangements, the market price shall be the VWAP for the Ordinary Shares on the NYSE over the term of the arrangement. The VWAP of any number of trading days shall be calculated as the arithmetic average of the daily VWAP on those trading days.

***Reduction of Share Capital***

The Zegna General Meeting may resolve to reduce Zegna's issued share capital by a cancellation of shares or by reducing the nominal value of the shares by amending the Zegna Articles of Association. A resolution to cancel shares may only relate to shares held by Zegna itself or all issued shares of any class of Zegna Special Voting Shares. A resolution to cancel all issued shares of any class of Zegna Special Voting Shares will be subject to approval of the meeting of holders of such class of Zegna Special Voting Shares. Cancellation of a class of Zegna Special Voting Shares will take place without the repayment of the nominal value of the class of Zegna Special Voting Shares, which nominal value will be added to the special capital reserve.

Any reduction of the nominal value of the Ordinary Shares or a class of Zegna Special Voting Shares without repayment must be made pro rata on all such shares. Any reduction of the nominal value of the Zegna Special Voting Shares will take place without repayment.

A resolution of the Zegna General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast at a Zegna General Meeting if less than half of the issued share capital is represented at the meeting. If half or more of the issued share capital is represented at the meeting, such resolution is adopted with a simple majority of the votes cast.

In addition, Dutch law contains detailed provisions regarding the reduction of share capital. A resolution to reduce the issued share capital shall not take effect before a two-month creditor opposition period has lapsed.

***Transfer of Shares***

Pursuant to Dutch law and the Zegna Articles of Association, the transfer of Ordinary Shares or Zegna Special Voting Shares (in each case, other than in book-entry form) or the creation of a right in rem on such shares requires a deed intended for that purpose and, save when Zegna is a party to the deed, written acknowledgment by Zegna of the transfer or the creation.

Pursuant to the Zegna Articles of Association, for as long as Ordinary Shares are listed on a regulated foreign stock exchange, the Zegna Board may resolve, in accordance with applicable Dutch law, that the preceding paragraph shall not apply to the Ordinary Shares that are registered in the part of the shareholders register which is kept outside the Netherlands by a registrar appointed by the Zegna Board for the purpose of the listing on such foreign stock exchange and that the property law aspects of such shares shall be governed by the law of the state of establishment of such stock exchange or by the law of the state in which deliveries and other legal acts under property law relating to the Ordinary Shares can or must be made with the consent of such stock exchange.

Pursuant to Dutch law and the Zegna Articles of Association, the Ordinary Shares are freely transferable. The Ordinary Shares which are registered in the Loyalty Register to participate in Zegna's loyalty voting structure are subject to the transfer restrictions described under "*—Terms and Conditions of the Zegna Special Voting Shares—Cancellation of Zegna Special Voting Shares.*"

***No Liability to Further Capital Calls***

All issued Ordinary Shares have been fully paid up.

***Discriminating Provisions***

There are no provisions in the Zegna Articles of Association that discriminate against a shareholder because of its ownership of a certain number of shares.

***Dividends and Other Distributions***

Pursuant to Dutch law and the Zegna Articles of Association, the distribution of dividends will take place following the adoption of the annual accounts, from which Zegna will determine whether such distribution is permitted. Zegna may make distributions to its shareholders, whether from profits or from Zegna's freely distributable reserves, only insofar as Zegna's shareholders' equity exceeds the sum of the paid-up and called-up share capital plus any reserves to be maintained by Dutch law or the Zegna Articles of Association.

The Zegna Board may resolve to reserve the profits or part of the profits. Any profits remaining after the reservation referred to in the previous sentence by the Zegna Board will first be applied to allocate and add to the dividend reserve for each class of Zegna Special Voting Shares an amount equal to 1% of the aggregate nominal value of all issued and outstanding Zegna Special Voting Shares of that class. The profits remaining after application of the preceding sentence will be at the disposal of the Zegna General Meeting, which may resolve to add the remaining profits to the reserves or distribute them to the holders of Ordinary Shares. Distributions of dividends will be made to Zegna's shareholders in proportion to the nominal value of their Ordinary Shares.

Pursuant to Dutch law and the Zegna Articles of Association, the Zegna Board or the Zegna General Meeting at the proposal of the Zegna Board are allowed to resolve upon interim distributions on Ordinary Shares. For this purpose, the Zegna Board must prepare an interim statement of assets and liabilities. Such interim statement shall show Zegna's financial position not earlier than on the first day of the third month before the month in which the resolution to make the interim distribution is announced. An interim dividend can only be paid if (i) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (ii) Zegna's shareholders' equity exceeds the sum of the paid-up and called-up share capital and any reserves to be maintained by Dutch law or the Zegna Articles of Association. Interim distributions may be made in cash and in kind (such as in the form of Ordinary Shares).

Holders of Zegna Special Voting Shares will not receive any dividends in respect of the Zegna Special Voting Shares; however, Zegna will maintain a separate dividend reserve for each class of Zegna Special Voting Shares for the sole purpose of the allocation of the mandatory minimal profits that accrue to the Zegna Special Voting Shares (as further

described under "*—Board of Directors—Loyalty Voting Structure*"). Any distribution out of a special voting shares dividend reserve or the partial or full release of any such reserve will require a prior proposal from the Zegna Board and a resolution of the meeting of holders of the relevant class of Zegna Special Voting Shares, and will be made exclusively to the holders of the relevant class of Zegna Special Voting Shares in proportion to the aggregate nominal value of such relevant class of Zegna Special Voting Shares.

Distributions are payable on the day determined by the Zegna Board. Distributions will lapse if the distributions are not claimed within five years and one day following the date when they became payable.

***Board of Directors***

*Zegna Board Composition*

Pursuant to the Zegna Articles of Association, Zegna has a one-tier board consisting of one or more Zegna Executive Directors and one or more Zegna Non-Executive Directors. The Zegna Board determines the number of Zegna Executive Directors and Zegna Non-Executive Directors, provided that the majority of the Zegna Board will consist of Zegna Non-Executive Directors.

The Zegna Board is currently composed of eleven members, as described in "*Item 6.A—Directors and Senior Management—Board of Directors.*"

The Zegna Board has adopted a diversity policy to ensure gender representation and diversity on the Zegna Board in accordance with applicable law and in pursuit of best market practices.

The Zegna Executive Directors are primarily responsible for all day-to-day operations of Zegna. The Zegna Non-Executive Directors, among others, supervise (i) the Zegna Executive Directors' policy and performance of duties and (ii) Zegna's general affairs and its business, and render advice and direction to the Zegna Executive Directors. The Zegna Non-Executive Directors furthermore perform any duties allocated to them under or pursuant to Dutch law or the Zegna Articles of Association. The Zegna Executive Directors will timely provide the Zegna Non-Executive Directors with the information they need to carry out their duties.

The Zegna Board may allocate its duties and powers among the Zegna Directors and the committees of the Zegna Board in or in accordance with the Zegna Board Regulations or otherwise in writing.

The Zegna Board may in its discretion grant one of the Zegna Non-Executive Directors the title Vice Chairman and may grant such additional titles the Zegna Board deems appropriate to any Zegna Director. The Zegna Board determines which Zegna Non-Executive Director will act as Lead Non-Executive Director and chair (*voorzitter*) as referred to under Dutch law.

*Nomination and Appointment*

Zegna Directors are appointed by the Zegna General Meeting on a binding nomination by the Zegna Board, provided that one Zegna Non-Executive Director is appointed on a binding nomination by the IIAC Sponsor if at the time of the convocation of the relevant Zegna General Meeting the Sponsor Group satisfies the Minimum Holding Requirement. The nomination of the Sponsor Nominee by the IIAC Sponsor is subject to the approval of the Zegna Board in its discretion if he or she has not previously served as Zegna Director.

The IIAC Sponsor's right to make a nomination for one Zegna Non-Executive Director will lapse with immediate effect if the Sponsor Group fails to satisfy the Minimum Holding Requirement, provided that if such failure is not caused by a sale or transfer of Ordinary Shares by any member of the Sponsor Group, the IIAC Sponsor's nomination right will lapse if such failure continues for a period of 20 trading days from the date on which any member of the Sponsor Group had knowledge of such failure. Upon the termination of the nomination right, the Sponsor Nominee (or any temporary Zegna Director replacing a Sponsor Nominee) shall resign from the Zegna Board with immediate effect at the request of Zegna.

The Zegna General Meeting will at all times be allowed to overrule a binding nomination for the appointment of a Zegna Director by a simple majority of the votes cast, representing more than one-third of Zegna's issued share capital. If a majority of the votes are cast in favor of overruling the binding nomination, but that majority does not represent more than

one third of Zegna's issued share capital, a new Zegna General Meeting may be convened at which the resolution to overrule the binding nomination may be adopted by a simple majority of the votes cast, regardless of Zegna's issued share capital represented by that majority.

In the event the binding nomination for the appointment of any Zegna Director other than the Sponsor Nominee is overruled, the Zegna Board is allowed to make a new binding nomination to fill the vacancy. In the event that also this binding nomination is overruled, the Zegna General Meeting shall be free to appoint a Zegna Director to fill the vacancy. In the event the binding nomination for the appointment of the Sponsor Nominee is overruled, the IIAC Sponsor may make a new binding nomination to fill the vacancy, provided that at the time of the convocation of the relevant Zegna General Meeting, the Sponsor Group satisfies the Minimum Holding Requirement.

*Term of Office; Suspension; Dismissal; Conflict of Interest*

Each Zegna Director is appointed for a term ending at the close of the first annual Zegna General Meeting following his or her appointment. Each Zegna Director may be reappointed.

The Zegna General Meeting may at all times suspend or dismiss a Zegna Director. Such resolution will require a majority of at least two-thirds of the votes cast, representing more than half of Zegna's issued share capital, or, if such resolution is proposed by the Zegna Board, by a simple majority of the votes cast, representing more than half of Zegna's issued share capital. A Zegna Director will not participate in the deliberations and decision-making process if such Zegna Director has a direct or indirect personal conflict of interest with Zegna and its associated business enterprise. If the Zegna Board is unable to adopt a resolution as a result of all Zegna Directors being unable to participate in the deliberations and decision-making process due to a conflict of interest, the resolution may nevertheless be adopted by the Zegna Board.

*Liability of Directors*

Pursuant to Dutch law, each Zegna Director may be held jointly and severally liable to Zegna for damages in the event of improper or negligent performance of his or her duties. Furthermore, Zegna Directors may be held liable to third parties based on tort pursuant to certain provisions of the Dutch Civil Code. All Zegna Directors are jointly and severally liable for failure of one or more co-directors. An individual Zegna Director will only be exempt from liability if he or she proves that he or she cannot be held culpable for the mismanagement and that he or she has not been negligent in seeking to prevent the consequences of the mismanagement. In this regard a Zegna Director may, however, refer to the allocation of tasks among the Zegna Directors.

*Board Regulations*

Pursuant to the Zegna Articles of Association, the Zegna Board has adopted regulations dealing with its internal organization, the manner in which decisions are taken, the place and manner in which meetings are held, the composition, the duties and organization of committees of the Zegna Board and any other matters concerning the Zegna Board, Zegna Directors and committees established by the Zegna Board.

*Decision-making*

Pursuant to the Zegna Board Regulations, the Zegna Board strives to adopt its resolutions by consensus. If this is not possible, resolutions are adopted by a majority of votes cast, unless provided otherwise by the Zegna Board Regulations. In the event of a tied vote, the proposal is rejected, unless the Zegna Board Regulations provide otherwise. Each Zegna Director shall have one vote.

Pursuant to the Zegna Board Regulations, the Zegna Board will only adopt resolutions at a meeting if the majority of the directors entitled to vote is present or represented at the meeting. If the Lead Non-Executive Director and the Chairperson believe there is an urgent situation that requires an immediate resolution by the Zegna Board, they may decide that the aforementioned quorum requirement does not apply provided that (i) at least two Zegna Directors entitled to vote are present or represented at the meeting including at least one Zegna Executive Director (provided, however, that any such Zegna Executive Director is entitled to vote on the matters being considered), and (ii) reasonable efforts have been made to involve the other Zegna Directors in the decision-making.

The Zegna Articles of Association and Dutch law provide that resolutions of the Zegna Board regarding an important change in Zegna's identity or character or its associated business enterprise are subject to the approval of the Zegna General Meeting. Such resolutions include in any event: (i) the transfer of the business of Zegna or practically the entire business of Zegna to a third party; (ii) concluding or cancelling a long-lasting cooperation of Zegna or a subsidiary with another legal entity or company or as a fully liable partner in a partnership, provided that the cooperation or cancellation is of material significance to Zegna; and (iii) acquiring or disposing of a participating interest in the share capital of a company with a value of at least one-third of Zegna's assets, as shown in the consolidated balance sheet with explanatory notes according to the last adopted annual accounts, by Zegna or a subsidiary.

*Representation*

The Zegna Board as a whole and any Zegna Executive Director acting individually are authorized to represent Zegna. The Zegna Board may authorize one or more persons, whether or not employed by Zegna, to represent Zegna on a continuing basis or authorize in a different manner one or more persons to represent Zegna.

***Indemnification of Zegna Directors and Officers***

Under Dutch law, indemnification provisions may be included in a company's articles of association. Pursuant to the Zegna Articles of Association, Zegna is required to indemnify any and all of the Zegna Directors, officers, former Zegna Directors, former officers and any person who may have served at its request as a director or officer of a subsidiary of Zegna, who were or are made a party or are threatened to be made a party or are involved in, any threatened, pending or completed action, suit, or proceeding, whether civil, criminal, administrative, arbitrative or investigative (each, a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding against any and all liabilities, damages, documented expenses (including attorney's fees), financial effects of judgments, fines, penalties (including excise and similar taxes and punitive damages) and amounts paid in settlement in connection with such Proceeding by any of them. Notwithstanding the above, no indemnification will be made (i) in respect of any claim, issue or matter as to which any of the above-mentioned indemnified persons will be adjudged in a final and non-appealable decision to be liable for gross negligence or willful misconduct in the performance of such person's duty to Zegna or (ii) to the extent that the costs or the capital losses of the above-mentioned indemnified persons are paid by another party or covered by an insurance policy and the insurer has paid out these costs or capital losses. This indemnification by Zegna will not be exclusive of any other rights to which those indemnified may be entitled otherwise.

***Loyalty Voting Structure***

Zegna has adopted a loyalty voting structure, in order to strengthen the stability of Zegna and foster the development and the continuous involvement of a stable base of long-term Zegna shareholders.

The Zegna Special Voting Shares are governed by the provisions included in the Zegna Articles of Association and the Terms and Conditions of the Zegna Special Voting Shares. These documents govern the issuance, allocation, acquisition, conversion, sale, holding, repurchase and transfer of the Zegna Special Voting Shares and certain aspects of the registration of the Ordinary Shares in the Loyalty Register.

The loyalty voting structure provides the Zegna shareholders with the opportunity to participate in the loyalty voting structure by requesting Zegna to register all or some of their Ordinary Shares in the Loyalty Register. The registration of Ordinary Shares in the Loyalty Register will block such shares from trading on the NYSE. If a number of Ordinary Shares have been registered in the Loyalty Register for an uninterrupted period of two years in the name of the same shareholder, such shares become eligible to receive Zegna Special Voting Shares A. The relevant shareholder will receive one Zegna Special Voting Share A per eligible Ordinary Share. Each Zegna Special Voting Share A will automatically be converted into a Zegna Special Voting Share B and each Zegna Special Voting Share B will automatically be converted into a Zegna Special Voting Share C, upon the issuance of the relevant conversion statement by Zegna. The requirements for the conversions are:

- after holding a number of Ordinary Shares for an uninterrupted period of five years following the registration of such number of Ordinary Shares in the Loyalty Register, and without such number of Ordinary Shares being de-registered from the Loyalty Register in such period, each Zegna Special Voting Share A corresponding to such number of Ordinary Shares will automatically be converted into a Zegna Special Voting Share B; and

- after holding a number of Ordinary Shares for an uninterrupted period of ten years following the registration of such number of Ordinary Shares in the Loyalty Register, and without such number of Ordinary Shares being de-registered from the Loyalty Register in such period, each Zegna Special Voting Share B corresponding to such number of Ordinary Shares will automatically be converted into a Zegna Special Voting Share C.

Each class of Zegna Special Voting Shares will entitle the relevant holders to the following number of votes, in addition to the voting rights attached to each Ordinary Share:

- each Zegna Special Voting Share A will entitle its holder with one extra vote;
- each Zegna Special Voting Share B will entitle its holder with four extra votes; and
- each Zegna Special Voting Share C will entitle its holder with nine extra votes.

If, at any time, a number of Ordinary Shares are de-registered from the Loyalty Register for whatever reason, the relevant shareholder will lose its entitlement to hold a corresponding number of Zegna Special Voting Shares.

A holder of Ordinary Shares registered in the Loyalty Register is allowed to request the de-registration of some or all of such shares from the Loyalty Register at any time, which will allow such shareholder to freely trade such shares. From the moment of such a request, the holder of the Ordinary Shares registered in the Loyalty Register will be considered to have waived his or her rights to cast any votes associated with the Zegna Special Voting Shares to be de-registered from the Loyalty Register. Upon the de-registration from the Loyalty Register, the holder of the relevant number of Ordinary Shares will cease to be entitled to receive Zegna Special Voting Shares. Any de-registration request will automatically trigger a mandatory transfer requirement pursuant to which the relevant Zegna Special Voting Shares will be acquired by Zegna for no consideration (*om niet*) in accordance with the Terms and Conditions of the Zegna Special Voting Shares.

The Ordinary Shares are freely transferable (subject to the limitations described under "*—Transfer of Shares*" above). However, any transfer or disposal of Ordinary Shares registered in the Loyalty Register not permitted by the Terms and Conditions of the Zegna Special Voting Shares will trigger the de-registration of such shares from the Loyalty Register and the transfer of all corresponding Zegna Special Voting Shares to Zegna.

The Zegna Special Voting Shares are not listed and are transferable only in very limited circumstances (including, among other things, transfers to certain affiliates or to relatives through succession, donation or other transfers, provided that the corresponding Ordinary Shares registered in the Loyalty Register are also transferred to such party, or transfers with the approval of the Zegna Board). In particular, no shareholder will be allowed to, directly or indirectly: (a) sell, dispose of, trade or transfer any Zegna Special Voting Shares or otherwise grant any right or interest in any Zegna Special Voting Share, other than as permitted pursuant to the Zegna Articles of Association or the Terms and Conditions of the Zegna Special Voting Shares; or (b) establish or permit to establish any pledge, lien, fixed or floating charge or other encumbrance over any Zegna Special Voting Share or any interest in any Zegna Special Voting Share.

The purpose of the loyalty voting structure is to grant long-term shareholders extra voting rights by means of granting Zegna Special Voting Shares, without entitling such shareholders to any economic rights, other than those pertaining to the Ordinary Shares. However, under Dutch law, the Zegna Special Voting Shares cannot be totally excluded from economic entitlements. As a result, pursuant to the Zegna Articles of Association, holders of Zegna Special Voting Shares will be entitled to a minimum dividend, which is allocated to separate special voting shares dividend reserves. Any distribution out of a special voting shares dividend reserve or the partial or full release of any such reserve will require a prior proposal from the Zegna Board and a resolution of the meeting of holders of the relevant class of Zegna Special Voting Shares, and will be made exclusively to the holders of the relevant class of Zegna Special Voting Shares in proportion to the aggregate nominal value of the relevant class of their Zegna Special Voting Shares. The powers to vote upon the distribution from the special voting shares dividend reserve and the cancellation of all issued Zegna Special Voting Shares of a specific class are the only powers that are granted to the meeting of holders of Zegna Special Voting Shares of the relevant class pursuant to Zegna Articles of Association.

The Zegna Board is allowed to amend the Terms and Conditions of the Zegna Special Voting Shares, provided, however, that any material, not merely technical amendment will be subject to approval of the Zegna General Meeting, unless such amendment is required to ensure compliance with applicable laws and or stock exchange rules.

***Zegna Special Voting Shares Foundation***

Pursuant to the Zegna Articles of Association, a Dutch foundation (*stichting*) (the "*S*VS Foundation") has the right to subscribe for a number of Zegna Special Voting Shares A, Zegna Special Voting Shares B and Zegna Special Voting Shares C up to the number of such class of Zegna Special Voting Shares included in Zegna's authorized share capital from time to time. The SVS Foundation is only allowed to exercise the option right to facilitate the loyalty voting structure set forth in the Zegna Articles of Association and the Terms and Conditions of the Zegna Special Voting Shares.

The option right is granted to the SVS Foundation for an unlimited period and is intended to ensure that holders of eligible Ordinary Shares in the future will receive their Zegna Special Voting Shares without requiring a resolution from the Zegna General Meeting. Under the structure of the SVS Foundation, once a shareholder of Zegna becomes entitled to receive Zegna Special Voting Shares A, Zegna will issue such Zegna Special Voting Shares A to the SVS Foundation pursuant to the SVS Foundation's exercise of its option right and, thereafter, the SVS Foundation will transfer the Zegna Special Voting Shares A to such shareholder. To the extent required, and only if Zegna fails to issue a conversion statement, the SVS Foundation will have the right to subscribe for Zegna Special Voting Shares B and Zegna Special Voting Shares C to facilitate the loyalty voting structure.

***Terms and Conditions of the Zegna Special Voting Shares***

The Terms and Conditions of the Zegna Special Voting Shares apply to the issuance, allocation, acquisition, conversion, sale, holding, repurchase and transfer of the Zegna Special Voting Shares and certain aspects of the registration of the Ordinary Shares in the Loyalty Register.

*Special Capital Reserve*

Zegna will maintain a special capital reserve, exclusively for the purpose of facilitating the issuance, conversion, or cancellation of the Zegna Special Voting Shares. The amounts required to maintain the special capital reserve will be charged exclusively against Zegna's share premium reserve. Without prejudice to the next sentence, no distributions shall be made from the special capital reserve. The Zegna Board will be authorized to resolve upon (i) any distribution out of the special capital reserve to pay-up the Zegna Special Voting Shares or (ii) re-allocation of amounts to credit or debit the special capital reserve against or in favor of the share premium reserves Zegna will maintain.

*Cancellation of Zegna Special Voting Shares*

Following a mandatory transfer to Zegna of Zegna Special Voting Shares after a de-registration of eligible Ordinary Shares from the Loyalty Register, Zegna will be allowed to continue to hold the Zegna Special Voting Shares as treasury shares, but will not be entitled to vote on any such treasury shares. Alternatively, Zegna will be allowed to cancel the Zegna Special Voting Shares held in treasury, as a result of which the nominal value of such shares will be added to the special capital reserve. Zegna will also be allowed to cancel all issued and outstanding Zegna Special Voting Shares of a specific class, subject to approval of the meeting of holders of the relevant class of Zegna Special Voting Shares. Consequently, the loyalty voting feature will terminate, and the relevant Ordinary Shares will be de-registered from the Loyalty Register. No shareholder, who will be required to transfer Zegna Special Voting Shares to Zegna pursuant to the Terms and Conditions of the Zegna Special Voting Shares will be entitled to any consideration for such Zegna Special Voting Shares and each shareholder will expressly waive any rights in that respect as a condition to participation in the loyalty voting structure.

*Change of Control*

A shareholder with Ordinary Shares registered in the Loyalty Register must promptly notify Zegna in the event of a change of control (as such term is defined in the Terms and Conditions of the Zegna Special Voting Shares) with respect to such shareholder and must make a de-registration request with respect to all his or her Ordinary Shares registered in the Loyalty Register. The de-registration request leads to a transfer of the Zegna Special Voting Shares as described under "*—Board of Directors—Loyalty Voting Structure*." Notwithstanding Zegna not receiving any such notification, it will be allowed, upon becoming aware of a change of control, to initiate the de-registration of the relevant shareholder's Ordinary Shares from the Loyalty Register.

***Affirmative Vote of the Sponsor Nominee***

Pursuant to the Zegna Articles of Association, the affirmative vote of the Sponsor Nominee is required for resolutions of the Zegna Board concerning the following matters, provided that the Sponsor Group satisfies the Minimum Holding Requirement:

- making a proposal to the Zegna General Meeting concerning any amendment of the Zegna Articles of Association which adversely affects the rights of the IIAC Sponsor specifically (as opposed to its rights arising from the ownership of Ordinary Shares or Zegna Special Voting Shares that are shared on a pro rata basis by the other holders of the same class);

- cessation or material alteration of the principal business of Zegna, including a material change to its corporate purpose, or change of jurisdiction of organization;

- expansion of the Zegna Board to more than fifteen members without granting the IIAC Sponsor the right to nominate an additional Zegna Director to preserve its proportional representation;

- dissolution or termination of any standing committee of the Zegna Board;

- deregistration of Zegna or delisting of the Ordinary Shares from the NYSE; and

- making a proposal to the Zegna General Meeting for the appointment or removal of Zegna's independent auditors, but only if the replacement is not from among Deloitte, Ernst & Young, KPMG or PricewaterhouseCoopers.

The IIAC Sponsor's rights described above will lapse with immediate effect if the Sponsor Group fails to satisfy the Minimum Holding Requirement, provided that if such failure is not caused by a sale or transfer of Ordinary Shares by a member of the Sponsor Group, the IIAC Sponsor's rights will lapse if such failure continues for a period of 20 trading days from the date on which any members of the Sponsor Group had knowledge of such failure.

***Zegna General Meetings***

Zegna General Meetings will be held in Amsterdam, Haarlemmermeer (which includes Schiphol Airport), The Hague or Rotterdam, the Netherlands. The annual Zegna General Meeting shall be held no later than six months after the end of the financial year on the date and at the place mentioned in the convocation notice. Additional extraordinary Zegna General Meetings may also be held whenever considered appropriate by the Zegna Board. Pursuant to Dutch law, one or more shareholders, who solely or jointly represent at least 10% of the issued and outstanding share capital, may request the Zegna Board to convene a Zegna General Meeting. If the Zegna Board has not taken the steps necessary to ensure that a Zegna General Meeting is held within the relevant statutory period after the request, the requesting person(s) may, at his/her/their request, be authorized by a court in preliminary relief proceedings to convene a Zegna General Meeting.

Zegna General Meetings shall be convened by an announcement in a Dutch daily newspaper and a notice, which shall include an agenda stating the items to be discussed, including for the annual Zegna General Meeting, among other things, the discussion and adoption of the annual accounts, appropriation of Zegna's profits, and proposals relating to the Zegna Board, including the appointment or re-appointment of Zegna Directors and the filling of any vacancies in the Zegna Board. In addition, the agenda shall include such items as have been included therein by the Zegna Board. One or more of shareholders, alone or together, representing at least 3% of the issued and outstanding share capital may also request to include items in the agenda of a Zegna General Meeting.

Requests must be made in writing and received by the Zegna Board at least 60 days before the day of the meeting. No resolutions shall be adopted on items other than those which have been included in the agenda. In accordance with the DCGC, a shareholder may only request the inclusion of an item on the agenda after consulting the Zegna Board in that respect. If one or more of Zegna's shareholders intend to request that an item be put on the agenda for a Zegna General Meeting that may result in a change in Zegna's strategy, pursuant to the DCGC, the Zegna Board may invoke a response time of a maximum of 180 days until the day of the Zegna General Meeting. In addition, if shareholders request a change to the composition of the Zegna Board or of corresponding provisions in the Zegna Articles of Association, and in the case of an unsolicited public offer, a statutory response time may be invoked by the Zegna Board pursuant to Dutch law, being a period of, depending on the circumstances, no more than 250 days. The Zegna General Meeting is presided over by the Chairperson

or, if the Chairperson is absent or no Zegna Director has been designated as Chairperson, by the Lead Non-Executive Director.

The Zegna Directors may attend a Zegna General Meeting in person or by electronic means of communication. The chairperson of the meeting may decide at his or her discretion to admit other persons to the meeting.

The external auditor of Zegna may attend the annual Zegna General Meeting in which the annual accounts are discussed.

*Record Date*

When convening a Zegna General Meeting, the Zegna Board is allowed to determine that persons with the right to vote or attend such meeting are considered those persons who have these rights at the 28th day prior to the date of the meeting (the "Zegna Record Date") and are registered as such in a register to be designated by the Zegna Board for such purpose, regardless of whether they have these rights at the date of the meeting. In order for a person to be able to attend a Zegna General Meeting and to have the right to vote in such meeting, such person must notify Zegna in writing of his or her intention to do so no later than on the day and in the manner mentioned in the convocation notice for the Zegna General Meeting.

*Voting Rights and Quorum at Zegna General Meetings*

Each Ordinary Share and each Zegna Special Voting Share A confers the right to cast one vote, each Zegna Special Voting Share B confers the right to cast four votes and each Zegna Special Voting Share C confers the right to cast nine votes in a Zegna General Meeting. For more information about the Zegna Special Voting Shares, please refer to "*—Board of Directors—Loyalty Voting Structure.*" No votes may be cast at a Zegna General Meeting on shares held by Zegna or Zegna's subsidiaries. Nonetheless, the holders of a right of usufruct in respect of Ordinary Shares are not excluded from the right to vote on such shares, if the right of usufruct or the right of pledge was granted prior to the time such share was acquired by Zegna or any of Zegna's subsidiaries. Zegna may not cast votes on shares in respect of which Zegna or a subsidiary holds a right of usufruct or a right of pledge. Unless Dutch law or the Zegna Articles of Association state otherwise, all resolutions adopted at the Zegna General Meeting are adopted with a simple majority of the votes cast.

No quorum requirements apply.

Pursuant to Dutch law, when determining the extent to which shareholders vote, are present or represented, or the extent to which the share capital is present or represented, no account shall be taken of shares in respect of which the law or the Zegna Articles of Association provide that no votes may be cast.

***Meetings of Holders of Shares of a Specific Class***

Meetings of holders of shares of a specific class will be held whenever the Zegna Board calls such meetings.

Meetings of holders of shares of a specific class may be convened no later than on the sixth day before the day of such meeting. The provisions applicable to Zegna General Meetings, except those concerning the frequency, notice period and the Zegna Record Date, will apply mutatis mutandis to the meetings of holders of shares of a specific class. See "*—Zegna General Meetings—Voting Rights and Quorum at Zegna General Meetings*."

***Annual Accounts and Independent Auditor***

Zegna's financial year coincides with the calendar year. Within five months after the end of each financial year, which period may be extended with five months upon a resolution of the Zegna General Meeting on grounds of special circumstances, the Zegna Board will prepare and publish the annual accounts, consisting of a balance sheet, a profit and loss account and explanatory notes and which must be accompanied by a management report and auditor's report, alongside any other information that would need to be made public in accordance with the applicable provisions of law and the requirements of the NYSE. All Zegna Directors are required to sign the annual accounts and in case the signature of any member is missing, the reason for this must be stated.

The annual accounts are to be adopted by the Zegna General Meeting. The annual accounts, the management report and independent auditor's report will be made available at Zegna's address to the shareholders for review as from the day of the notice convening the Zegna General Meeting at which they are discussed.

***Amendments to the Zegna Articles of Association***

A resolution of the Zegna General Meeting to amend the Zegna Articles of Association may only be adopted by the Zegna General Meeting at the proposal of the Zegna Board, which proposal requires the affirmative vote of the Sponsor Nominee if any amendment adversely affects the rights of the IIAC Sponsor specifically, as described under "*—Affirmative Vote of the Sponsor Nominee*." A resolution regarding the amendment of the Zegna Articles of Association will require a simple majority of the votes cast.

***Dissolution and Liquidation***

Zegna may only be dissolved by a resolution of the Zegna General Meeting at the proposal of the Zegna Board. If a resolution to dissolve Zegna is to be submitted to the Zegna General Meeting, this must in all cases be stated in the convocation notice for the relevant Zegna General Meeting. If the Zegna General Meeting resolves to dissolve Zegna, the members of the Zegna Board will be charged with the liquidation of the business of Zegna, unless the Zegna General Meeting resolves otherwise at the proposal of the Zegna Board. During liquidation, the provisions of the Zegna Articles of Association will remain in force as long as possible.

If Zegna is dissolved and liquidated, whatever remains of Zegna's equity after all its debts have been satisfied will be divided. Firstly, the balance of the dividend reserve for each class of Zegna Special Voting Shares will be for the benefit of the holders of Zegna Special Voting Shares of that class in proportion to the aggregate nominal value of the class of their Zegna Special Voting Shares. Any balance remaining will be for the benefit of the holders of Ordinary Shares in proportion to the aggregate nominal value of Ordinary Shares held by each of them.

***Squeeze Out***

Pursuant to article 2:92a of the Dutch Civil Code, a shareholder who, for his or her own account, holds at least 95% of Zegna's issued and outstanding share capital may initiate proceedings against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Dutch Enterprise Chamber (*Ondernemingskamer*) and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Dutch Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one to three expert(s) who will offer an opinion to the Dutch Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Dutch Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him or her. Unless the addresses of all of them are known to the acquiring person, such person is required to publish the same in a Dutch national daily newspaper.

***Financial Reporting under Dutch Law***

The Dutch Financial Reporting Supervision Act (*Wet toezicht financiële verslaggeving*, the "*FRSA*"), applies to Zegna's financial reporting. Under the FRSA, the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*, "AFM") supervises the application of financial reporting standards by, among others, companies whose corporate seats are in the Netherlands and whose securities are listed on a regulated market within the EU or on an equivalent third (non-EU) country market. As Zegna has its corporate seat in the Netherlands and the Ordinary Shares are listed on the NYSE, the FRSA is applicable to Zegna.

Pursuant to the FRSA, the AFM has an independent right to (i) request an explanation from Zegna regarding the application of the applicable financial reporting standards and thereafter (ii) make informal arrangements with Zegna that must be observed in the future or make a notification to Zegna that its financial reports do not meet the applicable financial reporting standards, which notification may be accompanied by a recommendation to Zegna to issue a press release on the subject matter. If Zegna does not comply or comply adequately with such a request or recommendation, the AFM may request that the Dutch Enterprise Chamber orders Zegna to (i) provide an explanation on the way it has applied the applicable

financial reporting standards to its financial reports or (ii) prepare its financial reports in accordance with the Dutch Enterprise Chamber's instructions.

***Certain Insider Trading and Market Manipulation Laws***

Regulation (EU) No 596/2014 of the European Parliament and of the Council of April 16, 2014 (the "*MAR*") on abuse rules does not apply to Zegna or to the Ordinary Shares as the Ordinary Shares are solely listed on the NYSE, a stock exchange outside the European Economic Area. As a result, there are no EU rules or Dutch rules applicable to Zegna relating to market abuse, such as insider trading, tipping, market manipulation and notification rules for director dealings.

***Certain Disclosure and Reporting Obligations of Zegna***

As Zegna has its corporate seat in the Netherlands and has its Ordinary Shares listed on a third (non-EU) country market equivalent to a regulated market (i.e. NYSE), Zegna is subject to the DCGC. The DCGC contains both principles and suggested governance provisions for one-tier boards, executive and non-executive directors, shareholders and general meetings, financial reporting, auditors, disclosure compliance and enforcement standards.

While Zegna intends to endorse the principles and best practice provisions of the DCGC, it does not apply all best practice provisions. The DCGC is based on a "comply or explain" principle. Accordingly, Zegna is required to disclose in its management report publicly filed in the Netherlands whether or not it is complying with the various provisions of the DCGC. If Zegna does not comply with one or more of those provisions (e.g., because of a conflicting NYSE requirement or U.S. market practice), Zegna is required to explain the reasons for such non-compliance in its Dutch statutory annual report relating to the fiscal year under review.

***Registration Rights and Lock-Up Arrangeme*nts**

Concurrently with the Closing, Zegna, the Zegna Initial Shareholders, the IIAC Sponsor and the IIAC Initial Shareholders (collectively, the "Holders") entered into the Registration Rights Agreement, pursuant to which, among other things, the Holders have been granted certain registration rights with respect to certain Ordinary Shares and other equity securities of Zegna held by the Holders from time to time. Pursuant to the Registration Rights Agreement, Zegna has filed a registration statement registering for resale certain Ordinary Shares and other equity securities of Zegna held by the Holders. At any time and from time to time after the expiration of any lock-up to which a Holder's shares are subject, if any, any Holder will be able to request to sell all or a portion of its registrable securities in an underwritten offering so long as the aggregate gross proceeds from the offering are reasonably expected to exceed $50 million. Zegna will under no circumstances be obligated to effect (i) more than 3 underwritten offerings in the aggregate in respect of all registrable securities held by the Zegna Initial Shareholders or (ii) more than 3 underwritten offerings in the aggregate in respect of all registrable securities held by the IIAC Initial Shareholders. The Registration Rights Agreement also provides for customary "piggyback" registration rights, subject to certain requirements and customary cut-backs. The Registration Rights Agreement also contains customary provisions regarding indemnification and contribution.

Concurrently with the execution of the Business Combination Agreement, IIAC and Zegna entered into the PIPE Subscription Agreements with certain investors, which provided customary registration rights to investors. In accordance with the PIPE Subscription Agreements, Zegna filed with the SEC a registration statement registering the resale of such shares. Zegna will use commercially reasonable efforts to keep the registration statement effective until the earliest of: (i) the third anniversary of the Closing; (ii) the date the subscribers cease to hold any shares issued pursuant to the PIPE Subscription Agreements (the "*registrable shares*"); or (iii) the date all registrable shares may be sold by the subscribers under Rule 144 within 90 days without the public information, volume or manner of sale limitations of such rule. The PIPE Subscription Agreements for the Insider PIPE Subscribers contained certain restrictions on transfer with respect to the shares issued pursuant to such PIPE Subscription Agreements, which expired on December 17, 2022.

Concurrently with the Closing, the Zegna Initial Shareholders, the IIAC Sponsor and the IIAC Initial Shareholders entered into the Zegna Shareholders Lock-Up Agreement and the IIAC Sponsor Lock-Up Agreement, as applicable, with Zegna. Pursuant to the Zegna Shareholders Lock-Up Agreement, the Zegna Initial Shareholders agreed, among other things, not to sell, transfer or otherwise dispose of any Ordinary Shares owned by them (excluding any shares acquired in the PIPE Financing) until the earlier of (a) the date that is 18 months from the Closing Date and (b) the last trading day on which the volume weighted average share price of the Ordinary Shares equals or exceeds $12.50 per share for at least 20 trading days within any period of 30 consecutive trading days, commencing at least 180 days after the Closing Date. Such condition was

satisfied on March 14, 2023 and the relevant shares are no longer subject to the lock-up. Pursuant to the IIAC Sponsor Lock-Up Agreement, subject to certain exceptions, the IIAC Sponsor and the IIAC Initial Shareholders agreed, among other things, not to sell, transfer or otherwise dispose of any Ordinary Shares or Warrants acquired in connection with the Business Combination in exchange for Class B Shares, Class A Shares subscribed for pursuant to the Forward Purchase Agreement and IIAC Private Placement Warrants, as applicable (excluding any shares acquired in the PIPE Financing), for a period of 180 days following the Closing Date, which expired on June 15, 2022; provided that, subject to certain adjustments: (i) the IIAC Sponsor (together with any other IIAC affiliates) will maintain beneficial ownership of a number of Ordinary Shares representing at least (a) 80% of the IIAC Sponsor's initial stake immediately following the Closing (excluding, for the avoidance of doubt, Ordinary Shares acquired in the PIPE Financing) for a period of at least 18 months following the Closing Date, and (b) 40% of the IIAC Sponsor's initial stake immediately following the Closing (excluding, for the avoidance of doubt, Ordinary Shares acquired in the PIPE Financing) for a period of at least 36 months following the Closing Date.

***Shareholders Agreement***

Concurrently with the Closing, Zegna, Monterubello, Ermenegildo Zegna and the IIAC Sponsor entered into the Shareholders Agreement, pursuant to which, among other things, for so long as the Sponsor Group satisfies the Minimum Holding Requirement, (i) the parties thereto will, and will cause their respective controlled affiliates to, exercise their rights and powers such that the Sponsor Nominee will only be (a) suspended as a Zegna Director if so requested in writing by the IIAC Sponsor unless the Zegna Board reasonably determined that not suspending the Sponsor Nominee would be in breach of the Zegna Board's fiduciary duties and (b) dismissed as a Zegna Director if so requested in writing by the IIAC Sponsor or in the case of fraud or willful misconduct in the performance of the Sponsor Nominee's office as a Zegna Non-Executive Director, (ii) Zegna will offer the Sponsor Nominee the opportunity to be proposed to the Zegna Board for appointment to serve on the Audit Committee and/or the Compensation Committee and (iii) the IIAC Sponsor will have the right to participate in certain capital raises of Zegna on the terms and subject to the exceptions contained in the Shareholders Agreement.

For so long as the Sponsor Group satisfies the Minimum Holding Requirement and subject to the conditions contained in the Shareholders Agreement, Zegna will also (i) consult with the IIAC Sponsor and solicit and consider its views in good faith before (a) entering into any major, transformative acquisition involving a merger with a similarly situated fashion or luxury goods company or (b) determining to pay an extraordinary cash dividend, and (ii) provide access to senior representatives of the IIAC Sponsor to interact with (a) the Chief Financial Officer and Chief Operating Officer of Zegna monthly and (b) the Chief Executive Officer of Zegna quarterly, in each case to ask questions about the affairs of Zegna, provided that, in each case, neither Zegna nor its senior representatives shall be under any obligation to disclose any confidential or non-public information.

**C. Material Contracts**

Information regarding certain material contracts is included in this report under "*Item 10.B—Memorandum and Articles of Association*" and is incorporated herein by reference. See also *Note 31 — Other current and non-current financial liabilities* to the Consolidated Financial Statements for information on the put option arrangements with Thom Browne.

**D. Exchange Controls**

Under Dutch law, there are no exchange control restrictions on investments in, or payments on, the Ordinary Shares. There are no special restrictions in the Zegna Articles of Association or Dutch law that limit the right of shareholders who are not citizens or residents of the Netherlands to hold or vote the Ordinary Shares.

**E. Taxation**

***Material United States Federal Income Tax Considerations***

The following discussion is a summary of material U.S. federal income tax considerations applicable to owning Ordinary Shares and/or Warrants. This discussion applies only to Ordinary Shares and/or Warrants held as capital assets (generally held for investment). This summary does not discuss all aspects of U.S. federal income taxation that may be relevant to particular investors in light of their particular circumstances, or to investors subject to special tax rules, such as:

- Financial institutions;
- Insurance companies;
- Mutual funds;
- Pension plans;
- S corporations;
- Broker-dealers;
- Traders in securities that elect mark-to-market treatment;
- Regulated investment companies;
- Real estate investment trusts;
- Trusts and estates;
- Tax exempt organizations (including private foundations);
- Investors that hold Ordinary Shares or Warrants as part of a "straddle," "hedge," "conversion," "synthetic security," "constructive ownership transaction," "constructive sale" or other integrated transaction for U.S. federal income tax purposes;
- Holders that have a functional currency other than the U.S. dollar;
- U.S. expatriates;
- Investors subject to the U.S. "inversion" rules; and
- Holders owning or considered as owning (directly, indirectly or through attribution) (5% measured by vote or value) or more of Zegna's Ordinary Shares; and
- Person who received any of Zegna's stock or warrants as compensation.

This summary does not discuss any U.S. state or local or non-U.S. tax considerations, any non-income tax (such as gift or estate tax) considerations, the alternative minimum tax or the Medicare tax on net investment income.

If a partnership (including an entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds Ordinary Shares or Warrants, the tax treatment of a partner in such partnership will generally depend upon the status of the partner, the activities of the partnership and the partner and certain determinations made at the partner level. A partner in a partnership holding Ordinary Shares or Warrants is urged to consult their tax advisor regarding the tax consequences to them of the ownership and disposition of Ordinary Shares and Warrants.

This summary is based upon the U.S. Tax Code, the regulations promulgated by the U.S. Department of the Treasury, current administrative interpretations and practices of the U.S. Internal Revenue Service ("*IRS*"), and judicial

decisions, all as currently in effect and all of which are subject to differing interpretations or to change, possibly with retroactive effect. No assurance can be given that the IRS will not assert, or that a court will not sustain a position contrary to any of the tax considerations described below.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Ordinary Shares or Warrants, as the case may be, that is:

- An individual who is a U.S. citizen or resident of the United States;
- A corporation (including an entity treated as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any state thereof or the District of Columbia;
- An estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source; or
- A trust (A) the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons (within the meaning of the U.S. Tax Code) who have the authority to control all substantial decisions of the trust or (B) that has in effect a valid election under applicable Treasury Regulations to be treated as a U.S. person.
- A "non-U.S. Holder" is a beneficial owner of Ordinary Shares or Warrants that is not a United States person and is not a partnership for United States federal income tax purposes.
- A holder should consult its own tax advisor regarding the United States federal, state and local tax consequences of owning and disposing of Ordinary Shares or Warrants in its particular circumstances.

*U.S. Holders*

*Dividends and Other Distributions on Ordinary Shares*

Subject to the PFIC rules discussed below under the heading "*—Passive Foreign Investment Company Rules*," distributions on Ordinary Shares generally will be taxable as dividends for U.S. federal income tax purposes to the extent paid from Zegna's current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of Zegna's current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the U.S. Holder's adjusted tax basis in its Ordinary Shares. Any remaining excess will be treated as gain realized on the sale or other disposition of the Ordinary Shares and will be treated as described below under the heading "*Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Ordinary Shares and Warrants.*" The amount of any such distribution will include any amounts withheld by us (or another applicable withholding agent), which, as described below under the heading "*— Material Dutch Tax Considerations—Zegna Shares and Warrants" and "—Material Italian Tax Considerations—Ordinary Shares and Warrants*" is expected to be in respect of Italian, and not Dutch, taxes. Zegna does not expect to calculate earnings and profits in accordance with U.S. federal income tax principles, and accordingly, U.S. Holders should expect to generally treat distributions on Ordinary Shares as dividends taxable at the highest U.S. tax rates.

In the case of a U.S. Holder that is a corporation owning at least 10 percent of Zegna shares by vote and value, a dividend received by such a U.S. Holder on a share of Zegna may be eligible for a dividends-received deduction with respect to the U.S. source portion of such dividends. Any such corporate U.S. Holders must have owned such shares for over 46 days during the 91-day period beginning on the date which is 45 days before the ex-dividend date. The Code also provides a dividends-received deduction for a dividend received from a "specified 10-percent owned foreign corporation" by a U.S. corporation that is a "10 percent U.S. Shareholder" with respect to the foreign-source portion of such dividend. However, the deduction for the foreign-source portion of dividends received by specified 10-percent owned foreign corporations is generally disallowed in its entirety if the common share with respect to which the dividend is paid is owned by such corporate U.S. Holder for less than 366 days during the 731-day period beginning on the date which is 365 days before the date on which the common share becomes ex-dividend with respect to such dividend. Zegna does not intend to track and identify whether any portion of a dividend constitutes "post-86 Undistributed U.S. earnings" or "Undistributed Foreign Earnings" for purposes of the dividends received deductions. U.S. Holders should contact their tax advisor to determine whether such rules apply to any dividends received.

Amounts treated as dividends that Zegna pays to a U.S. Holder that is taxable as a corporation generally will be taxed at regular rates. With respect to non-corporate U.S. Holders, subject to certain exceptions (including, but not limited to, dividends treated as investment income for purposes of investment interest deduction limitations), dividends generally will be eligible for treatment as "qualified dividend income" and taxed at the lower applicable long-term capital gains rate only if, among others: (i) Ordinary Shares are readily tradable on an established securities market in the United States or Zegna is eligible for benefits under an applicable tax treaty with the United States; (ii) Zegna is not treated as a PFIC with respect to such U.S. Holder at the time the dividend was paid or in the preceding year; and (iii) certain holding period requirements are met. The Ordinary Shares are listed on the NYSE, so the first of these requirements is expected to be met. The amount of any dividend distribution paid in Euros will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of payment, regardless of whether the payment is in fact converted into U.S. dollars at that time. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt. The foreign currency gain or loss from such conversion will be ordinary income or loss and generally will be U.S. source.

Subject to applicable limitations, Italian income taxes withheld from dividends on common shares at a rate not exceeding the rate provided by the applicable treaty with the United States will be eligible for credit against a U.S. treaty beneficiary's U.S. federal income tax liability. Special rules apply in determining the foreign tax credit limitation with respect to dividends that are subject to the lower applicable long-term capital gains rates. For purposes of calculating the foreign tax credit, dividends paid on the Ordinary Shares will be foreign source and will generally constitute passive category income. The rules governing foreign tax credits are complex and U.S. Holders are urged to consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances. In lieu of claiming a foreign tax credit, a U.S. Holder may deduct foreign taxes, including any Italian income tax, in computing its taxable income, subject to generally applicable limitations under U.S. law. An election to deduct foreign taxes instead of claiming foreign tax credits applies to all foreign taxes paid or accrued in the taxable year.

*Gain or Loss on Sale, Taxable Exchange or Other Taxable Disposition of Ordinary Shares and Warrants*

Subject to the PFIC rules discussed below under the heading "*—Passive Foreign Investment Company Rules,*" upon any sale, exchange or other taxable disposition of Ordinary Shares or Warrants, a U.S. Holder generally will recognize gain or loss in an amount equal to the difference between (i) the sum of (x) the amount of cash and (y) the fair market value of any other property, received in such sale, exchange or other taxable disposition and (ii) the U.S. Holder's adjusted tax basis in such Ordinary Shares or Warrants (determined as described herein), in each case as calculated in U.S. dollars. Any such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if the U.S. Holder's holding period for such Ordinary Shares exceeds one year. Long-term capital gain realized by a non-corporate U.S. Holder generally will be taxable at a reduced rate. The deduction of capital losses is subject to limitation. Gain or loss recognized by a U.S. Holder generally will be treated as U.S. source.

If Ordinary Shares or Warrants are sold, exchanged, redeemed, retired or otherwise disposed of in a taxable transaction in exchange for Euro, the amount realized generally will be the U.S. dollar value of the Euro received based on the spot rate in effect on the date of sale, exchange, redemption, retirement or other taxable disposition. If a U.S. Holder is a cash method taxpayer and the Ordinary Shares and/or Warrants are traded on an established securities market, Euro paid or received will be translated into U.S. dollars at the spot rate on the settlement date of the purchase or sale. An accrual method taxpayer may elect the same treatment with respect to the purchase and sale of Ordinary Shares or Warrants traded on an established securities market, provided that the election is applied consistently from year to year. Such election cannot be changed without the consent of the IRS. Euro received on the sale or other disposition of an Ordinary Share or Warrant generally will have a tax basis equal to its U.S. dollar value as determined pursuant to the rules above. Any gain or loss recognized by a U.S. Holder on a sale, exchange, redemption, retirement or other taxable disposition of the Euro will be ordinary income or loss and generally will be U.S. source.

*Exercise or Lapse of a Warrant*

A U.S. Holder generally will not recognize taxable gain or loss on the acquisition of an Ordinary Share upon exercise of a Warrant for cash. The U.S. Holder's tax basis in the Ordinary Share received upon exercise of the Warrant generally will be an amount equal to the sum of the U.S. Holder's initial investment in the Warrant (i.e., its tax basis, calculated in U.S. dollars) and the exercise price. If the exercise price is paid in Euro, a U.S. Holder's tax basis in respect of the exercise price will be the U.S. dollar value of the Euro paid on exercise, determined at the spot rate on the date of exercise. The U.S. Holder's holding period for Ordinary Shares received upon exercise of the of a Warrant will begin on the date following the date of exercise (or possibly the date of exercise) of the Warrant and will not include the period during

which the U.S. Holder held the Warrant (or any IIAC Warrant exchanged therefor). If a Warrant is allowed to lapse unexercised, a U.S. Holder generally will recognize a capital loss equal to such U.S. Holder's tax basis in the warrant (calculated in U.S. dollars). Such loss will be long-term if the warrant has been held for more than one year and generally will be U.S. source.

*Adjustment to Exercise Price*

Under Section 305 of the U.S. Tax Code, if certain adjustments are made (or not made) to the number of shares to be issued upon the exercise of a Warrant or to the Warrant's exercise price, a U.S. Holder may be deemed to have received a constructive distribution with respect to the warrant, which could result in adverse consequences for the U.S. Holder, including the recognition of dividend income (with the consequences generally as described above under the heading "*Item 5.B—Memorandum and Articles of Association—Dividends and Other Distributions on Ordinary Shares*"). The rules governing constructive distributions as a result of certain adjustments with respect to a Warrant are complex, and U.S. Holders are urged to consult their tax advisors on the tax consequences of any such constructive distribution with respect to a Warrant.

*Passive Foreign Investment Company ("PFIC") Rules*

Significant potential adverse U.S. federal income tax consequences, including certain reporting requirements, generally apply to any United States person who owns, or is treated as owning through the application of certain "attribution" rules, shares in a PFIC. Zegna, however, does not expect that it will be a PFIC for the current taxable year or any future taxable year.

The treatment of U.S. Holders of Ordinary Shares and Warrants could be materially different from that described above if Zegna is treated as a PFIC for U.S. federal income tax purposes. A foreign (i.e., non-U.S.) corporation will be classified as a PFIC for U.S. federal income tax purposes if either (i) at least 75% of its gross income in a taxable year, including its pro rata share of the gross income of any corporation in which it is considered to own at least 25% of the shares by value and any partnership in which Zegna owns more than 25% by value, is passive income or (ii) at least 50% of its assets in a taxable year (ordinarily determined based on fair market value and averaged quarterly over the year), including its pro rata share of the assets of any corporation in which it is considered to own at least 25% of the shares by value and any partnership in which Zegna owns more than 25% by value, are held for the production of, or produce, passive income. Passive income generally includes dividends, interest, rents and royalties (other than rents or royalties derived from the active conduct of a trade or business) and gains from the disposition of passive assets. Finally, if Zegna were treated as a PFIC, certain additional "attribution" rules may apply to treat U.S. Holders as indirectly owning the subsidiary legal entities of Zegna, only for purposes of applying the PFIC rules to such entities. See additional information under the heading "*—Related PFIC Rules,*" below.

As previously stated, Zegna does not expect that it will qualify as a PFIC for U.S. federal income tax purposes for its most recent taxable year. Although Zegna's PFIC status is determined annually, a determination that Zegna is a PFIC will generally apply for subsequent years to a U.S. Holder who held Ordinary Shares or Warrants while Zegna was a PFIC, whether or not Zegna meets the test for PFIC status in those subsequent years.

If Zegna is determined to be a PFIC for any taxable year (or portion thereof) that is included in the holding period of a U.S. Holder of Ordinary Shares or Warrants and, in the case of Ordinary Shares, the U.S. Holder did not make either an applicable PFIC election (or elections) for the first taxable year of Zegna (or IIAC, as applicable) in which it was treated as a PFIC, and in which the U.S. Holder held (or was deemed to hold) such shares or otherwise, such U.S. Holder generally will be subject to special and adverse rules with respect to (i) any gain recognized by the U.S. Holder on the sale or other disposition of its Ordinary Shares or Warrants and (ii) any "excess distribution" made to the U.S. Holder (generally, any distributions to such U.S. Holder during a taxable year of the U.S. Holder that are greater than 125% of the average annual distributions received by such U.S. Holder in respect of the Ordinary Shares during the three preceding taxable years of such U.S. Holder or, if shorter, such U.S. Holder's holding period for the Ordinary Shares).

Under these rules:

- the U.S. Holder's gain or excess distribution will be allocated ratably over the U.S. Holder's holding period for the Ordinary Shares or Warrants;

- the amount allocated to the U.S. Holder's taxable year in which the U.S. Holder recognized the gain or received the excess distribution, or to the period in the U.S. Holder's holding period before the first day of Zegna's first taxable year in which Zegna is a PFIC, will be taxed as ordinary income;

- the amount allocated to other taxable years (or portions thereof) of the U.S. Holder and included in its holding period will be taxed at the highest tax rate in effect for that year and applicable to the U.S. Holder; and

- an additional tax equal to the interest charge generally applicable to underpayments of tax will be imposed on the U.S. Holder with respect to the tax attributable to each such other taxable year of the U.S. Holder.

*PFIC Elections*

In general, if Zegna is determined to be a PFIC, a U.S. Holder may avoid the adverse PFIC tax consequences described above in respect of Ordinary Shares (but not Warrants) by making and maintaining a timely and valid Qualified Electing Fund ("QEF") election (if eligible to do so) to include in income its pro rata share of Zegna's net capital gains (as long-term capital gain) and other earnings and profits (as ordinary income), on a current basis, in each case whether or not distributed, in the first taxable year of the U.S. Holder in which or with which Zegna's taxable year ends and each subsequent taxable year. A U.S. Holder generally may make a separate election to defer the payment of taxes on undistributed income inclusions under the QEF rules, but if deferred, any such taxes will be subject to an interest charge. However, in order to comply with the requirements of a QEF election, a U.S. Holder must receive a PFIC Annual Information Statement from us. Zegna does not expect that it is or will become a PFIC and, therefore, presently does not intend to provide the information necessary for U.S. Holders to make or maintain a QEF election (but can provide no assurance in this regard).

Alternatively, if Zegna is a PFIC and Ordinary Shares constitute "marketable stock," a U.S. Holder may avoid the adverse PFIC tax consequences discussed above if such U.S. Holder makes a mark-to-market election with respect to such shares for the first taxable year in which it holds (or is deemed to hold) Ordinary Shares and each subsequent taxable year. Such U.S. Holder generally will include for each of its taxable years as ordinary income the excess, if any, of the fair market value of its Ordinary Shares at the end of such year over its adjusted basis in its Ordinary Shares. The U.S. Holder also will recognize an ordinary loss in respect of the excess, if any, of its adjusted basis of its Ordinary Shares over the fair market value of its Ordinary Shares at the end of its taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). The U.S. Holder's basis in its Ordinary Shares will be adjusted to reflect any such income or loss amounts, and any further gain recognized on a sale or other taxable disposition of its Ordinary Shares will be treated as ordinary income and any loss would be an ordinary loss to the extent of the net amount of previously included income as a result of the mark-to-market election and, thereafter, a capital loss. Currently, a mark-to-market election may not be made with respect to Warrants.

The mark-to-market election is available only for "marketable stock," which is, generally, stock that is regularly traded on a national securities exchange that is registered with the U.S. Securities and Exchange Commission, including the NYSE (on which the Ordinary Shares are listed). If made, a mark-to-market election would be effective for the taxable year for which the election was made and for all subsequent taxable years unless the Ordinary Shares cease to qualify as "marketable stock" for purposes of the PFIC rules or the IRS consents to the revocation of the election. U.S. Holders are urged to consult their tax advisors regarding the availability and tax consequences of a mark-to-market election with respect to Ordinary Shares under their particular circumstances.

Notwithstanding any PFIC election made by a U.S. Holder, dividends received from Zegna will not constitute "qualified dividend income" in a taxable year in which Zegna is a PFIC (or is treated as a PFIC with respect to such U.S. Holder) either in the taxable year of the distribution or the preceding taxable year. Dividends that do not constitute qualified dividend income are not eligible for taxation at the preferential rates applicable to qualified dividend income. Instead, the U.S. Holder must include the gross amount of any such dividend paid by Zegna out of its accumulated earnings and profits (as determined for United States federal income tax purposes) in their gross income, and it will be subject to tax at rates applicable to ordinary income.

*Related PFIC Rules*

If Zegna is a PFIC and, at any time, has a foreign subsidiary that is classified as a PFIC, a U.S. Holder generally would be deemed to own a proportionate amount of the shares of such lower-tier PFIC, and generally could incur liability for the deferred tax and interest charge described above if Zegna receives a distribution from, or disposes of all or part of its

interest in, the lower-tier PFIC, or the U.S. Holder otherwise was deemed to have disposed of an interest in the lower-tier PFIC. Any PFIC elections made with respect to Zegna would not be effective for such lower-tier PFIC and the consequences of any distributions or dispositions would generally be as described above under the heading "*—Passive Foreign Investment Company Rules*."

A U.S. Holder that owns (or is deemed to own) shares in a PFIC during any taxable year of the U.S. Holder, may be required to file an IRS Form 8621 (whether or not a QEF or mark-to-market election is made) and to provide such other information as may be required by the U.S. Department of the Treasury. Failure to do so, if required, will extend the statute of limitations applicable to such U.S. Holder until such required information is furnished to the IRS.

The rules dealing with PFICs and with the QEF and mark-to-market elections are complex and are affected by various factors in addition to those described above. Accordingly, U.S. Holders of Ordinary Shares and Warrants, are urged to consult their own tax advisors concerning the application of the PFIC rules to Zegna securities under their particular circumstances.

***Loyalty Voting Program and Zegna Special Voting Shares***

*Loyalty Voting Program*

**NO STATUTORY, JUDICIAL OR ADMINISTRATIVE AUTHORITY DIRECTLY DISCUSSES HOW THE RECEIPT, OWNERSHIP OR DISPOSITION OF ZEGNA SPECIAL VOTING SHARES SHOULD BE TREATED FOR U.S. FEDERAL INCOME TAX PURPOSES AND AS A RESULT, THE U.S. FEDERAL INCOME TAX CONSEQUENCES ARE UNCERTAIN. ACCORDINGLY, U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISOR AS TO THE TAX CONSEQUENCES OF THE RECEIPT, OWNERSHIP AND DISPOSITION OF ZEGNA SPECIAL VOTING SHARES.**

*Receipt of Zegna Special Voting Shares*

The tax consequences of the receipt by a U.S. Holder of Zegna Special Voting Shares is unclear. While distributions of stock are tax-free in certain circumstances, the distribution of Zegna Special Voting Shares would be taxable if it were considered to result in a "disproportionate distribution." A disproportionate distribution is a distribution or series of distributions, including deemed distributions, that have the effect of the receipt of cash or other property by some shareholders of Zegna and an increase in the proportionate interest of other shareholders of Zegna in Zegna's assets or earnings and profits. It is possible that the distribution of Zegna Special Voting Shares to a U.S. Holder and a distribution of cash in respect of Ordinary Shares could be considered together to constitute a "disproportionate distribution." Unless Zegna has not paid cash dividends in the 36 months prior to a U.S. Holder's receipt of Zegna Special Voting Shares and Zegna does not pay cash dividends in the 36 months following a U.S. Holder's receipt of Zegna Special Voting Shares, Zegna intends to treat the receipt of Zegna Special Voting Shares as a distribution that is subject to tax as described above in "*—Taxation of Dividends.*" The amount of the dividend should equal the fair market value of the Zegna Special Voting Shares received. Zegna believes and intends to take the position that the value of each Zegna Special Voting Share is minimal. However, because the fair market value of the Zegna Special Voting Shares is factual and is not governed by any guidance that directly addresses such a situation, the IRS could assert that the value of the Zegna Special Voting Shares (and thus the amount of the dividend) as determined by Zegna is incorrect.

*Ownership of Zegna Special Voting Shares*

Zegna believes that U.S. Holders holding Zegna Special Voting Shares should not have to recognize income in respect of amounts transferred to the Zegna Special Voting Shares dividend reserve that are not paid out as dividends. Section 305 of the U.S. Tax Code may, in certain circumstances, require a holder of preferred shares to recognize income even if no dividends are actually received on such shares if the preferred shares are redeemable at a premium and the redemption premium results in a "constructive distribution." Preferred shares for this purpose refer to shares that do not participate in corporate growth to any significant extent. Zegna believes that Section 305 of the U.S. Tax Code should not apply to any amounts transferred to the Zegna Special Voting Shares dividend reserve that are not paid out as dividends so as to require current income inclusion by U.S. Holders because, among other things, (i) the Zegna Special Voting Shares are not redeemable on a specific date and a U.S. Holder is only entitled to receive amounts in respect of the Zegna Special Voting Shares upon liquidation, and (ii) Section 305 of the U.S. Tax Code does not require the recognition of income in respect of a redemption premium if the redemption premium does not exceed a de minimis amount and, even if the amounts transferred to

the special voting shares dividend reserve that are not paid out as dividends are considered redemption premium, the amount of the redemption premium is likely to be "de minimis" as such term is used in the applicable Treasury Regulations. Zegna therefore intends to take the position that the transfer of amounts to the Zegna Special Voting Shares reserve that are not paid out as dividends does not result in a "constructive distribution," and this determination is binding on all U.S. Holders of Zegna Special Voting Shares other than a U.S. Holder that explicitly discloses its contrary determination in the manner prescribed by the applicable regulations. However, because the tax treatment of the loyalty voting program is unclear and because Zegna's determination is not binding on the IRS, it is possible that the IRS could disagree with Zegna's determination and require current income inclusion in respect of such amounts transferred to the Zegna Special Voting Shares dividend reserve that are not paid out as dividends.

*Disposition of Zegna Special Voting Shares*

The tax treatment of a U.S. Holder that has its Zegna Special Voting Shares redeemed for zero consideration after removing its common shares from the Loyalty Register is unclear. It is possible that a U.S. Holder would recognize a loss to the extent of the U.S. Holder's basis in its Zegna Special Voting Shares, which should equal the amount that was included in income upon receipt. Such loss would be a capital loss and would be a long- term capital loss if a U.S. Holder has held its Zegna Special Voting Shares for more than one year. It is also possible that a U.S. Holder would not be allowed to recognize a loss upon the redemption of its Zegna Special Voting Shares and instead a U.S. Holder should increase the basis in its Ordinary Shares by an amount equal to the basis in its Zegna Special Voting Shares. Such basis increase in a U.S. Holder's Ordinary Shares would decrease the gain, or increase the loss, that a U.S. Holder would recognize upon the sale or other taxable disposition of its Ordinary Shares.

**THE U.S. FEDERAL INCOME TAX TREATMENT OF THE LOYALTY VOTING PROGRAM IS UNCLEAR AND U.S. HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS IN RESPECT OF THE CONSEQUENCES OF ACQUIRING, OWNING, AND DISPOSING OF ZEGNA SPECIAL VOTING SHARES.**

*Additional Reporting Requirements*

Certain U.S. Holders holding specified foreign financial assets with an aggregate value in excess of the applicable U.S. dollar thresholds are required to report information to the IRS relating to such assets, subject to certain exceptions (including an exception for Ordinary Shares held in accounts maintained by U.S. financial institutions), by attaching a complete IRS Form 8938 (Statement of Specified Foreign Financial Assets) with their tax return for each year in which they hold Ordinary Shares. Substantial penalties apply to any failure to file IRS Form 8938 and the period of limitations on assessment and collection of U.S. federal income taxes will be extended in the event of a failure to comply. U.S. Holders are urged to consult their tax advisors regarding the effect, if any, of these rules on the ownership and disposition of Ordinary Shares.

*Non-U.S. Holders*

*Dividends*

Dividends on Ordinary Shares paid to a non-U.S. Holder will not be subject to United States federal income tax unless the dividends are "effectively connected" with the conduct of a trade or business within the United States, and the dividends are attributable to a permanent establishment maintained by a non-U.S. Holder in the United States if that is required by an applicable income tax treaty as a condition for subjecting a non-U.S. Holder to United States taxation on a net income basis. In such cases, a non-U.S. Holder generally will be taxed in the same manner as a U.S. holder. Corporate non-U.S. Holders may, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if eligible for the benefits of an income tax treaty that provides for a lower rate, on "effectively connected" dividends.

*Capital Gains*

Non-U.S. Holders will not be subject to United States federal income tax on gain recognized on the sale or other disposition of Ordinary Shares or Warrants unless the gain is "effectively connected" with the conduct of a trade or business in the United States, and the gain is attributable to a permanent establishment that is maintained in the United States if that is required by an applicable income tax treaty as a condition for subjecting the non-U.S. Holder to United States taxation on a net income basis, or if the non-U.S. Holder is an individual present in the United States for 183 or more days in the taxable year of the sale and certain other conditions exist.

Corporate non-U.S. Holders may be subject to an additional "branch profits tax" at a 30% rate or at a lower rate if eligible for the benefits of an income tax treaty that provides for a lower rate on "effectively connected" gains.

*Information Reporting and Backup Withholding*

Payments of dividends and sales proceeds that are made to a U.S. Holder within the United States or through certain U.S.-related financial intermediaries are subject to information reporting, and may be subject to backup withholding, unless (i) the U.S. Holder is a corporation or other exempt recipient or (ii) in the case of backup withholding, the U.S.

Holder provides a correct taxpayer identification number and certifies that it is not subject to backup withholding.

The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the holder's U.S. federal income tax liability and may entitle it to a refund, provided that the required information is timely furnished to the IRS.

A non-U.S. Holder is generally exempt from backup withholding and information reporting requirements with respect to dividend payments made to you outside the United States by us or another non-United States payor. A non-U.S. Holder is also generally exempt from backup withholding and information reporting requirements in respect of dividend payments made within the United States and the payment of the proceeds from sales effected at a U.S. office of a broker, as long as either (i) the non-U.S. Holder has furnished a valid IRS Form W-8 or other documentation upon which the payor or broker may rely to treat the payments as made to a non-U.S. person, or (ii) the non-U.S. Holder otherwise establishes an exemption.

**THE U.S. FEDERAL INCOME TAX DISCUSSION SET FORTH ABOVE IS INCLUDED FOR GENERAL INFORMATION ONLY AND MAY NOT BE APPLICABLE TO ALL HOLDERS DEPENDING UPON THE PARTICULAR SITUATION. HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISOR WITH RESPECT TO THE TAX CONSEQUENCES TO THEM OF THE OWNERSHIP AND DISPOSITION OF ORDINARY SHARES AND WARRANTS INCLUDING THE TAX CONSEQUENCES UNDER U.S. STATE, LOCAL, ESTATE AND FOREIGN AND OTHER TAX LAWS AND TAX TREATIES AND THE POSSIBLE EFFECTS OF CHANGES IN U.S. OR OTHER TAX LAWS.**

***Material Dutch Tax Considerations—Zegna Shares and Warrants***

*Taxation in the Netherlands*

This summary outlines the principal Dutch tax consequences in connection with the acquisition, ownership and transfer of (i) the Ordinary Shares and, if applicable, the Zegna Special Voting Shares ("*Zegna Shares*"), and/or (ii) the Warrants. It does not present a comprehensive or complete description of all aspects of Dutch tax law which could be relevant to a holder of Zegna Shares and/or Warrants. For Dutch tax purposes, a holder of Zegna Shares and/or Warrants may include an individual or entity not holding the legal title to the Zegna Shares and/or Warrants, but to whom, or to which, the Zegna Shares and/or Warrants are, or the income therefrom is, nevertheless attributed based either on this individual or entity owning a beneficial interest in the Zegna Shares and/or Warrants or on specific statutory provisions. These include statutory provisions attributing Zegna Shares and/or Warrants to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Zegna Shares and/or Warrants.

This summary assumes that Zegna is organized and that its business will be conducted such that Zegna is considered to be exclusively tax resident in Italy, including for purposes of the Convention between the Kingdom of the Netherlands and the Republic of Italy for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (the "*Italy-Netherlands Tax Treaty*"). This should not be impacted by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "*MLI*") as Italy has made a provisional reservation to Article 4 (Dual Resident Entities).

This summary is intended as general information only. Prospective holders of Zegna Shares and/or Warrants should consult their own tax adviser regarding the tax consequences of any acquisition, ownership or transfer of Zegna Shares and/or Warrants.

This summary is based on Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date of this report, including the tax rates applicable on that date, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

Any reference in this summary made to Dutch taxes, Dutch tax or Dutch tax law should be construed as a reference to any taxes of any nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities or to the law governing such taxes, respectively. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

Any reference made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the State of the Netherlands (*Belastingregeling voor het land Nederland*), the Tax Regulations for the Netherlands and Curacao (*Belastingregeling Nederland Curaçao*), the Tax Regulations for the Netherlands and St. Maarten (*Belastingregeling Nederland Sint Maarten*) and the Agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the avoidance of double taxation.

This summary is of non-limitative nature. Amongst others it does not describe any Dutch tax considerations or consequences that may be relevant where a holder of Zegna Shares and/or Warrants:

(i) is an individual and the holder's income or capital gains derived from the Zegna Shares and/or Warrants are attributable to employment activities, the income from which is taxable in the Netherlands;

(ii) has a substantial interest (*aanmerkelijk belang*) or a fictitious substantial interest (*fictief aanmerkelijk belang*) in Zegna within the meaning of chapter 4 of the Dutch Income Tax Act 2001 (*Wet inkomstenbelasting 2001*) (the "ITA"). Generally, a holder of Zegna Shares and/or Warrants has a substantial interest in Zegna if the holder, alone or – in case of an individual – together with a partner for Dutch tax purposes, or any relative by blood or by marriage in the ascending or descending line (including foster-children) of the holder or the partner, owns or holds, or is deemed to own or hold shares (such as the Zegna Shares) or certain rights to shares, including rights to directly or indirectly acquire shares (such as the Warrants), directly or indirectly representing 5% or more of Zegna's issued capital as a whole or of any class of shares or profit participating certificates (*winstbewijzen*) relating to 5% or more of Zegna's annual profits or 5% or more of Zegna's liquidation proceeds;

(iii) is an entity that, although it is in principle subject to Dutch corporate income tax under the Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969)* (the "*CITA*"), is not subject to Dutch corporate income tax or is fully or partly exempt from Dutch corporate income tax (such as a qualifying pension fund as described in section 5 CITA and a tax exempt investment fund (*vrijgestelde beleggingsinstelling*) as described in Section 6a CITA), or is an entity that is not tax resident in the Netherlands and that has a function comparable to a tax exempt investment fund (*vrijgestelde beleggingsinstelling*) as described in Section 6a CITA;

(iv) is an investment institution (*beleggingsinstelling*) as described in Section 28 CITA, or is an entity that is not tax resident in the Netherlands and that has a function comparable to an investment institution (*beleggingsinstelling*) as described in Section 28 CITA;

(v) is required to apply the participation exemption (*deelnemingsvrijstelling*) with respect to the Zegna Shares and/or Warrants (as defined in Section 13 CITA). Generally, a holder of Zegna Shares and/or Warrants is required to apply the participation exemption if it is subject to Dutch corporate income tax and it, or a related entity, holds an interest of 5% or more of the nominal paid-up share capital in Zegna; or

***Withholding Tax***

Based on Dutch domestic law, a holder of shares and/or warrants in a corporate entity incorporated under Dutch law is generally subject to Dutch dividend withholding tax at a rate of 15% on dividends distributed. In a tax ruling obtained in September 2022 and which is valid from January 1, 2022 to December 31, 2026, the Dutch tax authorities have, however, confirmed that an Italian corporate entity which has been legally converted into a Dutch N.V. is not considered to be incorporated under Dutch law, as a result of which this incorporation fiction does not apply. Provided that Zegna is exclusively tax resident in Italy for purposes of the Italy-Netherlands Tax Treaty and is not tax resident of the Netherlands based on any other criterion than the incorporation fiction, distributions made by Zegna will not be subject to Dutch dividend

withholding tax regardless to whom they are made and identification of holders of Zegna Shares and/or Warrants will not be required. Any amount withheld from distributions made prior to the date on which the tax ruling was obtained, will be refunded to the holder of Zegna Shares.

***Taxes on Income and Capital Gains***

*Residents of the Netherlands*

The description of certain Dutch tax consequences in this summary is only intended for the following holders of Zegna Shares and/or Warrants:

(i) individuals who are resident or deemed to be resident in the Netherlands ("*Dutch Resident Individuals*"); and

(ii) entities or enterprises that are subject to the CITA and are resident or deemed to be resident in the Netherlands ("*Dutch Resident Corporate Entities*").

*Dutch Resident Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities*

Generally, the Zegna Shares and/or Warrants held by a Dutch Resident Individual who is not engaged or deemed to be engaged in an enterprise or in miscellaneous activities, or who is so engaged or deemed to be engaged but the Zegna Shares and/or Warrants are not attributable to that enterprise or miscellaneous activities, will be subject to an annual income tax imposed on a fictitious yield on the fair market value of the Zegna Shares and/or Warrants on January 1 of each calendar year under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realized, the annual taxable benefit from a Dutch Resident Individual's assets and liabilities taxed under this regime, including the Zegna Shares and/or Warrants, is based on fictitious percentages applied to the fair market value of (i) bank savings, (ii) other assets, including the Zegna Shares and/or Warrants, and (iii) liabilities.

Taxation only occurs if and to the extent the sum of the fair market value of bank savings and other assets minus the fair market value of the liabilities exceeds a certain threshold (*heffingvrij vermogen*). The tax rate under the regime for savings and investments is a flat rate of 32%.

For the calendar year 2023, the fictitious percentages applicable are for the first category (bank savings) 0.01%, for the second category (other assets, including the Ordinary Shares) 6.17% and for the third category (bank savings and liabilities) 2.46%.

Transactions in the three months periods before and after January 1 will for this purpose be ignored unless the holder of Zegna Shares and/or Warrants can demonstrate that such transactions are implemented for other reasons than arbitration between fictitious yield percentages.

The fictitious percentages referred to above are considered by the Dutch government to be in compliance with a decision of the Dutch Supreme Court of 24 December 2021 (ECLI:NL:HR:2021:1963) regarding the incompatibility of the previous regime for savings and investments with the European Convention on Human Rights. Holders of Zegna Shares and/or Warrants are nevertheless advised to consult their tax advisor on whether any tax levied under the current regime for savings and investments, including in respect of the Zegna Shares and/or Warrants, is in accordance with this convention.

*Dutch Resident Corporate Entities*

Dutch Resident Corporate Entities are generally subject to corporate income tax at statutory rates up to 25.8% on any benefits derived or deemed to be derived from the Zegna Shares and/or Warrants, including any capital gains realized on their transfer.

*Non-Residents of the Netherlands*

The description of certain Dutch tax consequences in this summary is only intended for the following holders of Zegna Shares and/or Warrants:

(i) individuals who are not resident and not deemed to be resident in the Netherlands ("*Non-Dutch Resident Individuals*"); and

(ii) entities that are not resident and not deemed to be resident in the Netherlands ("*Non-Dutch Resident Corporate Entities*").

*Non-Dutch Resident Individuals*

A Non-Dutch Resident Individual will not be subject to any Dutch taxes on income or capital gains derived from the acquisition, holding or transfer of the Zegna Shares and/or Warrants unless:

(i) the Non-Dutch Resident Individual derives profits from an enterprise, whether as entrepreneur or by being co-entitled to the net worth of this enterprise other than as an entrepreneur or shareholder and this enterprise is fully or partly carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands to which the Zegna Shares are attributable;

(ii) the Non-Dutch Resident Individual derives benefits from miscellaneous activities carried on in the Netherlands in respect of the Zegna Shares and/or Warrants, including activities which are beyond the scope of active portfolio investment activities; or

(iii) the Non-Dutch Resident Individual is entitled to a share—other than by way of securities—in the profits of an enterprise, which is effectively managed in the Netherlands and to which the Zegna Shares and/or Warrants are attributable.

*Non-Dutch Resident Corporate Entities*

A Non-Dutch Resident Corporate Entity will not be subject to any Dutch taxes on income or capital gains derived from the acquisition, holding or transfer of the Zegna Shares and/or Warrants unless:

(i) the Non-Dutch Resident Corporate Entity derives profits from an enterprise, which is fully or partly carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands to which the Zegna Shares are attributable; or

(ii) the Non-Dutch Resident Corporate Entity is entitled to a share—other than by way of securities—in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, which is effectively managed in the Netherlands and to which the Zegna Shares and/or Warrants are attributable.

***Dutch Gift Tax or Inheritance Tax***

No Dutch gift tax or inheritance tax is due in respect of any gift of the Zegna Shares and/or Warrants by, or inheritance of the Zegna Shares and/or Warrants on the death of, a holder of Zegna Shares and/or Warrants, unless:

(i) the holder is resident, or is deemed to be resident, in the Netherlands at the time of the gift or death of the holder;

(ii) the holder dies within 180 days after the date of the gift of the Zegna Shares and/or Warrants and was, or was deemed to be, resident in the Netherlands at the time of the holder's death but not at the time of the gift; or

(iii) the gift of the Zegna Shares and/or Warrants is made under a condition precedent and the holder is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

For purposes of Dutch gift tax or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if this individual has been resident in the Netherlands at any time during the ten years preceding the date of the gift or the Shareholder's death. For purposes of Dutch gift tax, any individual, irrespective of nationality, will be deemed to be resident in the Netherlands if this individual has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

***Other Taxes and Duties***

No other Dutch taxes, including taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by, or on behalf of, the holder of Zegna Shares and/or Warrants by reason only of the acquisition, holding and transfer of the Zegna Shares and/or Warrants.

***Residency***

A holder of Zegna Shares and/or Warrants will not become a resident or deemed resident of the Netherlands by reason only of holding the Zegna Shares and/or Warrants.

***Material Italian Tax Considerations – Ordinary Shares and Warrants Taxation in Italy***

The information set out below is a general summary of the material Italian tax consequences connected with the acquisition, ownership and transfer of the Ordinary Shares and/or the Warrants and, if applicable, Zegna Special Voting Shares.

This summary does not purport to be a comprehensive description of every aspect of Italian taxation that may be relevant in the hands of a particular holder of the Ordinary Shares and/or the Warrants, and, if applicable, Zegna Special Voting Shares, who may be subject to special treatment under the applicable law, nor does this summary intend to be applicable in all respects to all categories of holders of the Ordinary Shares, Zegna Special Voting Shares and/or Warrants. For purposes of Italian tax law, a holder of the Ordinary Shares and/or the Warrants may include an individual or entity who does not have the legal title to the Ordinary Shares and/or the Warrants, but to whom or to which nevertheless the Ordinary Shares and/or the Warrants or the income therefrom are attributed based on specific statutory provisions or on the basis of such individual or entity having an interest in the Ordinary Shares and/or Warrants or the income therefrom.

This summary assumes that the Ordinary Shares are listed on a regulated market, qualified as such for Italian tax purposes. This summary also assumes that Zegna is organized and that its business is and will be conducted such that Zegna is considered to be tax resident in Italy for purposes of the tax treaty as concluded between the Netherlands and Italy. A change to the organizational structure or to the manner in which Zegna conducts its business may invalidate the contents of this section, which will not be updated to reflect any such change.

This summary is based upon the tax laws of the Republic of Italy and upon the case law/practice (unpublished case law/practice is not included) as it stands at the date of this report. The law upon which this description is based is subject to change, potentially with retroactive effect. Any such change may invalidate the contents of this description, which will not be updated to reflect this change. The summary does not address the tax consequences arising in any jurisdiction other than Italy.

As this is a general summary, holders of the Ordinary Shares, Zegna Special Voting Shares and/or the Warrants should consult their own tax advisors as to the Italian or other tax consequences connected with the acquisition, ownership and transfer of the Ordinary Shares, Zegna Special Voting Shares and/or the Warrants, including, in particular, the application to their particular situations of the tax considerations discussed below.

For purposes of this section, the following terms have the meaning defined below:

- "*CITA*": Presidential Decree No. 917 of December 22, 1986 (the Consolidated Income Tax Act);
- "*EEA State*": a State that is party to the European Economic Area Agreement;
- "*Finance Act 2017*": Law No. 232 of December 11, 2016;
- "*Finance Act 2018*": Law No. 205 of December 27, 2017;
- "*Finance Act 2019*": Law No. 145 of December 30, 2018;
- "*Finance Act 2020*": Law No. 160 of December 27, 2019;

- "*Finance Act 2021*": Law No. 178 of December 30, 2020;
- "*IRAP*": Regional Tax on productive activities;
- "*IRES*": Italian corporate income tax;
- "*Italian White List*": the list of countries and territories allowing a satisfactory exchange of information with Italy (i) currently included in the Italian Ministerial Decree of September 4, 1996, as subsequently amended and supplemented or (ii) once effective in any other decree or regulation that will be issued in the future to provide the list of such countries and territories (and that will replace Ministerial Decree of September 4, 1996), including any country or territory that will be deemed listed therein for the purpose of any interim rule;
- "*Non-Qualified Holdings*": holdings of the Ordinary Shares, including the Warrants and any other rights or securities through which Ordinary Shares may be acquired, other than Qualified Holdings;
- "*Qualified Holdings*": holdings of the Ordinary Shares, including the Warrants and any other rights or securities through which the Ordinary Shares may be acquired, that represent, in case of shares listed on regulated markets, either (i) more than 2% of the overall voting rights exercisable at ordinary shareholders' meetings or (ii) an interest in Zegna's issued and outstanding capital exceeding 5%; and
- "*Transfer of Qualified Holdings*": transfers of the Ordinary Shares, including the Warrants and any other rights or securities through which the Ordinary Shares may be acquired, that exceed, over a period of 12 (twelve) months, the threshold for qualifying as Qualified Holdings. The twelve-month period starts from the date when the shares, securities and the rights owned represent a percentage of voting rights or interest in Zegna's capital that exceeds the aforesaid thresholds. In case of rights or securities through which the Ordinary Shares may be acquired, the percentage of voting rights or interest in Zegna's capital potentially attributable to the holding of such rights and securities is taken into account.

The Finance Act 2018 materially changed the tax regime applicable to dividends and capital gains from Qualified Holdings received or realized by Italian resident persons not engaged in a business activity and by non-resident persons without a permanent establishment in Italy. This section only describes the tax regime applicable to (i) dividends paid out of profits that Zegna has realized as of fiscal year 2018, and (ii) capital gains realized on the shares at January 1, 2019.

*Taxation of Dividends*

The tax regime summarized in this subsection "—*Taxation of Dividends*" applies only to classes of holders of the Ordinary Shares and, if applicable, of the Zegna Special Voting Shares that are described here below.

Dividends paid by Zegna are subject to the tax regime generally applicable to dividends paid by companies that are resident for tax purposes in the Republic of Italy. As mentioned, this subsection only describes the tax regime applicable to dividends paid out of profits that Zegna has realized as of fiscal year 2018.

*Taxation of Holders of Ordinary Shares Tax Resident In Italy*

*Individuals not engaged in business activity*

Under Decree No. 600 of September 29, 1973 ("Decree 600"), dividends paid from January 1, 2018 to Italian resident individuals who hold the Ordinary Shares neither in connection with a business activity nor in the context of the discretionary investment portfolio regime (risparmio gestito) as defined in subparagraph (A)(ii) below are subject to 26% tax withheld at source in Italy. In this case, the holders are not required to report the dividends in their income tax returns.

Subject to certain conditions (including a minimum holding period requirement) and limitations, dividends paid by Zegna may be exempt from any income taxation (including from the 26% tax withheld at source) if the Ordinary Shares do not represent a Qualified Holding and are included in a long-term savings account (piano di risparmio a lungo termine) that meets all the requirements set forth under Italian tax law.

*Individuals not engaged in business activity and holding the Ordinary Shares under the "risparmio gestito" regime*

Dividends paid from January 1, 2018 to Italian resident individuals who do not hold the Ordinary Shares in connection with a business activity are not subject to any tax withheld at source in Italy if (a) the holder has entrusted the management of the shares to an authorized intermediary under a discretionary asset management contract, and (c) the holder has elected for the discretionary investment portfolio regime (risparmio gestito) under Article 7 of Legislative Decree No. 461 of November 21, 1997 ("Decree 461"). In this case, the dividends are included in the annual accrued management result (risultato maturato annuo di gestione), which is subjected to a 26% substitute tax.

*Sole Proprietors*

Dividends paid to Italian resident individuals who hold the Ordinary Shares in connection with a business activity ("*Sole Proprietors*") are not subject to any tax withheld at source in Italy, provided that, in this case, the holders declare at the time of receipt that the profits collected are from holdings connected with their business activity. In this case, dividends must be reported in the income tax return, but only 58.14% of such dividends are included in the holder's overall business income taxable in Italy.

*Partnerships (Italian "società in nome collettivo," "società in accomandita semplice," "società semplici" and similar Italian partnerships as referred to in Article 5 CITA)*

No Italian tax is withheld at source on dividends paid to Italian business partnerships (such as Italian *società in nome collettivo, società in accomandita semplice* and similar partnerships as referred to in Article 5 CITA). Only 58.14% of such dividends is included in the overall business income to be reported by the business partnership.

If it is instead a non-business partnership (*società semplice*), based on Article 32-quarter of Law Decree No. 124 of October 26, 2019, as subsequently amended and supplemented, dividends are deemed to be received on a tax transparency basis by the partners and are subject to tax under the tax regime applicable to the relevant partner (i.e., as if they were directly paid to each partner).

*Companies and other business entities referred to in Article 73(1)(a)-(b) CITA*

No Italian tax is withheld at source on dividends paid to Italian resident companies and other Italian resident business entities as referred to in Article 73(1)(a)-(b) CITA, including, among others, corporations (*società per azioni*), partnerships limited by shares (*società in accomandita per azioni*), limited liability companies (*società a responsabilità limitata*) and public and private entities whose sole or primary purpose is to carry out business activities. Only 5% of such dividends are included in the overall business income subject to IRES, unless the Ordinary Shares are financial assets held for trading by holders that apply IAS / IFRS international accounting standards under Regulation No. 1606/2002 of the European Parliament and Council of July 19, 2002. In this latter case, the full amount of the dividends is included in the holder's overall business income subject to IRES.

For some types of companies and under certain conditions, dividends are also partially included in the net value of production, which is subject to IRAP.

*Non-Business Entities Referred to in Article 73(1)(c) CITA*

No Italian tax is withheld at source on dividends paid to Italian resident non-business entities referred to in Article 73(1)(c) CITA (including Italian resident trusts that do not carry out a business activity), except for Italian undertakings for collective investment ("*OICR*"). The dividends are fully included in the holder's overall income subject to IRES (only 77.74% of the dividend would instead be included in the holder's overall income if it were paid out of profits formed until the fiscal year that was current on December 31, 2016).

For social security entities pursuant to Legislative Decree No. 509 of June 30, 1994 and Legislative Decree No. 103 of February 10, 1996, subject to certain conditions (including minimum holding period requirement) and limitations, dividends and other income from the Ordinary Shares that do not represent a Qualified Holding may be excluded from the taxable base if the social security entity earmarks the Ordinary Shares as eligible investment under Article 1(89) of Finance Act 2017 (as subsequently amended) to the extent, however, that investment in the Ordinary Shares (and other qualifying

shares or units in undertakings for collective investment investing mainly in qualifying shares) represent no more than 10% of the gross asset value of the social security entity of the previous year.

At the fiscal year current on January 1, 2021, according to Article 1(44—46) of Finance Act 2021, 50% of the dividends paid to non-business entities referred to in Article 73(1)(c) CITA will be excluded from their IRES taxable base provided that they: (i) exclusively or mainly carry out any of the qualifying non-profit activities listed in Article 1(45) of Finance Act 2021 and (ii) earmark the related tax savings to a non-distributable reserve and use these resources to finance these non-profit activities.

*Persons exempt from IRES and persons outside the scope of IRES*

Dividends paid to Italian resident persons that are exempt from IRES are generally subject to 26% tax withheld at source. No Italian tax is instead withheld at source on dividends paid to persons that are outside the scope of IRES (esclusi) under Article 74(1) CITA.

*Pension funds and OICR (other than real estate AIF)*

No Italian tax is withheld at source on dividends paid to (a) Italian pension funds governed by Legislative Decree No. 252 of December 5, 2005 (Decree 252) and (b) Italian OICR, other than real estate investment funds and Italian real estate SICAFs (real estate alternative investment funds, or Real Estate AIF).

Dividends received by Italian pension funds are taken into account to compute the pension fund's net annual accrued yield, which is subject to a 20% flat tax (*imposta sostitutiva*). Subject to certain conditions (including minimum holding period requirement) and limitations, dividends and other income from the Ordinary Shares may be excluded from the taxable base of the 20% flat tax if the pension fund earmarks the shares as eligible investment under Article 1(89)-(92) of Finance Act 2017 (as subsequently amended) to the extent, however, that investment in the shares (and other qualifying shares or units in undertakings for collective investment investing mainly in qualifying shares) represent no more than 10% of the gross asset value of the pension fund of the previous year.

Dividends received by OICR that are set up in, and organized under the laws of, Italy and that are subject to regulatory supervision (other than Real Estate AIF) are not subject to taxation at the level of the OICR.

*Real estate AIF*

No Italian tax is withheld at source on dividends paid to Italian Real Estate AIF. Moreover, dividends are not subject to either IRES or IRAP at the level of the Real Estate AIF. However, income realized by Italian Real Estate AIF is attributed pro rata to Italian resident holders, irrespective of any actual distribution, on a tax transparency basis if the Italian resident unitholders / shareholders are not institutional investors and hold units / shares in the Real Estate AIF representing more than 5% of the Real Estate AIF's net asset value.

*Taxation of Holders Of Ordinary Shares Not Tax Resident In Italy*

*Non-resident persons holding the Ordinary Shares through a permanent establishment in Italy*

No Italian tax is withheld at source on dividends paid to non-resident persons that hold the Ordinary Shares through a permanent establishment in Italy to which the Ordinary Shares are effectively connected. Only 5% of the dividends are included in the overall income subject to IRES, unless the Ordinary Shares are financial assets held for trading by holders that apply IAS / IFRS international accounting standards under Regulation No. 1606/2002 of the European Parliament and the Council of July 19, 2002. In this latter case, the full amount of the dividends is included in the overall business income subject to IRES. If the Ordinary Shares are held by a non-resident Sole Proprietor through a permanent establishment in Italy to which the Ordinary Shares are effectively connected, only 58.14% of the dividends is included in the overall income subject to personal income tax.

For some types of businesses and under certain conditions, dividends are also partially included in the net value of production, which is subject to IRAP.

*Non-Resident Persons that Do Not Hold the Ordinary Shares through a permanent establishment in Italy*

A 26% tax withheld at source generally applies on dividends paid to non-resident persons that do not have a permanent establishment in Italy to which the Ordinary Shares are effectively connected.

Subject to a specific application that must be submitted to the Italian tax authorities under the terms and conditions provided by law, non-resident holders are entitled to relief (in the form of a refund), which cannot be greater than 11/26 (eleven twenty-sixths) of the tax levied in Italy, if they can demonstrate that they have paid final tax abroad on the same profits. holders who may be eligible for the relief should consult with their own independent tax advisors to determine whether they are eligible for, and how to obtain, the tax refund.

As an alternative to the relief described above, persons resident in countries that have a double tax treaty in force with Italy may request that the withholding tax on dividends be levied at the (reduced) rate provided under the applicable tax treaty, provided that the non-resident person promptly submits proper documentation.

The domestic withholding tax rate on dividends is 1.2% (and not 26%) if the recipients and beneficial owners of the dividends of Ordinary Shares are companies or entities that are (a) resident for tax purposes in an EU Member State or in an EEA State that is included in the Italian White List and (b) subject to corporate income tax in such State. These companies and entities are not entitled to the relief described above.

The domestic withholding tax rate on dividends is 11% (and not 26%) if the recipients and beneficial owners of the dividends on the Ordinary Shares are pension funds that are set up in an EU Member States or an EEA State included in the Italian White List. These pension funds are not entitled to the relief described above. Moreover, Article 1(95) of Finance Act 2017 (as amended by Finance Act 2019) provides for an exemption from withholding taxation on dividends if a pension fund set up in an EU Member State or an EEA State holds shares in an Italian resident corporation (such as Zegna) for at least 5 years and only to the extent of dividends from investments in qualifying shares (or units in undertakings for collective investment investing mainly in qualifying shares) that represent no more than 10% of the gross asset value of the pension fund of the previous year. To benefit from this exemption, the EU pension fund (or an EEA pension fund established in a State allowing an adequate exchange of information) that is the beneficial owner of the dividends must submit an affidavit to the withholding agent whereby it declares that it meets the conditions for the exemption and that it undertakes to hold the shares for the required holding period.

At January 1, 2021, pursuant to Article 1(631-632) of Finance Act 2021, no Italian tax is withheld at source on dividends paid to (i) foreign undertakings for collective investment that comply with Directive 2009/65/EC, or (ii) foreign undertakings for collective investment that do not fall within the scope of Directive 2009/65/EC but whose asset manager is subject to regulatory supervision according to Directive 2011/61/EU, provided that in both case (i) and (ii) the foreign undertaking for collective investment is organized under the laws of an EU Member State or an EEA State that allows an adequate exchange of information.

Under Article 27-bis of Decree 600, which implemented in Italy the Directive 435/90/EEC of July 23, 1990, then recast in EU Directive 2011/96 of November 30, 2011 (the "*Parent-Subsidiary Directive*"), a company is entitled to a full refund of the withholding tax levied on the dividends if it (a) has one of the legal forms provided for in the appendix to the Parent-Subsidiary Directive, (b) is resident for tax purposes in an EU Member State without being considered to be resident outside the EU according to a double tax treaty signed with a non-EU country, (c) is subject in the country of residence to one of the taxes indicated in the appendix to the Parent Subsidiary Directive with no possibility of benefiting from optional or exemption regimes that have no territorial or time limitations, and (d) directly holds Ordinary Shares that represent an interest in the issued and outstanding capital of Zegna of no less than 10% for an uninterrupted period of at least one year. If these conditions are met, and as an alternative to submitting a refund request after the dividend distribution, the non-resident company may request that no tax is levied at the time the dividends are paid, provided that (x) the 1-year holding period under condition (d) above has already run and (y) the non-resident company promptly submits proper documentation. EU resident companies that are controlled directly or indirectly by persons that are not resident in a EU Member State may request the refund or the direct withholding exemption only if the EU resident companies prove that they do not hold the Ordinary Shares for the sole or primary purpose of benefiting from the Parent-Subsidiary Directive.

Under the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments, the withholding tax refund / exemption regime described above also applies to dividends paid to a company that

(a) is resident for tax purposes in Switzerland without being considered to be resident outside Switzerland according to a double tax treaty signed with a non-EU country, (b) is a limited company, (c) is subject to Swiss corporate tax without being exempted or benefiting from preferential tax regimes, and (d) directly holds Ordinary Shares that represent an interest in Zegna's issued and outstanding capital of no less than 25% for an uninterrupted period of at least two years.

The application of the above-described tax relief, WHT reduction under the double tax treaties or WHT exemption, is subject to conditions required under the applicable laws and/or treaties, which may vary depending on the case, as well as to the fulfillment by the holders of certain formalities, such as the timely provision to the withholding tax agent of *affidavits*, self-statements and tax residence certificates. In this respect, holders should consult with their own independent tax advisors to determine whether they are eligible for, and how to obtain, such tax relief, WHT reductions or exemption.

***Taxation of Distributions of Certain Capital Reserves***

Special rules apply to the distribution of certain capital reserves, including reserves or funds created with share offerings' premiums, adjusted interest paid by subscribers of shares, capital contributions, capital account payments made by holders or tax-exempt monetary revaluation funds. Under certain circumstances, such distribution may trigger taxable income in the hands of the recipients depending on the existence of current profits or outstanding profit reserves of the distributing company at the time of the distribution, and on the actual nature of the reserves so distributed. The application of such rules may also have an impact on the tax basis of the Ordinary Shares and the characterization of the taxable income received by the recipients as well as the tax regime applicable to it. Non-Italian resident holders may be subject to tax in Italy as a result of the distribution of such reserves pursuant to the same tax regime applicable to dividends as described at subsection "*—Taxation of Dividends*" above. Prospective investors should consult their advisers in case any distributions of such capital reserves occur.

***Taxation of Capital Gains***

The tax regime summarized in this subsection "*—Taxation of Capital Gains*" applies only to classes of holders of Ordinary Shares and, if applicable, Zegna Special Voting Shares that are described here below.

*Taxation of Holders Of Ordinary Shares Tax Resident In Italy*

*Italian resident individuals not carrying out a business activity*

Capital gains realized by Italian resident individuals upon the transfer for consideration of the Ordinary Shares (including the Warrants and securities or rights whereby Ordinary Shares may be acquired), other than capital gains realized in connection with a business activity, are subject to a 26% substitute tax ("CGT"). The taxpayer may opt for any of the following three tax regimes:

(i) The tax return regime (*regime della dichiarazione*). Under this regime, capital gains and capital losses realized during the tax year must be reported in the income tax return. The CGT on capital gains will be chargeable, on a cumulative basis, on all capital gains, net of any relevant incurred capital loss of the same nature. The CGT must be paid within the deadline for the payment of the balance income tax due on the basis of the tax return. Capital losses in excess of capital gains may be carried forward against capital gains of the same nature realized in the following four years, provided that such capital losses are reported in the tax return of the year when they were realized. Capital losses realized on transfers of Non-Qualified Holdings before 2019 should be allowed to offset capital gains realized on Transfers of Qualified Holdings as of 2019. The tax return method is mandatory if the taxpayer does not choose one of the two alternative regimes mentioned in (b) and (c) below.

(ii) The non-discretionary investment portfolio (*risparmio amministrato*) regime (optional). Under this regime, CGT is applied separately on capital gains realized on each transfer of the Ordinary Shares. This regime is allowed subject to (x) the Ordinary Shares being managed or in custody with Italian banks, broker-dealers (*società di intermediazione mobiliare*) or certain authorized financial intermediaries; and (y) an express election being made in writing in due time by the relevant holder. Under this regime, the financial intermediary is responsible for accounting for and paying (on behalf of the taxpayer) CGT in respect of capital gains realized on each transfer of the Ordinary Shares (as well as in respect of capital gains realized at revocation of the intermediary's mandate), net of any relevant capital losses. Capital losses may be carried forward and offset against capital gains realized within the same relationship of deposit in the same tax year or in the following tax years up to the fourth. Capital losses

realized on transfers of Non-Qualified Holdings before 2019 should be allowed to offset capital gains realized on Transfers of Qualified Holdings as of 2019. Under this regime, the holder is not required to report capital gains in the annual income tax return.

(iii) The discretionary investment portfolio regime (*risparmio gestito*) (optional). This regime is allowed for holders who have entrusted the management of their financial assets, including the Ordinary Shares, to an authorized intermediary and have elected in writing into this regime. Under this regime, capital gains accrued on the Ordinary Shares are included in the computation of the annual increase in value of the managed assets accrued (even if not realized) at year end, which is subject to CGT. The managing authorized intermediary applies the tax on behalf of the taxpayer. Any decrease in value of the managed assets accrued at year end may be carried forward and offset against any increase in value of the managed assets accrued in any of the four following tax years. Under this regime, the holder is not required to report capital gains in the annual income tax return.

Subject to certain conditions (including minimum holding period requirement) and limitations, capital gains on the Ordinary Shares may be exempt from any income taxation (including from the 26% CGT) if the Ordinary Shares do not represent a Qualified Holding and are included in a long-term savings account (piano di risparmio a lungo termine) that meets all the requirements set forth under Italian tax law.

Sole proprietors and business partnerships (Italian "*società in nome collettivo*," "*società in accomandita semplice*" and similar Italian partnerships as referred to in Article 5 CITA)

Capital gains realized by Italian Sole Proprietors and Italian business partnerships (Italian "*società in nome collettivo*," "*società in accomandita semplice*" and similar Italian partnerships as referred to in Article 5 CITA) upon transfer for consideration of the Ordinary Shares must be fully included in the overall business income and reported in the annual income tax return. Capital losses (or other negative items of income) derived by this class of holders upon transfer for consideration of the Ordinary Shares would be fully deductible from the holder's income.

However, if the conditions under a and b of subparagraph (A)(iii) below are met, only 49.72% (58.14% in case of Sole Proprietors) of the capital gains must be included in the overall business income. Capital losses realized on the Ordinary Shares that meet the conditions under a and b of subparagraph (A)(iii) below are only partially deductible (similarly to what is provided for the taxation of capital gains).

*Companies and other business entities referred to in Article 73(1)(a)-(b) CITA*

Capital gains realized by Italian resident companies and other business entities as referred to in Article 73(1)(a)- (b) CITA (including partnerships limited by shares and public and private entities whose sole or primary purpose is carrying out business activity) upon transfer for consideration of the shares must be fully included in the overall taxable business income subject to IRES in the tax year in which the capital gains are realized or, upon election, may be spread in equal installments over a maximum of five tax years (including the tax year when the capital gain is realized). The election for the installment computation is only available if the shares have been held for no less than three years and booked as fixed financial assets (*immobilizzazioni finanziarie*) in the last three financial statements.

However, under article 87 of the CITA ("participation exemption" regime), capital gains arising from the disposal of the Ordinary Shares are tax-exempt for 95% of such capital gains, whereas the remaining 5% is included in the holders' taxable income and is subject to IRES, if the following conditions are met:

(i) the Ordinary Shares have been uninterruptedly held as of the first day of the twelfth month prior to the transfer, treating the shares acquired on the most recent date as being transferred first (on a "last in first out" basis);

(ii) the Ordinary Shares have been booked as fixed financial assets in the first financial statement closed during the holding period. In case of holders that draft their financial statements according to IAS / IFRS international accounting standards, the Ordinary Shares are deemed as fixed financial assets if they are not accounted as "held for trading";

(iii) residence for tax purposes of the participated entity in a country other than those with a privileged tax regime in accordance with the criteria set out in Article 47-bis(1) CITA. This requirement must be met at the time when the capital gain is realized, without interruption, since the beginning of the holding of the Ordinary Shares or, if the

shares are held since more than five years and the disposal is made in favor of entities not belonging to the sale group of the seller, from at least the beginning of the fifth tax period preceding the one in which the gain is realized; and

(iv) the participated entity carries out a commercial business activity according to the definition set forth in Article 55 CITA; however, this requirement is not relevant for shareholdings in companies whose securities are traded on regulated markets (as for the Ordinary Shares). This requirement must be met at the time when the capital gain is realized, without interruption, from at least the beginning of the third tax period preceding the one in which the gain is realized.

The transfer of Ordinary Shares booked as fixed financial assets and Ordinary Shares booked as inventory must be considered separately with reference to each class.

If the requirements for the participation exemption are met, any capital loss realized on the Ordinary Shares cannot be deducted.

Capital losses and negative differences between revenue and costs for Ordinary Shares that do not meet the requirements for participation exemption are not relevant up to the non-taxable amount of dividends, or of accounts thereof, received in the thirty six months prior to their transfer. This provision applies with reference to shares acquired during the 36-month period prior to the realization of capital losses or negative differences, provided that the conditions under (c) and (d) above are met; such a provision does not apply to parties who prepare their financial statements in accordance with IAS / IFRS international accounting standards referred to in Regulation (EC) No. 1606/2002 of the European Parliament and Council of July 19, 2002.

When the amount of the aforesaid capital losses (and negative differences) deriving from a transaction (or a series of transactions) on shares traded on regulated markets is greater than €50,000.00, the taxpayer must report the data and the information regarding the transaction to the Italian tax authorities.

Moreover, in case of capital losses greater than €5,000,000.00 deriving from the transfer (or a series of transfers) of shares booked as fixed financial assets, the holder must report the data and the information to the Italian tax authorities. holders that draft their financial statements according to IAS / IFRS international accounting standards are under no such obligation.

For some types of companies and under certain conditions, capital gains on the Ordinary Shares are also included in the net value of production that is subject to IRAP, at the ordinary rates.

*Non-business entities referred to in Article 73(1)(c) CITA and non-business partnerships referred to in Article 5 CITA*

Capital gains realized, outside the scope of a business activity, by Italian resident non-business entities referred to in Article 73(1)(c) CITA (other than OICR) and Italian non-business partnerships as referred to in Article 5 CITA are subject to tax under the same rules as provided for capital gains realized by Italian resident individuals who do not hold Zegna in connection with a business activity. For a short description of a favorable regime available to certain social security entities, see subparagraph (A)(v) of the subsection "—*Taxation of Dividends*" above.

*Pension funds and OICR (other than Real Estate "AIF")*

Capital gains on Ordinary Shares held by Italian pension funds governed by Decree 252 must be taken into account to compute the pension fund's net annual accrued yield, which is subject to a 20% flat tax (*imposta sostitutiva*). For a short description of a favorable regime available to pension funds, subsection "—*Taxation of Dividends*" above.

Capital gains on Ordinary Shares held by OICRs that are set up in, and organized under the laws of, Italy and that are subject to regulatory supervision (other than Real Estate AIF) are not subject to tax at the level of the OICR.

*Real estate AIF*

Capital gains on Ordinary Shares held by Italian Real Estate AIF are not subject to IRES or IRAP at the level of the Real Estate AIF.

*Non-Italian Resident Persons*

*Non-resident persons holding the Ordinary Shares through a permanent establishment in Italy*

If non-Italian resident persons hold the Ordinary Shares through a permanent establishment in Italy to which the Ordinary Shares are effectively connected, capital gains realized upon disposal of the Ordinary Shares must be included in the permanent establishment's income taxable in Italy according to the tax regime as provided for the capital gains realized by Italian resident companies and other business entities as referred to in Article 73(1)(a)-(b) CITA, which is summarized under subparagraph (A)(iii) above. If the Ordinary Shares are not connected to a permanent establishment in Italy of the non-resident person, reference must be made to subparagraph (B)(ii) below.

*Non-resident persons that do not hold the Ordinary Shares through a permanent establishment in Italy Non-Qualified Holdings.*

Based on the fact that Ordinary Shares are listed on a regulated market, no tax applies in Italy on capital gains realized by non-Italian resident holders without a permanent establishment in Italy upon transfer for consideration of Ordinary Shares that do not qualify as Transfers of Qualified Holdings, even if the Ordinary Shares are held in Italy and regardless of the provisions set forth in any applicable double tax treaty. In such case, in order to benefit from this exemption, non-Italian resident holders who hold the Ordinary Shares with an Italian authorized financial intermediary and either are subject to the non-discretionary investment portfolio regime or have elected for the discretionary investment portfolio regime may be required to timely submit to the Italian authorized financial intermediary an affidavit whereby they state that they are not resident in Italy for tax purposes.

*Qualified Holdings.*

Capital gains realized by non-Italian resident holders without a permanent establishment in Italy upon Transfers of Qualified Holdings are subject to tax under the rules as provided for capital gains realized by Italian resident individuals who do not hold the Ordinary Shares in connection with a business activity.

The tax regimes described above will not prevent the application, if more favorable to the taxpayer, of any different provisions of any applicable double taxation treaty with Italy. Most double taxation treaties entered into by Italy provide that capital gains realized on the disposal of shares are subject to tax only in the country of residence of the seller. In such a case, the capital gains realized by non-resident holders on the disposal of the Ordinary Shares will not be subject to tax in Italy.

At January 1, 2021, under Article 1(633) of Finance Act 2021, no tax applies in Italy on capital gains realized by (i) foreign undertakings for collective investment that comply with Directive 2009/65/EC, or (ii) foreign undertakings for collective investment that do not fall within the scope of Directive 2009/65/EC but whose asset manager is subject to regulatory supervision according to Directive 2011/61/EU, provided that in both case (i) and (ii) the foreign undertaking for collective investment is organized under the laws of an EU Member State or an EEA State that allows an adequate exchange of information. In any case, the provisions of double tax treaties entered into by Italy may apply if more favorable.

*Taxation of Capital Gains Derived from the Warrants*

Capital gains realized upon the sale of the Warrants are subject to the same tax regime applicable in case of sale of the Ordinary Shares as described in subsection "*—Taxation of Capital Gains*" above. At the purposes of determining the tax regime applicable, the sale of the Warrants shall be regarded as a Transfer of Qualified Holding if the Warrants sold would have granted the relevant holder with the right to hold (upon conversion) a Qualified Holding in Zegna.

Further to the conversion of the Warrants, the Italian tax regimes described under Sections "*—Taxation of Dividends*," "*—Taxation of Distributions of Certain Capital Reserves*" and "*—Taxation of Capital Gains*" above will apply in the hands of the holders.

*Zegna Special Voting Shares*

No statutory, judicial or administrative authority directly discusses how the receipt, ownership or disposal of the Zegna Special Voting Shares should be treated for Italian income tax purposes and as a result, the Italian tax consequences are uncertain. Accordingly, we urge Zegna shareholders to consult their tax advisors as to the tax consequences of the receipt, ownership and disposal of the Zegna Special Voting Shares.

*Receipt of Zegna Special Voting Shares*

A shareholder that receives Zegna Special Voting Shares issued by Zegna should in principle not recognize any material taxable income upon the receipt of the Zegna Special Voting Shares. Under a possible interpretation, the issue of Zegna Special Voting Shares can be treated as the issue of bonus shares free of charge to the shareholders out of existing available reserves of Zegna. Such issue should not have any material effect on the allocation of the tax basis of a shareholder between its Ordinary Shares and its Zegna Special Voting Shares. Because the Zegna Special Voting Shares are not admitted to listing and are transferable only in very limited circumstances (including, among other things, transfers to certain affiliates or to relatives through succession, donation or other transfers, provided that the corresponding Ordinary Shares registered in the Loyalty Register are also transferred to such party, or transfers with the approval of the Zegna Board) and their limited economic rights can be enjoyed only at the time of the liquidation of Zegna, we believe and intend to take the position that the fair market value of each Zegna Special Voting Share is minimal. However, because the determination of the fair market value of the Zegna Special Voting Shares is not governed by any guidance that directly addresses such a situation and is unclear, the Italian tax authorities could assert that the value of the Zegna Special Voting Shares as determined by us is incorrect.

*Ownership of Zegna Special Voting Shares*

Holders of the Zegna Special Voting Shares should not have to recognize income in respect of any amount transferred to the Zegna Special Voting Shares dividend reserve, but not paid out as dividends, in respect of the Zegna Special Voting Shares.

*Disposition of Zegna Special Voting Shares*

The tax treatment of a Zegna shareholder that has its Zegna Special Voting Shares redeemed for no consideration after removing its shares from the Loyalty Register is unclear. It is possible that a shareholder should recognize a loss to the extent of the shareholder's tax basis (if any). The deductibility of such loss depends on individual circumstances and conditions generally required by Italian law. It is also possible that a Zegna shareholder would not be allowed to recognize a loss upon the redemption of its Zegna Special Voting Shares and instead should increase its basis in its Ordinary Shares by an amount equal to the tax basis (if any) in its Zegna Special Voting Shares.

***Transfer Tax***

Contracts or other legal instruments relating to the transfer of securities (including the transfer of the Ordinary Shares and of the Warrants) are subject to registration tax as follows: (i) notary deeds (*atti pubblici*) and private deeds with notarized signatures (*scritture private authenticate*) executed in Italy must mandatorily be registered with the Italian tax authorities and are subject to €200.00 registration tax; and (ii) private deeds (*scritture private*) are subject to €200.00 registration tax only if they are voluntary filed for registration with the Italian tax authorities or if the so-called "*caso d'uso*" or "*enunciazione*" occurs.

***Financial Transaction Tax***

Article 1(491-500) of Law No. 228 of December 24, 2012 introduced a financial transaction tax ("*FTT*") applicable, among others, to the transfers of the ownership of (i) shares issued by Italian resident corporations, (ii) participating financial instruments (as defined under Article 2346(6) of the Italian Civil Code) issued by Italian resident corporations, and (iii) securities representing equity investments in Italian resident corporations, regardless of the place of residence of the issuer of such securities and of the place where the contract has been concluded.

The residence of the issuer for the purposes of FTT is the place where the issuer has its registered office (intended as its corporate seat).

Since the corporate seat of Zegna is not in Italy, transfers of ownership of the Ordinary Shares and/or of the Warrants will not be subject to FTT.

***Inheritance and Gift Tax***

Subject to certain exceptions, Italian inheritance and gift tax is generally payable on transfers of assets and rights (including, possibly, the Ordinary Shares, the Warrants and the Zegna Special Voting Shares) (i) by reason of death or gift by Italian resident persons (or other transfers for no consideration and the creation of liens on such assets for a specific purpose), even if the transferred assets are held outside Italy, and (ii) by reason of death or gift by non-Italian resident persons, but limited to transferred assets held in Italy. Shares in corporations that are resident in Italy for tax purposes (because they have their corporate address or their place of effective management or their main business purpose in Italy for the greater part of the tax year) are deemed to be held in Italy.

Subject to certain exceptions, transfers of assets and rights (including the Ordinary Shares, the Warrants and the Zegna Special Voting Shares) on death or by gift are generally subject to inheritance and gift tax as follows:

- at a rate of 4% in case of transfers made to the spouse or relatives in direct line, on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €1,000,000.00.

- at a rate of 6% in case of transfers made to relatives up to the fourth degree or relatives-in-law up to the third degree on the entire value of the transferred assets (in the case of transfers to brothers or sisters, the 6% rate is applicable only on the portion of the global net value of the transferred assets, if any, exceeding, for each beneficiary, €100,000.00).

- at a rate of 8% in any other case.

- If the transfer is made in favor of persons with severe disabilities, the tax applies on the value exceeding €1,500,000.00 at the rates illustrated above, depending on the type of relationship existing between the deceased or donor and the beneficiary.

Assets and rights (i) segregated in a trust, or (ii) allocated to special funds by entering into a fiduciary contract, or (iii) encumbered by special purpose liens under Article 2645-ter of the Italian Civil Code, in favor of persons with severe disabilities are exempt from the Italian inheritance and gift tax, provided that all the conditions set out in Article 6 of Law No. 112 of June 22, 2016 are met. The exemption from Italian inheritance and gift tax also applies to the re-transfer of assets and rights if the death of the beneficiary occurs before the death of the settlor.

***Stamp Duty***

Under Article 13(2bis—2ter) of Decree No. 642 of October 26, 1972, a 0.20% stamp duty generally applies on communications and reports that Italian financial intermediaries periodically send to their clients in relation to the financial products that are deposited with such intermediaries or with an Italian permanent establishment of a foreign financial intermediary. Shares are included in the definition of financial products for these purposes. Communications and reports are deemed to be sent at least once a year even if the Italian financial intermediary is under no obligation to either draft or send such communications and reports.

The stamp duty cannot exceed €14,000.00 per year for investors other than individuals.

The stamp duty applies to any investor who is a client (as defined in the regulations issued by the Bank of Italy on June 20, 2012) of an entity that exercises in any form a banking, financial or insurance activity within the Italian territory.

***Wealth Tax on Financial Products Held Abroad***

Under Article 19 of Decree No. 201 of December 6, 2011, individuals, non-business entities and non-business partnerships resident for tax purposes in Italy, which hold certain financial products outside of the Italian territory (including shares) are required to pay a wealth tax at the rate of 0.20%. The wealth tax applies on the market value at the end of the relevant year or—in the lack thereof—on the nominal value or the redemption value of such financial products held outside of Italian territory. The wealth tax cannot exceed €14,000 per year for investors other than individuals.

Taxpayers may deduct from the Italian wealth tax a tax credit equal to any wealth tax paid in the country where the financial products are held (up to the amount of the Italian wealth tax due).

Details of the financial activities held abroad have to be inserted in the income tax return to be filed in Italy by the Italian resident individuals.

***Certain Reporting Obligations for Italian Resident Holders***

Under Law Decree No. 167 of June 28, 1990, individuals, non-business entities and non-business partnerships that are resident in Italy for tax purposes and, during the fiscal year, hold financial assets abroad (including, possibly, the Ordinary Shares, the Warrants and the Zegna Special Voting Shares) must, in certain circumstances, disclose these financial assets to the Italian tax authorities in their income tax return (or if the income tax return is not due, in a proper form that must be filed within the same term as prescribed for the annual income tax return), regardless of the value of such assets (save for deposits or bank accounts having an aggregate value not exceeding €15,000.00 throughout the year). The requirement applies also if the persons above, being not the direct holder of the financial assets, are the beneficial owners thereof for the purposes of anti-money laundering legislation.

No disclosure requirements exist for financial assets (including, possibly, the Ordinary Shares, the Warrants and the Zegna Special Voting Shares) under management or administration entrusted to Italian resident intermediaries (Italian banks, broker-dealers ("*SIM*"), fiduciary companies or other professional intermediaries as indicated under Article 1 of Law Decree No. 167 of June 28, 1990) and for contracts concluded through their intervention, provided that the cash flows and the income derived from such assets and contracts have been subjected to Italian withholding tax or substitute tax by such intermediaries.

**F. Dividends and Paying Agents**

Not applicable.

**G. Statement by Experts**

Not applicable.

**H. Documents on Display**

We are subject to the informational requirements of the Exchange Act that are applicable to foreign private issuers. Accordingly, we are required to file or furnish reports and other information with the SEC, including annual reports on Form 20-F and reports on Form 6-K. The SEC maintains an Internet website that contains reports and other information regarding issuers that file electronically with the SEC. Our filings with the SEC are available to the public through the SEC's website at *http://www.sec.gov*.

As a foreign private issuer, we are exempt under the Exchange Act from, among other things, the rules prescribing the furnishing and content of proxy statements, and our executive officers, directors and principal and selling shareholders are exempt from the reporting and short-swing profit recovery provisions contained in Section 16 of the Exchange Act. In addition, we will not be required under the Exchange Act to file periodic reports and financial statements with the SEC as frequently or as promptly as U.S. companies whose securities are registered under the Exchange Act, nor be required to comply with Regulation FD, which restricts the selective disclosure of material information.

The mailing address of Zegna's principal executive office is Viale Roma 99/100, 13835 Valdilana loc. Trivero, Italy and its telephone number is +39 01575911. Zegna's agent for U.S. federal securities law purposes is Marta Madoro, c/o Ermenegildo Zegna Corporation, 7th Floor, 10 East 53rd Street, New York, NY, 10022. Zegna also maintains a website at https://ir.zegnagroup.com. In this report, the website addresses of the SEC and Zegna are provided solely for information and are not intended to be active links. Zegna is not incorporating the contents of the websites of the SEC and Zegna or any other entity into this report.

**I. Subsidiary Information**

Not applicable.

## ITEM 11 QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKETS RISKS

For information relating to the market risks that Zegna is exposed to, refer to *Note 38 — Qualitative and quantitative information on financial risks* to the Consolidated Financial Statements included elsewhere in this report.

## ITEM 12 DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

### A. Debt Securities

Not applicable.

### B. Warrants and Rights

Not applicable.

### C. Other Securities

Not applicable.

**D. American Depositary Shares**

Not applicable.

## PART II

### ITEM 13 DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

None.

### ITEM 14 MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS

None.

### ITEM 15 CONTROLS AND PROCEDURES

**A. Evaluation of Disclosure Controls and Procedures**

We maintain disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934 ("*Exchange Act*")) designed to ensure that information required to be disclosed in the Company's reports under the Exchange Act, as amended, is recorded, processed, summarized and reported within the time period specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Our management, under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer, has performed an evaluation of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Annual Report.

Based on such evaluation, management, including our Chief Executive Officer and Chief Financial Officer, concluded that, as a result of the material weaknesses in our internal control over financial reporting described in "Management's Annual Report on Internal Control over Financial Reporting" below, our disclosure controls and procedures were not effective as of December 31, 2022.

**B. Previously Disclosed Material Weaknesses**

During fiscal year 2022, under the oversight of the Audit Committee of the Board of Directors, the Company began to implement a remediation plan to address the material weaknesses identified as of December 31, 2021. The following remedial actions were taken to enhance the control framework, including:

- Expanding the finance, accounting, compliance, and IT teams, including hiring several additional individuals with the requisite IFRS technical accounting and finance skills and experience to assist in the enhancement and implementation of internal control policies and procedures related to accounting matters in our business.

- Engaging external consultants with extensive expertise in internal control and SEC matters to assist management in implementing its internal control framework, performing a gap analysis and designing enhanced business and IT processes and controls.

These new dedicated resources and external consultants have assisted management in conducting an effective risk assessment process that is responsive to financial reporting risks, including those arising from fraud and changes in the Company's operating environment and business. These dedicated resources have also enabled us to implement certain general information technology controls over our information technology systems.

Management has determined that these enhancements to the Company's risk assessment process operated effectively during fiscal year 2022 and consider the prior year material weakness related to the, "risk assessment process to identify and communicate appropriate objectives and fraud, and to identify and assess changes in the business that could affect our system of internal control" to be remediated as of December 31, 2022.

Despite the progress discussed above, there were several matters in 2022 that hindered our ability to fully remediate all of the material weaknesses identified in the prior year. These include:

(a) The implementation of the internal control framework and the performance of the gap analysis took a significant amount of time and resources, resulting in the design and implementation of the new internal control framework being completed in the fourth quarter of 2022, which meant that the controls did not have the opportunity to be implemented and operate for a sufficient period of time to demonstrate their operating effectiveness.

(b) The improvement of IT processes and controls required extensive resources and time due to the complexity of the Group and the heterogeneity of its IT environment. In 2022, several processes and controls related to certain IT elements have been improved but other remedial actions, including an appropriate segregation of duties, are still ongoing. Although we believe we have made significant progress, we do not consider that the material weakness related to general IT controls related to users' access, including segregation of duties, and change management have been remediated.

(c) The process of selecting and hiring finance, accounting, compliance, and IT personnel started in March of 2022 and has taken significant time. However, we believe that the key positions have been filled by the end of 2022, with the exception of limited positions that require additional time. Furthermore, the extensive onboarding process resulted in delays in the timeliness of executing controls, or control activities were performed without sufficiently documented supporting evidence of their operating effectiveness.

(d) Because our internal control framework began operating in the last quarter of 2022, we began testing controls late in the year, which delayed the timing of identifying deficiencies and limited management's ability to adequately monitor and timely enforce corrective actions.

We believe that our efforts have improved our internal control over financial reporting and resulted in the remediation of certain of the material weaknesses identified as of December 31, 2021. Remediation of the material weaknesses identified as of December 31, 2022, will require further validation and testing of the design and operating effectiveness of internal controls over a sustained period of financial reporting cycles.

**C. Management's Annual Report on Internal Control Over Financial Reporting**

Management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act. The Company's system of internal control was designed to provide reasonable assurance to the Company's management and Board of Directors regarding the preparation and fair presentation of published financial statements.

The Company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with IFRS, and that receipts and expenditures of the Company are being made only in accordance with authorizations of the Company's management and directors; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company assets that could have a material effect on the financial statements.

Management has assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, based on the criteria set forth in the 2013 Committee of Sponsoring Organizations of the Treadway Commission Internal Control-Integrated Framework ("*COSO framework*"). Based on that assessment, management concluded that our internal control over financial reporting was not effective as of December 31, 2022 due to the existence of the material weaknesses described below.

***Material Weaknesses in Internal Control over Financial Reporting***

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

During our assessment of the effectiveness of the Company's internal control over financial reporting as of December 31, 2022, we have identified deficiencies that, either individually or in the aggregate, rise to the level of material weaknesses in four components of internal control based on criteria established in the COSO framework.

We continued to identify deficiencies associated with the Control Environment component of the COSO framework, due to the resources with appropriate experience in IFRS and SEC reporting hired to perform control activities were not in place for a sufficient period of time to operate the control activities. Because of this and the late implementation of the internal control framework, the Company also identified deficiencies in the principles associated with the Control Activities component, specifically relating to:

- the inadequate and untimely implementation or operating effectiveness of control activities, including management review controls, across substantially all financial statement account balances and disclosures, and

- general information technology controls related to users' access management, segregation of duties and change management.

As result of the failure of the Control Activities component, the Company identified deficiencies in the Information and Communication component of the COSO framework, specifically related to the principle associated with the inability to generate and provide quality information and communication necessary to support the functioning of internal control.

In addition, management identified a deficiency in the Monitoring component of the COSO framework, specifically related to the timely performance of control testing and the principle associated with the evaluation and communication of internal control deficiencies to those parties responsible for taking corrective action, including senior management and the Board of Directors, in a timely manner to allow for remediation.

Notwithstanding the conclusion by our Chief Executive Officer and Chief Financial Officer that our disclosure controls and procedures as of December 31, 2022 were not effective, and notwithstanding the material weaknesses in our internal control over financial reporting described above, our Chief Executive Officer and Chief Financial Officer believe that the consolidated financial statements and related financial information included in this Annual Report fairly present in all material respects our financial condition, results of operations and cash flows as of the dates presented, and for the periods ended on such dates, in conformity with IFRS.

***Planned Remediation Activities for Fiscal Year 2023***

Management's remediation plan to address the material weaknesses existing as of December 31, 2022, includes the following:

- allowing the added resources with IFRS and SEC reporting experience to implement or operate the newly designed controls, including management review controls, across the different business processes and financial statement account balances and disclosures over a sufficient period of time to demonstrate their operating effectiveness.

- continuing to enhance and expand across the organization the implementation of the general information technology processes and controls, including implementing segregation of duties within the IT environment, which is expected to provide improvements in the quality of information and communication necessary to support the functioning of our system of internal control.

- continuing the monitoring of our system of internal control to timely communicate internal control deficiencies to those parties responsible for taking corrective action.

We cannot give assurance that the measures we are taking to remediate the material weaknesses will be sufficient or that they will prevent future material weaknesses. As management continues to evaluate and work to improve our internal control over financial reporting, we may determine it necessary to take additional measures or modify the remediation plan described above. The material weaknesses cannot be considered remediated until the applicable controls operate for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

**D. Attestation Report of the Registered Public Accounting Firm**

Deloitte & Touche S.p.A, the independent registered public accounting firm that audited the financial statements included in this Annual Report, has issued an attestation report on our internal control over financial reporting as of December 31, 2022.

**E. Changes in Internal Control over Financial Reporting**

Except for the changes described above in connection with our remediation activities associated with the material weaknesses that existed as of December 31, 2022, there have been no other changes in our internal control over financial reporting that occurred during the year ended December 31, 2022 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
Ermenegildo Zegna N.V.

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of Ermenegildo Zegna N.V. and subsidiaries (the "Company") as of December 31, 2022, based on criteria established in I*nternal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, because of the effect of the material weaknesses identified below on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated statements of financial position of the Company, the consolidated statements of profit and loss, comprehensive income and loss, changes in equity, and consolidated cash flow statements, and the related notes (collectively referred to as the "financial statements") as of and for the year ended December 31, 2022, of the Company and our report dated April 6, 2023, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting". Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Material Weaknesses**

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

As described in "Management's Annual Report on Internal Control over Financial Reporting" the Company has identified deficiencies that, either individually or in the aggregate, rise to the level of material weaknesses in four components of internal control based on criteria established in the COSO framework.

The Company continued to identify deficiencies associated with the Control Environment component of the COSO framework, due to the resources with appropriate experience in IFRS and SEC reporting hired to perform control activities were not in place for a sufficient period of time to operate the control activities. Because of this and the late implementation of the internal control framework, the Company also identified deficiencies in the principles associated with the Control Activities component, specifically relating to:

- the inadequate and untimely implementation or operating effectiveness of control activities, including management review controls, across substantially all financial statement account balances and disclosures, and
- general information technology controls related to users' access management, segregation of duties and change management.

As a result of the failure of the Control Activities component, the Company identified deficiencies in the Information and Communication component of the COSO framework, specifically related to the principle associated with the inability to generate and provide quality information and communication necessary to support the functioning of internal control.

In addition, the Company identified a deficiency in the Monitoring component of the COSO framework, specifically related to the timely performance of control testing and the principle associated with the evaluation and communication of internal control deficiencies to those parties responsible for taking corrective action, including senior management and the Board of Directors, in a timely manner to allow for remediation.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2022, of the Company, and this report does not affect our report on such financial statements.

**/s/ DELOITTE & TOUCHE S.p.A.**

Turin, Italy
April 6, 2023

## ITEM 16A AUDIT COMMITTEE FINANCIAL EXPERT

The Zegna Board has determined that Valerie A. Mars (the chairperson of the Audit Committee) qualifies as an "audit committee financial expert." Ms. Mars is an independent director under the applicable NYSE rules, Rule 10A-3 under the Exchange Act and the DCGC.

## ITEM 16B CODE OF ETHICS

We have adopted a Code of Ethics that applies to all of our employees, officers and directors, including those officers responsible for financial reporting. Our Code of Ethics is available on our website. We intend to disclose any amendment to our Code of Ethics, or any waivers of its requirements, in our annual report on Form 20-F. For the year ended December 31, 2022, we did not grant any waivers of the Code of Ethics.

## ITEM 16C PRINCIPAL ACCOUNTANT FEES AND SERVICES

Deloitte & Touche S.p.A., Turin Italy, PCAOB ID No.1376, the member firms of Deloitte & Touche and their respective affiliates (collectively, the "*Deloitte Entities*") were appointed to serve as our independent registered public accounting firm for the years ended December 31, 2022 and 2021. We incurred the following fees from the Deloitte Entities for professional services for the years ended December 31, 2022 and 2021, respectively:

| | For the years ended December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Audit fees [(1)] | 4,428 | 8,214 |
| Audit-related fees | 122 | 195 |
| Tax fees | 190 | 412 |
| All other fees | 22 | 154 |
| **Total** | **4,762** | **8,975** |

*(1) The Audit fees in 2021 include (i) the PCAOB audit for the years ended December 31, 2020, 2019 and 2018 for €4,900 thousand in connection with the preparation of the consolidated financial statements as of and for the three years in the period ended December 31, 2020 for the purpose of Zegna's Registration Statement on Form F-4 filed in connection with the Business Combination and (ii) the PCAOB audit for the year ended December 31, 2021.*

- Audit fees are the aggregate fees charged by the Deloitte Entities for the audit of our annual consolidated financial statements, the review of our interim consolidated financial statements and attestation services that are provided in connection with statutory and regulatory filings or engagements.
- Audit-related fees are the aggregate fees charged by the Deloitte Entities for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements and are not reported under "Audit Fees." This category comprises fees for agreed upon procedures engagements and other attestation services subject to regulatory requirements. In 2021, approximately €120 thousand of audit-related fees were incurred in relation to the listing process.
- Tax fees are the aggregate fees charged by the Deloitte Entities for services related to tax compliance, tax advice and tax planning.
- All other fees are the aggregate fees charged by the Deloitte Entities for non-audit services rendered which are not listed above.

***Audit Committee's pre-approval policies and procedures***

Our Audit Committee makes recommendations for the appointment, compensation and retention of our independent registered public accounting firm entrusted with the audit of our consolidated financial statements. Our Audit Committee has adopted a policy requiring management to obtain the Audit Committee's approval before engaging our independent registered public accounting firm to provide any other audit or permitted non-audit services to us or our subsidiaries. Pursuant to this policy, which is designed to ensure that such engagements do not impair the independence of our independent registered public accounting firm, the Audit Committee reviews and pre-approves(if appropriate) specific audit and non-audit

services in the categories Audit Services, Audit-Related Services, Tax Services, and any other services that may be performed by our independent registered public accounting firm.

**ITEM 16D EXEMPTIONS FROM THE LISTING STANDARDS FOR AUDIT COMMITTEES**

None.

**ITEM 16E PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**

During the year ended December 31, 2022, no purchases of our equity securities registered pursuant to Section 12 of the Exchange Act were made by or on behalf of us or any affiliated purchaser.

**ITEM 16F CHANGE IN REGISTRANT'S CERTIFYING ACCOUNTANT**

Not Applicable.

**ITEM 16G CORPORATE GOVERNANCE**

The discussion below summarizes the significant differences between our corporate governance practices and the NYSE listing standards applicable to U.S. companies. For a discussion regarding certain ways in which our governance practices deviate from those suggested in the DCGC, please see "*Item 10.B—Memorandum and Articles of Association—Certain Disclosure and Reporting Obligations of Zegna Directors, Officers and Shareholders of Zegna.*"

- NYSE listing standards generally require a majority of board members to be "independent" as determined under the NYSE listing standards. While the DCGC, in principle, also requires that a majority of board members be "independent," the definition of "independent" under the DCGC differs in its details from the corresponding definition of "independent" under the NYSE listing standards. In some cases, DCGC requirements are stricter; in other cases the NYSE listing standards are stricter. Currently, a majority of the members of the Zegna Board are independent under the NYSE listing standards (7 out of 11 members). In 2022, a majority of the members of the Zegna Board were independent under the DCGC (6 out of 11 members). On April 5, 2023, Sergio P. Ermotti became Group Chief Executive Officer and President of the Group Executive Board of UBS Group, with which Zegna has a lasting and significant relationship; as a result, the Zegna Board currently comprises 5 independent members out of 11.

- NYSE listing standards require that when an audit committee member of a U.S. domestic listed company serves on four or more audit committees of public companies, the listed company should disclose (either on its website or in its annual proxy statement or annual report filed with the SEC) that the board of directors has determined that this simultaneous service would not impair the director's service to the listed company. Dutch law does not require the Company to make such a determination.

- NYSE listing standards applicable to U.S. companies require that external auditors be appointed by the audit committee. The general rule under Dutch law is that external auditors are appointed by the Zegna General Meeting. In accordance with the requirements of Dutch law, the appointment and removal of our independent registered public accounting firm must be resolved upon at a Zegna General Meeting. Our Audit Committee is responsible for determining the process for selecting and determining the remuneration of the independent registered public accounting firm and oversees and evaluates the work of our independent registered public accounting firm.

- NYSE listing standards require a U.S. listed company to have a compensation committee and a nominating/corporate governance committee composed entirely of independent directors. As a foreign private issuer, we do not have to comply with this requirement, although we do have a Compensation Committee and a Governance and Sustainability Committee. The charter of our Compensation Committee states that more than half of the members of the Compensation Committee (including the chairperson) are independent under the DCGC. Currently, two out of three members of our Compensation Committee are independent both under the DCGC and under the NYSE listing standards. The charter of our Governance and Sustainability Committee states that more than half of the members of the Governance and Sustainability Committee are independent under the DCGC. Currently all three members of our Governance and Sustainability Committee are independent both under the DCGC and under the NYSE listing standards.

- Under NYSE listing standards, shareholders of U.S. companies must be given the opportunity to vote on all equity compensation plans and material revisions to those plans, with limited exceptions set forth in the NYSE listing standards. As a foreign private issuer, we are permitted to follow our home country laws regarding shareholder approval of compensation plans. Under Dutch law such approval is only required in relation to members of the board of directors if the articles of association of a company (i.e., public limited liability company (*naamloze vennootschap*)) stipulate that a corporate body other than the general meeting is authorized to determine the remuneration of members of the board of directors. The adoption of sub-plans under an equity incentive plan that has been approved by the general meeting does not require separate approval of the company's general meeting, provided, however, that such sub-plans are adopted within the framework and limits of the equity incentive plan as approved by the general meeting. Approval by the general meeting is also not required in respect of equity compensation plans for employees, provided, however, that (i) such employees are no members of the board of directors and (ii) the general meeting has authorized the board of directors to issue shares and/or rights to subscribe for shares.

**ITEM 16H MINE SAFETY DISCLOSURE**

Not applicable.

**ITEM 16I DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS**

Not applicable.

## PART III

### ITEM 17 FINANCIAL STATEMENTS

We have responded to Item 18 in lieu of responding to this item.

### ITEM 18 FINANCIAL STATEMENTS

The audited Consolidated Financial Statements as required under Item 18 are attached hereto starting on page F-1 of this report.

**ITEM 19 EXHIBITS**

| Exhibit Number | Description |
|---|---|
| 1.1 | English translation of the Articles of Association of Ermenegildo Zegna N.V. (incorporated by reference to Exhibit 1.1 to the Registration Statement on Form 20-F filed with the SEC on April 6, 2022 (file no. 001-41180)) |
| 1.2 | English translation of Deed of Conversion and Amendment of the Articles of Association of Ermenegildo Zegna N.V. (incorporated by reference to Exhibit 1.2 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 2.1 | Warrant Agreement, dated as of November 23, 2020, by and between Investindustrial Acquisition Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 4.1 to the Registration Statement on Form F-4, filed with the SEC on August 27, 2021, File No. 333-259139) |
| 2.2 | Warrant Agreement Amendment, dated as of December 17, 2021, by and between Investindustrial Acquisition Corp. and Continental Stock Transfer & Trust Company (incorporated by reference to Exhibit 2.2 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 2.3 | Warrant Assumption and Amendment Agreement, dated as of December 17, 2021, by and among Investindustrial Acquisition Corp., Ermenegildo Zegna Holditalia S.p.A., Continental Stock Transfer & Trust Company, Computershare Trust Company, N.A and Computershare Inc. (incorporated by reference to Exhibit 2.3 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 2.4 | Warrant Agreement, dated as of December 17, 2021, by and between Ermenegildo Zegna N.V., Computershare Inc. and Computershare Trust Company, N.A. (incorporated by reference to Exhibit 2.4 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 2.5 | Description of Securities Registered under Section 12 of the Exchange Act |
| 4.1 | Form of PIPE Subscription Agreement (incorporated by reference to Exhibit 10.3 to Amendment No. 3 to the Registration Statement on Form F-4, filed with the SEC on November 23, 2021, File No. 333-259139) |
| 4.2 | Form of PIPE Subscription Agreement (Other) (incorporated by reference to Exhibit 10.4 to the Registration Statement on Form F-4, filed with the SEC on August 27, 2021, File No. 333-259139) |
| 4.3 | Form of PIPE Subscription Agreement (Insider PIPE Subscribers) (incorporated by reference to Exhibit 10.5 to the Registration Statement on Form F-4, filed with the SEC on August 27, 2021, File No. 333-259139) |
| 4.4 | Registration Rights Agreement, dated as of December 17, 2021, by and among Ermenegildo Zegna N.V., Investindustrial Acquisition Corp. and the shareholders designated on Schedule A and Schedule B thereto (incorporated by reference to Exhibit 4.8 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 4.5 | Lock-up Agreement, dated as of December 17, 2021, by and among Ermenegildo Zegna N.V., Investindustrial Acquisition Corp., Strategic Holding Group S.à r.l and the other parties thereto (incorporated by reference to Exhibit 4.11 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 4.6 | Lock-up Agreement, dated as of December 17, 2021, by and among Ermenegildo Zegna N.V., Monterubello s.s., and the shareholders designated as Zegna Holders on Schedule A thereto (incorporated by reference to Exhibit 4.12 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 4.7 | Shareholders Agreement, dated as of December 17, 2021, by and among Monterubello s.s., Mr. Ermenegildo Zegna Di Monte Rubello, Investindustrial Acquisition Corp. L.P. and Ermenegildo Zegna N.V. (incorporated by reference to Exhibit 4.13 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 4.8† | Put Agreement, dated August 25, 2018, by and between Ermenegildo Zegna Holditalia S.p.A. and Mr. Thom Browne (incorporated by reference to Exhibit 10.11 to the Registration Statement on Form F-4, filed with the SEC on August 27, 2021, File No. 333-259139) |
| 4.9 | Amendment No. 1 to Put Agreement, dated May 13, 2021, by and between Ermenegildo Zegna Holditalia S.p.A. and Mr. Thom Browne (incorporated by reference to Exhibit 10.12 to the Registration Statement on Form F-4, filed with the SEC on August 27, 2021, File No. 333-259139) |
| 4.10 | Ermenegildo Zegna N.V. 2021 Equity Incentive Plan (incorporated by reference to Exhibit 4.16 to the Report on Form 20-F, filed with the SEC on December 23, 2021, File No. 001-41180) |
| 8.1 | List of subsidiaries of Ermenegildo Zegna N.V. |
| 12.1 | Certification of the Chief Executive Officer Pursuant to the Securities Exchange Act Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 12.2 | Certification of the Chief Financial Officer Pursuant to the Securities Exchange Act Rule 13a-14(a)/15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 |
| 13.1 | Certification of the Chief Executive Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) |
| 13.2 | Certification of the Chief Financial Officer required by Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code (18 U.S.C. 1350) |
| 15.1 | Consent of Deloitte and Touche S.p.A. |

| | |
|---|---|
| 101 | Interactive Data File |
| 104 | Cover Page Interactive Data File |

† Certain of the exhibits and schedules to this exhibit have been omitted in accordance with the Instructions as to Exhibits of Form 20-F. The Registrant agrees to furnish supplementally a copy of all omitted exhibits and schedules to the SEC upon its request.

## SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

**ERMENEGILDO ZEGNA N.V.**

By: /s/ Ermenegildo Zegna di Monte Rubello

Name: Ermenegildo Zegna di Monte Rubello

Title: Chairperson and Chief Executive Officer

April 6, 2023

**ERMENEGILDO ZEGNA N.V.**

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS


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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the shareholders and the Board of Directors of
Ermenegildo Zegna N.V.

**Opinion on the Financial Statements**

We have audited the accompanying consolidated statements of financial position of Ermenegildo Zegna N.V. and subsidiaries (together the "Company") as of December 31, 2022 and 2021, the related consolidated statements of profit and loss, comprehensive income and loss, changes in equity, and consolidated cash flow statements, for each of the three years in the period ended December 31, 2022, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2022, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2022, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated April 6, 2023, expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

**Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

***Property, Plant and Equipment and Right of Use Assets – Impairment of Directly Operated Store Assets — Refer to Notes 3, 4, 11, 18 and 19 to the financial statements***

*Critical Audit Matter Description*

The financial statements as of December 31, 2022 include Property, Plant and Equipment (“PPE”) and Right of Use assets (“RoU assets”) amounting to Euro 126.1 million and Euro 375.5 million, respectively, which include assets relating to directly operated stores and strategic stores (together “DOS”). The Company recognized net impairment for the year ended December 31, 2022 of Euro 1.6 million, comprising of a net reversal of impairment of Euro 0.8 million to its DOS PPE and a net impairment of Euro 2.4 million to its RoU assets.

As discussed in Note 3 to the financial statements, for purposes of impairment testing, the Company determines the cash generating unit ("CGU") for its PPE and RoU assets for DOS to be at the individual store level, except the strategic stores.

As discussed in Note 18 to the financial statements the impairment test is performed if there are indications of or changes to planning assumptions suggesting that the carrying amount is not recoverable. For this purpose, after preparing the annual budget plan, the Company conducts a triggering event test for each DOS. If defined year-on-year profitability indicators are not reached, the PPE and RoU assets of the store are tested. Further, where this relates to strategic stores, each strategic store is considered separate CGU when determining whether any impairment indicator is present. If an impairment indicator is identified, it is assessed whether other stores have benefitted from the strategic store. If the strategic store is determined to benefit other stores, an impairment test for the strategic store is performed as a group of CGUs at the segment level.

For each new DOS, it is expected to require a start-up period before they achieve the expected level of profitability, which generally extends for three years following the date of each stores opening. Therefore, when a DOS is in the start-up period, the Company considers there to be an indicator of possible impairment if the DOS profitability for the start-up period are lower than the DOS profitability expected in the approved initial plan for the store.

Impairment is recognized when the carrying value of a CGU for DOS assets exceeds the recoverable amount. In order to determine the recoverable amount, the Company estimated the DOS assets' value in use by making significant estimates and assumptions, among others, related to future forecasted revenues and profits at each individual store and to the determination of appropriate discount rates. Estimates and assumptions related to future cash flows are determined based on the approved management's budget and forecast for a period of three years and an estimate of the long-term growth rate.
We identified DOS impairment as a critical audit matter because the estimate of future cash flows to assess the recoverability of DOS assets required significant management judgment, primarily in relation to forecasting future revenues and profitability (including the effect of the global pandemic) as well as in relation to the determination of discount rates. Changes in these estimates could have a significant impact on the measurement of the recoverable amount, resulting in a possible adjustment to the impairment charge to be recorded. This management estimate area required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists when performing audit procedures to evaluate the reasonableness of the Company's judgments used in these estimates.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to management's judgments regarding the estimated future cash flows, specifically forecasts of future revenues and profitability and the selection of an appropriate discount rate, included the following, among others:

- We evaluated management's ability to accurately forecast future cash flows by comparing actual results to management's historical forecasts.
- We evaluated the consistency of management forecasts prepared at the DOS level to management's segments-level forecasts.
- We evaluated the reasonableness of management's estimated future cash flows, including management's basis and approach for considering the impacts of changes in market conditions and economic events, by:
  - Inquiring of the Company's executives to understand the business initiatives supporting the assumptions in the future cash flows, and
  - Comparing the forecasts to (1) historical revenue and operating results; (2) internal communications regarding the Company's business plan and strategy; and (3) industry and market conditions.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the discount rates used in the impairment analysis by testing the source information used to select appropriate discount rates and the mathematical accuracy of the discount rate calculations.

***Other non-current financial liabilities - Thom Browne Group - Refer to Notes 3, 4 and 31 to the financial statements***

*Critical Audit Matter Description*

As of December 31, 2022, the Company has a put option to buy the remaining 10% of non-controlling interests in Thom Browne Inc. ("Thom Browne"), which is recognized as a financial liability of Euro 155.6 million.

The valuation of the non-current financial liability was based on management's forecasts of Thom Browne's future cash flows and their selection of an appropriate discount rate.
Management accounts for the put option agreement in accordance with IAS 32, Financial Instruments, recognizing a non-current financial liability for the Company's estimated obligation under the option. The exercise price of the put option is dependent on a measure of the brand's profitability at the exercise date. Therefore, the Company's fair value determination of the non-current financial liability required management to make significant estimates and assumptions related to forecasts of future revenues and profits and to select an appropriate discount rate. Changes in above described assumptions could have a significant impact on the measurement of the non-current financial liability.

We identified the valuation of the non-current financial liability for the Thom Browne non-controlling interest put option as a critical audit matter because of the significant judgments made by management to estimate future revenues and profits of the Thom Browne Group and to select appropriate discount rate. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's estimates of future revenue and profits.

*How the Critical Audit Matter Was Addressed in the Audit*

Our procedures related to the valuation of the liability for the Thom Browne non-controlling interest put option included the following, among others:

- We evaluated management's ability to accurately forecast revenues and profit of the Thom Browne Group by comparing actual revenue and profit results to management's historical forecasts.
- We evaluated management's assumptions related to future revenues and profits by:
  - Inquiring of the Company's executives to understand the business initiatives supporting the assumptions in the future revenues and profits, and
  - Comparing the forecasts to the current and past performance of the Thom Browne Group and to external market and industry data.
- With the assistance of our fair value specialists, we evaluated the reasonableness of the discount rates used in the valuation of the Thom Browne put option liability by testing the source information underlying management's selection of a discount rate and testing the mathematical accuracy of the discount rate calculations.

**/s/ DELOITTE & TOUCHE S.p.A.**

Turin, Italy
April 6, 2023

*We have served as the Company's auditor since 1995.*

**Ermenegildo Zegna N.V.**
**CONSOLIDATED STATEMENT OF PROFIT AND LOSS**
**for the years ended December 31, 2022, 2021 and 2020**

| *(€ thousands, except per share data)* | Notes | For the years ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|---|
| Revenues | 6 | 1,492,840 | 1,292,402 | 1,014,733 |
| Other income | 7 | 13,949 | 8,260 | 5,373 |
| Cost of raw materials and consumables | 8 | (311,320) | (309,609) | (250,569) |
| Purchased, outsourced and other costs | 9 | (437,928) | (353,629) | (286,926) |
| Personnel costs | 10 | (395,087) | (367,762) | (282,659) |
| Depreciation, amortization and impairment of assets | 11 | (173,521) | (163,367) | (185,930) |
| Write downs and other provisions | 12 | (14) | (19,487) | (6,178) |
| Other operating costs | 13 | (41,142) | (180,836) | (30,399) |
| **Operating Profit/(Loss)** | | **147,777** | **(94,028)** | **(22,555)** |
| Financial income | 14 | 13,320 | 45,889 | 34,352 |
| Financial expenses | 14 | (54,346) | (43,823) | (48,072) |
| Foreign exchange (losses)/gains | 14 | (7,869) | (7,791) | 13,455 |
| Result from investments accounted for using the equity method | 20 | 2,199 | 2,794 | (4,205) |
| Impairments of investments accounted for using the equity method | 20 | — | — | (4,532) |
| **Profit/(Loss) before taxes** | | **101,081** | **(96,959)** | **(31,557)** |
| Income taxes | 15 | (35,802) | (30,702) | (14,983) |
| **Profit/(Loss)** | | **65,279** | **(127,661)** | **(46,540)** |
| *Attributable to:* | | | | |
| *Shareholders of the Parent Company* | | *51,482* | *(136,001)* | *(50,577)* |
| *Non-controlling interests* | | *13,797* | *8,340* | *4,037* |
| | | | | |
| Basic earnings per share in Euro | 16 | 0.22 | (0.67) | (0.25) |
| Diluted earnings per share in Euro | 16 | 0.21 | (0.67) | (0.25) |

The accompanying notes are an integral part of these Consolidated Financial Statements

**Ermenegildo Zegna N.V.**
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AND LOSS**
**for the years ended December 31, 2022, 2021 and 2020**

| *(€ thousands)* | Notes | For the years ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Profit/(Loss)** | | **65,279** | **(127,661)** | **(46,540)** |
| **Other comprehensive income/(loss), net of tax:** | | | | |
| **Items that will be subsequently reclassified to the statement of profit and loss:** | | | | |
| Foreign currency exchange differences arising from the translation of foreign operations | | 10,098 | 40,324 | (36,435) |
| Net gain/(loss) from cash flow hedges | | 21,744 | (6,344) | 649 |
| Net (loss)/gain from financial instruments measured at fair value | | (1,482) | 444 | 287 |
| **Items that will not be subsequently reclassified to the statement of profit and loss:** | | | | |
| Net actuarial gain/(loss) from defined benefit plans | | 1,092 | (397) | 499 |
| **Total other comprehensive income/(loss), net of tax** | 28 | **31,452** | **34,027** | **(35,000)** |
| **Total comprehensive income/(loss)** | | **96,731** | **(93,634)** | **(81,540)** |
| *Attributable to:* | | | | |
| *Shareholders of the Parent Company* | | *82,908* | *(102,106)* | *(85,389)* |
| *Non-controlling interests* | | *13,823* | *8,472* | *3,849* |

The accompanying notes are an integral part of these Consolidated Financial Statements

**Ermenegildo Zegna N.V.**
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
**at December 31, 2022 and 2021**

| *(€ thousands)* | Notes | At December 31, 2022 | 2021 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Intangible assets | 17 | 455,908 | 425,220 |
| Property, plant and equipment | 18 | 126,139 | 111,474 |
| Right-of-use assets | 19 | 375,508 | 370,470 |
| Investments accounted for using the equity method | 20 | 22,648 | 22,447 |
| Deferred tax assets | 15 | 124,627 | 108,210 |
| Other non-current financial assets | 21 | 36,240 | 35,372 |
| **Total non-current assets** | | **1,141,070** | **1,073,193** |
| **Current assets** | | | |
| Inventories | 22 | 410,851 | 338,475 |
| Trade receivables | 23 | 177,213 | 160,360 |
| Derivative financial instruments | 24 | 22,454 | 1,786 |
| Tax receivables | | 15,350 | 14,966 |
| Other current financial assets | 25 | 320,894 | 340,380 |
| Other current assets | 26 | 84,574 | 68,773 |
| Cash and cash equivalents | 27 | 254,321 | 459,791 |
| **Total current assets** | | **1,285,657** | **1,384,531** |
| **Total assets** | | **2,426,727** | **2,457,724** |
| | | | |
| **Liabilities and Equity** | | | |
| Share capital | 28 | 5,939 | 5,939 |
| Retained earnings | 28 | 528,320 | 498,592 |
| Other reserves | 28 | 144,690 | 96,679 |
| **Equity attributable to shareholders of the Parent Company** | | **678,949** | **601,210** |
| Equity attributable to non-controlling interests | 29 | 53,372 | 43,094 |
| **Total equity** | | **732,321** | **644,304** |
| **Non-current liabilities** | | | |
| Non-current borrowings | 30 | 184,880 | 471,646 |
| Other non-current financial liabilities | 31 | 178,793 | 167,387 |
| Non-current lease liabilities | 32 | 332,050 | 331,409 |
| Non-current provisions for risks and charges | 33 | 19,581 | 44,555 |
| Employee benefits | 34 | 51,584 | 42,263 |
| Deferred tax liabilities | 15 | 60,534 | 53,844 |
| **Total non-current liabilities** | | **827,422** | **1,111,104** |
| **Current liabilities** | | | |
| Current borrowings | 30 | 286,175 | 157,292 |
| Other current financial liabilities | 31 | 37,258 | 33,984 |
| Current lease liabilities | 32 | 111,457 | 106,643 |
| Derivative financial instruments | 24 | 2,362 | 14,138 |
| Current provisions for risks and charges | 33 | 13,969 | 14,093 |
| Trade payables and customer advances | 35 | 270,936 | 223,037 |
| Tax liabilities | | 25,999 | 28,773 |
| Other current liabilities | 36 | 118,828 | 124,356 |
| **Total current liabilities** | | **866,984** | **702,316** |
| **Total equity and liabilities** | | **2,426,727** | **2,457,724** |

The accompanying notes are an integral part of these Consolidated Financial Statements

**Ermenegildo Zegna N.V.**
**CONSOLIDATED CASH FLOW STATEMENT**
**for the years ended December 31, 2022, 2021 and 2020**

| *(€ thousands)* | Notes | For the years ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|---|
| **Operating activities** | | | | |
| Profit/(Loss) | | 65,279 | (127,661) | (46,540) |
| Income taxes | 15 | 35,802 | 30,702 | 14,983 |
| Depreciation, amortization and impairment of assets | 11 | 173,521 | 163,367 | 185,930 |
| Financial income | 14 | (13,320) | (45,889) | (34,352) |
| Financial expenses | 14 | 54,346 | 43,823 | 48,072 |
| Foreign exchange losses/(gains) | 14 | 7,869 | 7,791 | (13,455) |
| Write downs and other provisions | 12 | 14 | 19,487 | 6,178 |
| Write downs of the provision for obsolete inventory | 22 | 28,561 | 29,600 | 37,735 |
| Result from investments accounted for using the equity method | 20 | (2,199) | (2,794) | 4,205 |
| Impairments of investments accounted for using the equity method | 20 | — | — | 4,532 |
| (Gains)/Losses arising from the disposal of fixed assets | 13 | (1,124) | 1,153 | 1,091 |
| Other non-cash expenses/(income), net | 41 | 23,063 | 230,812 | (27,698) |
| Change in inventories | | (103,112) | (27,554) | (39,486) |
| Change in trade receivables | | (15,623) | (12,294) | 35,675 |
| Change in trade payables including customer advances | | 43,511 | 31,426 | (38,485) |
| Change in current and non-current provisions for risks and charges | | (29,102) | (5,498) | (4,633) |
| Change in employee benefits | | (8,676) | (13,456) | (2,360) |
| Change in other operating assets and liabilities | | (38,216) | 38,927 | (3,038) |
| Interest paid | | (24,938) | (17,487) | (21,023) |
| Income taxes paid | | (49,258) | (63,300) | (36,425) |
| **Net cash flows from operating activities** | | **146,398** | **281,155** | **70,906** |
| **Investing activities** | | | | |
| Payments for property plant and equipment | | (49,114) | (79,699) | (27,630) |
| Proceeds from disposals of property plant and equipment | | — | 3,791 | 1,125 |
| Payments for intangible assets | | (24,185) | (14,627) | (11,524) |
| Proceeds from disposals of non-current financial assets | | 2,585 | 1,536 | 45,979 |
| Payments for purchases of non-current financial assets | | (111) | (4,431) | — |
| Proceeds from disposals of current financial assets and derivative instruments | | 46,487 | 92,021 | 253,201 |
| Payments for acquisitions of current financial assets and derivative instruments | | (32,412) | (76,058) | (166,334) |
| Business combinations, net of cash acquired | | (585) | (4,224) | (2,245) |
| Acquisition of investments accounted for using the equity method | 20 | — | (313) | — |
| **Net cash flows (used in)/from investing activities** | | **(57,335)** | **(82,004)** | **92,572** |
| **Financing activities** | | | | |
| Proceeds from borrowings | 30 | — | 123,570 | 265,352 |
| Repayments of borrowings | 30 | (159,719) | (160,210) | (221,029) |
| Repayments of other non-current financial liabilities | 31 | (3,919) | (4,287) | — |
| Payments of lease liabilities | 32 | (121,633) | (100,611) | (90,699) |
| Proceeds from capital contribution from Monterubello | | 10,923 | — | — |
| Sale of shares held in treasury | | 3,390 | 6,343 | — |
| Purchase of own shares | | — | (384) | (945) |
| Dividends to owners of the parent | | (21,852) | (102) | — |
| Dividends paid to non-controlling interests | | (4,187) | (548) | (1,731) |
| Purchase of own shares from Monterubello | 1 | — | (455,000) | — |
| Proceeds from issuance of ordinary shares upon Business Combination | 1 | — | 310,739 | — |
| Proceeds from issuance of ordinary shares to PIPE Investors | 1 | — | 331,385 | — |
| Payments of transaction costs related to the Business Combination | 1 | — | (48,475) | — |
| Cash distributed as part of the Disposition | | — | (26,272) | — |
| Payments for acquisition of non-controlling interests | | — | (40,253) | — |
| **Net cash flows used in financing activities** | | **(296,997)** | **(64,105)** | **(49,052)** |
| Effects of exchange rate changes on cash and cash equivalents | | 2,464 | 7,454 | (7,761) |
| **Net (decrease)/increase in cash and cash equivalents** | | **(205,470)** | **142,500** | **106,665** |
| **Cash and cash equivalents at the beginning of the year** | 27 | **459,791** | **317,291** | **210,626** |
| **Cash and cash equivalents at the end of the year** | 27 | **254,321** | **459,791** | **317,291** |

The accompanying notes are an integral part of these Consolidated Financial Statements

**Ermenegildo Zegna N.V.**
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**
**for the years ended December 31, 2022, 2021 and 2020**

| *(€ thousands)* | Share capital | Retained earnings | Other reserves | Currency translation reserve | Cash flow hedge reserve | Reserve for remeasurement of defined benefit plans | Financial assets at FVOCI reserve | Total equity attributable to shareholders of the Parent Company | Total equity attributable to non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|
| **At January 1, 2020** | **4,300** | **944,489** | **(268,927)** | **11,614** | **(2,862)** | **202** | **(44)** | **688,772** | **40,982** | **729,754** |
| (Loss)/Profit | — | (50,577) | — | — | — | — | — | (50,577) | 4,037 | (46,540) |
| Other comprehensive income/(loss) | — | — | — | (36,274) | 637 | 539 | 287 | (34,811) | (189) | (35,000) |
| Dividends | — | — | — | — | — | — | — | — | (1,731) | (1,731) |
| Other changes | — | (676) | (944) | — | — | — | — | (1,620) | 171 | (1,449) |
| **At December 31, 2020** | **4,300** | **893,236** | **(269,871)** | **(24,660)** | **(2,225)** | **741** | **243** | **601,764** | **43,270** | **645,034** |
| (Loss)/Profit | — | (136,001) | — | — | — | — | — | (136,001) | 8,340 | (127,661) |
| Other comprehensive income/(loss) | — | — | — | 40,197 | (6,316) | (430) | 444 | 33,895 | 132 | 34,027 |
| Dividends | — | — | (102) | — | — | — | — | (102) | (548) | (650) |
| Capital increase related to the Business Combination | 1,639 | — | 710,264 | — | — | — | — | 711,903 | — | 711,903 |
| Purchase of own shares from Monterubello | — | — | (455,000) | — | — | — | — | (455,000) | — | (455,000) |
| Capital contribution from Monterubello | — | — | 10,923 | — | — | — | — | 10,923 | — | 10,923 |
| Issuance of shares held in treasury | — | — | 5,959 | — | — | — | — | 5,959 | — | 5,959 |
| Assignment of treasury shares | — | (31,823) | 31,823 | — | — | — | — | — | — | — |
| Acquisition of non-controlling interests | — | 8,365 | — | — | — | — | — | 8,365 | (8,365) | — |
| Acquisition of Ubertino | — | — | — | — | — | — | — | — | 2,854 | 2,854 |
| Share-based payments | — | — | 74,978 | — | — | — | — | 74,978 | — | 74,978 |
| Disposition | — | (235,185) | — | (20,465) | 176 | — | — | (255,474) | (2,589) | (258,063) |
| **At December 31, 2021** | **5,939** | **498,592** | **108,974** | **(4,928)** | **(8,365)** | **311** | **687** | **601,210** | **43,094** | **644,304** |
| Profit | — | 51,482 | — | — | — | — | — | 51,482 | 13,797 | 65,279 |
| Other comprehensive income/(loss) | — | — | — | 10,223 | 21,744 | 941 | (1,482) | 31,426 | 26 | 31,452 |
| Dividends | — | (21,852) | — | — | — | — | — | (21,852) | (4,187) | (26,039) |
| Sale of treasury shares, net | — | — | 3,826 | — | — | — | — | 3,826 | — | 3,826 |
| Share-based payments | — | — | 13,579 | — | — | — | — | 13,579 | — | 13,579 |
| Other changes | — | 98 | (820) | — | — | — | — | (722) | 642 | (80) |
| **At December 31, 2022** | **5,939** | **528,320** | **125,559** | **5,295** | **13,379** | **1,252** | **(795)** | **678,949** | **53,372** | **732,321** |

The accompanying notes are an integral part of these Consolidated Financial Statements

## 1. General information

Ermenegildo Zegna N.V. (formerly known as Ermenegildo Zegna Holditalia S.p.A., and hereinafter referred to as "Zegna," the "Company" or the "Parent Company" and together with its consolidated subsidiaries, or any one or more of them, as the context may require, the "Zegna Group" or the "Group") is the holding company of the Zegna Group and is incorporated as a public company (*naamloze vennootschap*) under the laws of the Netherlands. The Company is domiciled in Amsterdam, the Netherlands, and the Company's registered office is Viale Roma 99/100, Valdilana (Biella), Italy.

Zegna is a leading global luxury group, internationally recognized for the distinctive heritage of craftsmanship and design associated with the Zegna and Thom Browne brands and the noble fabrics and fibers of its in-house luxury textile and knitwear business. Since its foundation in 1910 through Lanificio Ermenegildo Zegna e Figli S.p.A. in Valdilana (BI), Italy, Zegna has expanded beyond luxury textile production to ready-to-wear products and accessories to become a highly recognized luxury lifestyle group. The Group designs, manufactures, markets and distributes luxury menswear, footwear, leather goods and other accessories under the Zegna and the Thom Browne brands, and luxury womenswear and childrenswear under the Thom Browne brand. The Group's product range is complemented by eyewear, cufflinks and jewelry, watches, underwear and beachwear manufactured by third parties under licenses. The Group's business covers the entire value chain as a result of its design, manufacturing and distribution business and the Group has a significant international presence through the retail channel, consisting of directly operated single-brand stores ("Directly Operated Stores" or "DOS") and online stores, as well as through the wholesale channel, represented by multi-brand stores, luxury department stores and major international airports.

***Business Combination and other transactions in 2021***

On December 17, 2021, Zegna closed the previously announced business combination pursuant to a business combination agreement, dated as of July 18, 2021, as amended, by and among Zegna, Investindustrial Acquisition Corp. ("IIAC") and EZ Cayman, a wholly-owned subsidiary of Zegna ("Zegna Merger Sub"), through a series of transactions as described below (the "Business Combination").

Effective November 1, 2021, Ermenegildo Zegna Holditalia S.p.A. transferred its activities related to design and style, brand, marketing, planning, retail management, human resources, finance and accounting, legal, information technology and internal audit and compliance, and transferred 197 employees out of a total 212 employees to EZ Service S.r.l. ("EZ Service"), a limited liability company based in Italy that was incorporated on October 1, 2021 and is fully owned by Ermenegildo Zegna NV. Subsequent to this transfer the Company's activities are primarily limited to holding investments in the subsidiaries of the Zegna group and conducting certain administrative, treasury, internal control and investor relations activities.

Also on November 1, 2021, Ermenegildo Zegna Holditalia S.p.A. completed the disposition of certain of its businesses (the "Disposition"), through the statutory demerger under Italian law to a new company owned by its existing shareholders. The Disposition included, inter alia, Ermenegildo Zegna Holditalia S.p.A.'s real estate business, consisting of its former subsidiary EZ Real Estate S.r.l. ("EZ Real Estate"), which directly and indirectly holds substantially all of the real estate assets formerly owned by the Zegna Group, as well as certain properties previously owned by Lanificio Ermenegildo Zegna e Figli S.p.A. ("Lanificio"), and its 10% equity interest in Elah Dufour S.p.A. Most of the real estate properties directly or indirectly owned by EZ Real Estate were, and continue to be, leased to Zegna also following the Disposition.

The following transactions related to the Business Combination were completed on December 17, 2021:

- Ermenegildo Zegna Holditalia S.p.A. implemented a cross-border conversion whereby it, by means of the execution of a Dutch notarial deed of cross-border conversion and amendment of its articles of association, converted into a Dutch public limited liability company (naamloze vennootschap) and transferred its legal seat from Italy to the Netherlands and amended its articles of association, upon which the Company changed its name to Ermenegildo Zegna N.V. (the "Conversion");

- In connection with the Conversion, Zegna underwent a share split of 4,300,000 ordinary shares into 215,000,000 ordinary shares (the "Share Split");

- Zegna Merger Sub merged with and into IIAC, with IIAC being the surviving entity in the merger (the "Merger"), as a result of which:

  (a) each share of Zegna Merger Sub was converted into one IIAC ordinary share;

  (b) a total number of 44,443,659 IIAC class A shares and class B shares were contributed to Zegna in exchange for an equivalent number of Zegna ordinary shares, representing a capital increase of €397.8 million measured based on the closing price of IIAC's shares of $10.14 per share on December 17, 2021;

  (c) 13,416,637 outstanding IIAC public warrants were converted to an equivalent number of Zegna public warrants representing a right to acquire one Zegna ordinary share. The public warrants were measured at fair value by using the Euro equivalent of the closing price of IIAC warrants on December 17, 2021, amounting to a total of €20,723 thousand; and

  (d) 5,900,000 IIAC private placement warrants were exchanged for an equivalent number of Zegna private placement warrants representing a right to acquire one Zegna ordinary share, while the remaining 800,000 IIAC private placement warrants were transferred by Strategic Holding Group S.à r.l. to Zegna and Zegna issued a corresponding number of private placement warrants to certain of its directors. The private placement warrants were measured at fair value using a Monte Carlo simulation model, amounting to a total of €10,349 thousand;

  (e) The issuance of 5,031,250 Zegna ordinary shares to the holders of IIAC class B shares to be held in escrow. The release of these shares from escrow is subject to achievement of certain targets within a seven-year period ("Escrow Shares"). The Escrow Shares were measured in accordance with IFRS 2 - *Share-Based Payment* ("IFRS 2") using a Monte Carlo simulation model, amounting to a total of €37,906 thousand;

- Pursuant to certain agreements between Zegna and IIAC, the private investment in public equity investors ("PIPE Investors") subscribed to an aggregate of 37,500,000 Zegna ordinary shares for an aggregate purchase price of €331.4 million;

- Zegna repurchased 54,600,000 of its ordinary shares from the Group's controlling shareholder, Monterubello s.s. (hereinafter "Monterubello"), in exchange for consideration of €455.0 million.

- Transaction costs incurred by the Group in relation to the Business Combination amounted to €51.4 million (€2.9 million of which were paid in 2022), of which €17.3 million were recognized directly within equity and €34.1 million were recognized in the consolidated statement of profit and loss for the year ended December 31, 2021.

The following table shows a breakdown of the net cash proceeds in 2021 from the Business Combination:

| *(€ thousands)* | |
|---|---|
| Proceeds from issuance of ordinary shares upon Business Combination | 310,739 |
| Proceeds from issuance of ordinary shares to PIPE Investors | 331,385 |
| Purchase of own shares from Monterubello | (455,000) |
| Payments of transaction costs related to the Business Combination | (48,475) |
| **Net cash proceeds from the Business Combination** | **138,649** |

Following the completion of the Business Combination, on December 20, 2021, Zegna's ordinary shares and public warrants began trading on the New York Stock Exchange ("NYSE") under the symbols "ZGN" and "ZGN WS," respectively.

***Accounting for the Business Combination***

The Business Combination between Zegna and IIAC was accounted for as a capital reorganization in accordance with International Financial Reporting Standards. For accounting purposes, the Business Combination was treated as the equivalent of the Company issuing shares for the net assets of IIAC, which were stated at historical cost, with no goodwill or other intangible assets recorded.

It has been determined that IIAC does not meet the definition of a "business" pursuant to IFRS 3 - *Business Combinations* ("IFRS 3"), hence the transaction is accounted for within the scope of IFRS 2. In accordance with IFRS 2, the difference in the fair value of Zegna's equity instruments deemed issued to IIAC shareholders (measured based on the closing price of IIAC's shares of $10.14 per share on December 17, 2021) over the fair value of identifiable net assets of IIAC represents a service for listing amounting to €114,963 thousand and was accounted for as a share-based payment expensed as incurred.

**2. Basis of preparation**

***Statement of compliance with IFRS***

These consolidated financial statements of Ermenegildo Zegna N.V. have been prepared in compliance with the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), as well as IFRS as adopted by the European Union. There is no effect on these consolidated financial statements resulting from differences between IFRS as issued by the IASB and IFRS as adopted by the European Union.

These consolidated financial statements were approved and authorized for issuance by the Board of Directors of Ermenegildo Zegna N.V. on April 5, 2023.

***Contents and structure of the Consolidated Financial Statements***

The consolidated financial statements include the consolidated statement of profit and loss, the consolidated statement of comprehensive income and loss, the consolidated statement of financial position, the consolidated cash flow statement, the consolidated statement of changes in equity and the accompanying notes (collectively referred to as the "Consolidated Financial Statements").

The financial reporting formats presented by the Group have the following characteristics:

- the consolidated statement of profit and loss is presented by nature, in line with internal reporting processes and business operations;
- the consolidated statement of comprehensive income and loss is presented as a separate statement and, in addition to presenting the components of profit and loss recognized directly in the consolidated statement of profit and loss during the period, presents the components of profit and loss not recognized in profit or loss as required or permitted by IFRS;
- the consolidated statement of financial position presents assets and liabilities by current and non-current items. Current items are those expected to be realized within 12 months from the reporting date or to be sold or consumed in the normal operating cycle of the Group;
- the consolidated cash flow statement has been prepared using the "indirect method," as permitted by IAS 7 — *Statement of Cash Flows* ("IAS 7"), and presents cash flows by operating, investing and financing activities;
- the consolidated statement of changes in equity presents the movements in shareholder's equity;
- the notes to the consolidated financial statements comprise a summary of the significant accounting policies and other explanatory information.

The Consolidated Financial Statements are presented in Euro, which is the functional currency of the Company, and amounts are stated in thousands of Euros, unless otherwise indicated.

The Consolidated Financial Statements have been prepared on a going concern basis and applying the historical cost method, modified as required by IFRS, primarily for certain financial assets and liabilities (including derivative instruments), which are measured at fair value, as further described in the accounting policies below. Income and expenses are accounted for on an accrual basis.

**3. Summary of significant accounting policies**

***New standards and amendments applicable from January 1, 2022***

The Group adopted amendments to IFRS 3 — *Business combinations*, which update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations. There was no effect from the adoption of these amendments.

The Group adopted amendments to IAS 16 — *Property, Plant and Equipment*, which prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company should recognize such sales proceeds and the related cost in the income statement. There was no effect from the adoption of these amendments.

The Group adopted amendments to IAS 37 — *Provisions, Contingent Liabilities and Contingent Assets*, which specify which costs a company includes when assessing whether a contract will be loss-making. There was no effect from the adoption of these amendments.

The Group adopted *Annual Improvements to IFRSs 2018—2020 Cycle*. The improvements have amended four standards: i) IFRS 1 — *First-time Adoption of International Financial Reporting Standards* in relation to allowing a subsidiary to measure cumulative translation differences using amounts reported by its parent, ii) IFRS 9 — F*inancial Instruments* ("IFRS 9") in relation to which fees an entity includes when applying the '10 percent' test for derecognition of financial liabilities, iii) IAS 41 — *Agriculture* in relation to the exclusion of taxation cash flows when measuring the fair value of a biological asset, and iv) IFRS 16 — *Leases* ("IFRS 16") in relation to an illustrative example of reimbursement for leasehold improvements. There was no effect from the adoption of these amendments.

***New standards, amendments and interpretations not yet effective***

The standards, amendments and interpretations issued by the IASB that will have mandatory application in 2023 or subsequent years are listed below:

In May 2017 the IASB issued IFRS 17 — *Insurance Contracts*, which establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued as well as guidance relating to reinsurance contracts held and investment contracts with discretionary participation features issued. In June 2020 the IASB issued amendments to IFRS 17 aimed at helping companies implement IFRS 17 and make it easier for companies to explain their financial performance. The new standard and amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of this standard or the amendments.

In January 2020 the IASB issued amendments to IAS 1 — *Presentation of Financial Statements*: Classification of Liabilities as Current or Non-Current to clarify how to classify debt and other liabilities as current or non-current, and in particular how to classify liabilities with an uncertain settlement date and liabilities that may be settled by converting to equity. These amendments are effective on or after January 1, 2024. The Group does not expect any material impact from the adoption of these amendments.

In June 2020 the IASB issued amendments to IFRS 4 — *Insurance Contracts* which defer the expiry date of the temporary exemption from applying IFRS 9 to annual periods beginning on or after January 1, 2023. The Group does not expect any impact from the adoption of these amendments.

In February 2021 the IASB issued amendments to IAS 1 — *Presentation of Financial Statements* and IFRS Practice Statement 2: *Disclosure of Accounting Policies* which require companies to disclose their material accounting policy information rather than their significant accounting policies and provide guidance on how to apply the concept of materiality to accounting policy disclosures. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

In February 2021 the IASB issued amendments to IAS 8 — *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates* which clarify how companies should distinguish changes in accounting policies from changes in accounting estimates. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

In May 2021 the IASB issued amendments to IAS 12 — *Income Taxes*: Deferred Tax related to Assets and Liabilities Arising From a Single Transaction that clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

In December 2021 the IASB issued amendments to IFRS 17 — *Insurance Contracts: Initial Application* of IFRS 17 and IFRS 9 - *Comparative Information*, which provide a transition option relating to comparative information about financial assets presented on initial application of IFRS 17. The amendments are aimed at helping entities to avoid temporary accounting mismatches between financial assets and insurance contract liabilities, and therefore improve the usefulness of comparative information for users of financial statements. These amendments are effective on or after January 1, 2023. The Group does not expect any material impact from the adoption of these amendments.

In September 2022 the IASB issued amendments to IFRS 16 — *Leases*: Liability in a Sale and Leaseback to improve the requirements for sale and leaseback transactions, which specify the measurement of the liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains. These amendments are effective on or after January 1, 2024. The Group does not expect any material impact from the adoption of these amendments.

In October 2022 the IASB issued amendments to IAS 1 — *Presentation of Financial Statements*: Non-current Liabilities with Covenants, that clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. These amendments are effective on or after January 1, 2024. The Group does not expect any material impact from the adoption of these amendments.

***Significant accounting policies***

*Basis of consolidation*

*Subsidiaries*

Subsidiaries are entities over which the Group has control. Control is achieved when the Group has the power over the investee, it is exposed, or has rights to, variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Subsidiaries are consolidated on a line by line basis from the date on which the Group obtains control. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Subsidiaries are deconsolidated from the date when control ceases. When the Group ceases to have control over a subsidiary, it derecognizes the assets (including any goodwill) and liabilities of the subsidiaries at their carrying amounts, derecognizes the carrying amount of non-controlling interests in the former subsidiary and recognizes the fair value of any consideration received from the transaction. Any retained interest in the former subsidiary is then remeasured to its fair value.

The Group recognizes any non-controlling interests ("NCI") in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interests' share of the acquiree's identifiable net assets. Net profit or loss and each component of other comprehensive income/(loss) are attributed to the owners of the parent and to the non-controlling interests.

All intra-group balances and transactions and any unrealized gains and losses arising from intra-group transactions are eliminated in preparing the Consolidated Financial Statements.

*Foreign currency transactions*

The functional currency of the Group's entities is the currency of their primary economic environment. Transactions in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction. Monetary assets and liabilities

denominated in foreign currencies at the balance sheet date are translated at the foreign currency exchange rate prevailing at that date. Exchange differences arising on the settlement of monetary items or on reporting monetary items at rates different from those at which they were initially recorded during the period or in previous financial statements are recognized in the consolidated statement of profit and loss.

*Consolidation of foreign entities*

Upon consolidation, all assets and liabilities of Group entities with a functional currency other than the Euro are translated using the closing rates at the date of the consolidated statement of financial position. Income and expenses are translated into Euro at the average foreign currency exchange rate for the period. Translation differences resulting from the application of this method are recognized within other comprehensive income/(loss) and accumulated in the currency translation reserve until the disposal of the investment, at which date the accumulated amount is reclassified to profit/(loss). Average foreign currency exchange rates for the period are used to translate the cash flows of foreign subsidiaries in preparing the consolidated statement of cash flows. Goodwill, assets acquired and liabilities assumed arising from the acquisition of entities with a functional currency other than the Euro are recognized in the Consolidated Financial Statements in the functional currency and translated at the foreign currency exchange rate at the acquisition date. These balances are translated at subsequent balance sheet dates at the relevant foreign currency exchange rate.

The following table presents the principal foreign currency exchange rates used by the Group to translate other currencies into Euro:

| | 2022 | | 2021 | | 2020 | |
|---|---|---|---|---|---|---|
| | At December 31, | Average | At December 31, | Average | At December 31, | Average |
| U.S. Dollar | 1.067 | 1.053 | 1.133 | 1.183 | 1.227 | 1.142 |
| Swiss Franc | 0.985 | 1.005 | 1.033 | 1.081 | 1.080 | 1.070 |
| Chinese Renminbi | 7.358 | 7.079 | 7.195 | 7.629 | 8.023 | 7.874 |
| Pound Sterling | 0.887 | 0.853 | 0.840 | 0.860 | 0.899 | 0.890 |
| Hong Kong Dollar | 8.316 | 8.245 | 8.833 | 9.193 | 9.514 | 8.857 |
| Singapore Dollar | 1.430 | 1.451 | 1.528 | 1.589 | 1.622 | 1.574 |
| United Arab Emirates Dirham | 3.917 | 3.867 | 4.160 | 4.344 | 4.507 | 4.194 |
| Japanese Yen | 140.660 | 138.027 | 130.380 | 129.877 | 126.490 | 121.832 |

*Interests in associates and in joint arrangements*

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee without having control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Associates and joint ventures are accounted for using the equity method of accounting, from the date significant influence or joint control is obtained, respectively.

Under the equity method, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit/(loss) and other comprehensive income/(loss) of the investee. The Group's share of the investee's profit/(loss) is recognized in the consolidated statement of profit and loss. Distributions received from an investee reduce the carrying amount of the investment. Post-acquisition movements in other comprehensive income/(loss) are recognized in other comprehensive income/(loss) with a corresponding adjustment to the carrying amount of the investment. Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. When the Group's share of the losses of an associate or joint venture exceeds the carrying amount of the Group's investment, the Group discontinues recognizing its share of further losses. Additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the related

investee. The Group discontinues the use of the equity method from the date the investment ceases to be an associate or joint venture, or when it is classified as available-for-sale.

***Scope of consolidation***

Ermenegildo Zegna N.V. is the parent company of the Zegna Group and it holds, directly or indirectly, interests in the Zegna Group's subsidiaries. The following table presents the Zegna Group's scope of consolidation at December 31, 2022 and 2021:

| Company | Registered office | Share capital (functional currency) | Held directly by | % Group At December 31, | |
|---|---|---|---|---|---|
| | | | | 2022 | 2021 |
| **Companies consolidated on a line-by-line basis** | | | | | |
| **Parent company** | | | | | |
| Ermenegildo Zegna N.V. | Amsterdam (Netherlands) | 5,938,873 | | | |
| **Italian subsidiaries** | | | | | |
| In.co. S.p.A. | Biella | 4,050,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Lanificio Ermenegildo Zegna e Figli S.p.A. | Valdilana (BI) | 3,100,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ezi S.p.A. | Milan | 5,750,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| EZ Service S.r.l. | Valdilana (BI) | 500,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Bonotto S.p.A. | Colceresa (VI) | 1,239,600 | Ermenegildo Zegna N.V. | 60 % | 60 % |
| Cappellificio Cervo S.r.l. | Biella | 300,000 | Ermenegildo Zegna N.V. | 51 % | 51 % |
| Thom Browne Services Italy S.r.l. | Milan | 10,000 | Thom Browne Trading SA | 90 % | 90 % |
| Thom Browne Retail Italy S.r.l. | Milan | 10,000 | Thom Browne Services Italy S.r.l. | 90 % | 90 % |
| Gruppo Dondi S.p.A. | Carpi (MO) | 1,502,800 | Ermenegildo Zegna N.V. | 65 % | 65 % |
| Tessitura Ubertino S.r.l. | Valdilana (BI) | 100,000 | Ermenegildo Zegna N.V. | 60 % | 60 % |
| **Foreign subsidiaries** | | | | | |
| Investindustrial Acquisition Corp. ("IIAC") | Cayman Islands | 5,614 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna Giyim Sanayi ve Tic. A. S. | Istanbul (Turkey) | 32,291,439 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna H.m.b.H. | Wien (Austria) | 610,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Société de Textiles Astrum France S.à.r.l. | Paris (France) | 500,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna GmbH | Munich (Germany) | 6,577,421 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Zegna Japan Co., LTD | Minato-Ku-Tokyo (Japan) | 100,000,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Fantasia (London) Limited | London (UK) | 7,000,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna S.A. de C.V. | Ciudad de Mexico (Mexico) | 459,600,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ezeti Portugal. S.A. | Lisbon (Portugal) | 800,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna Madrid S.A. | Barcelona (Spain) | 901,500 | Ezeti S.L. | 70 % | 70 % |
| Ezeti S.L. | Barcelona (Spain) | 500,032 | Italco S.A. | 100 % | 100 % |
| Italco S.A. | Sant Quirze (Spain) | 1,911,300 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna Czech s.r.o | Prague (Czech Republic) | 1,350,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Co.Ti. Service S.A. | Stabio (Switzerland) | 27,940,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Consitex S.A. | Stabio (Switzerland) | 15,000,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna Corporation | New York, NY | 500,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Zegna (China) Enterprise Management Co., Ltd. | Shanghai (China) | 58,309,140 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna (China) Co., LTD | Shanghai (China) | 50,000,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |

| Company | Registered office | Share capital (functional currency) | Held directly by | % Group At December 31, | |
|---|---|---|---|---|---|
| | | | | 2022 | 2021 |
| Ismaco Amsterdam B.V. | Amsterdam (Netherlands) | 226,890 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna Far-East Pte LTD | Singapore | 21,776,432 | Consitex S.A. | 100 % | 100 % |
| Ermenegildo Zegna Hong Kong LTD | Hong Kong | 538,240,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| E.Z. Trading (Hong Kong) LTD | Hong Kong | 58,620,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna Canada Inc. | Toronto (Canada) | 700,000 | Consitex S.A. | 100 % | 100 % |
| Ermenegildo Zegna Australia PTY LTD | Sydney (Australia) | 18,000,000 | Ermenegildo Zegna Far-East Pte LTD | 100 % | 100 % |
| E. Z. New Zealand LTD | Auckland (New Zealand) | 3,300,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ezesa Argentina S.A. | Buenos Aires (Argentina) | 9,421,014 | Ermenegildo Zegna N.V. / Italco S.A. | 100 % | 100 % |
| E. Z. Thai Holding Ltd | Bangkok (Thailand) | 3,000,000 | Ermenegildo Zegna N.V. | 49 % | 49 % |
| The Italian Fashion Co. LTD | Bangkok (Thailand) | 16,000,000 | E. Z. Thai Holding Ltd / Ermenegildo Zegna Far-East Pte LTD | 65 % | 65 % |
| Zegna South Asia Private LTD | Mumbai (India) | 902,316,770 | Ermenegildo Zegna N.V. | 51 % | 51 % |
| ISMACO TEKSTİL LİMİTED ŞİRKETİ | Istanbul (Turkey) | 10,000,000 | Ermenegildo Zegna N.V. / Ismaco Amsterdam B.V. | 100 % | 100 % |
| Ezesa Brasil Participacoes LTDA | San Paolo (Brazil) | 77,481,487 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna (Macau) LTD | Kowloon Bay (Hong Kong) | 4,650,000 | Consitex S.A. | 100 % | 100 % |
| Ermenegildo Zegna Malaysia Sdn. Bhd. | Kuala Lumpur (Malaysia) | 3,000,000 | Ermenegildo Zegna Far-East Pte LTD | 100 % | 100 % |
| Ermenegildo Zegna Maroc S.A.R.L.A.U. | Casablanca (Morocco) | 530,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Ermenegildo Zegna Vietnam LLC | Hanoi City (Vietnam) | 132,294,900,000 | Ermenegildo Zegna N.V. | 90 % | 77 % |
| Zegna Gulf Trading LLC | Dubai (UAE) | 300,000 | Consitex S.A. | 49 % | 49 % |
| EZ US Holding Inc. | Wilmington (U.S.A.) | 1,000,099 | Consitex S.A. | 100 % | 100 % |
| E.Zegna Attica Single Member Societé Anonyme | Athens (Greece) | 650,000 | Ermenegildo Zegna N.V. | 100 % | 100 % |
| Zegna for Retail of Readymade and Novelty Clothes W.L.L. | Kuwait City (Kuwait) | 125,000 | Zegna Gulf Trading LLC | 49 % | — % |
| Thom Browne Inc. | Wilmington (U.S.A.) | 5,510 | Ermenegildo Zegna N.V. | 90 % | 90 % |
| Thom Browne Japan Inc. | Tokyo (Japan) | 1,000,000 | Thom Browne Inc. | 90 % | 90 % |
| Thom Browne Trading SA | Stabio (Switzerland) | 100,000 | Thom Browne Inc. | 90 % | 90 % |
| Thom Browne France Services | Paris (France) | 50,000 | Thom Browne Trading SA | 90 % | 90 % |
| Thom Browne UK Limited | Beckenham (UK) | 1 | Thom Browne Trading SA | 90 % | 90 % |
| Thom Browne (China) Co., Ltd.(*) | Shanghai (China) | 900,000 | Thom Browne Trading SA | 90 % | 90 % |
| Thom Browne (Macau) Limited | Hong Kong | 500,000 | Thom Browne Trading SA | 90 % | 90 % |
| Thom Browne Canada | Vancouver (Canada) | 100 | Thom Browne Trading SA | 90 % | 90 % |
| Thom Browne Hong Kong Limited | Hong Kong | 500,000 | Thom Browne Trading SA | 90 % | 90 % |
| Thom Browne Eyewear (T.B.E.) SA | Stabio (Switzerland) | 1,000,000 | Thom Browne Trading SA | 90 % | — % |
| Thom Browne Eyewear France SAS | Paris (France) | 40,000 | Thom Browne Eyewear SA | 90 % | — % |
| ***Investments accounted for using the equity method*** | | | | | |
| **Italian associates and joint arrangements** | | | | | |
| Pelletteria Tizeta S.r.l. | Sesto Fiorentino (FI) | 206,816 | Ermenegildo Zegna N.V. | 50 % | 50 % |
| Filati Biagioli Modesto S.r.l. | Montale (PT) | 7,900,000 | Ermenegildo Zegna N.V. | 40 % | 40 % |
| **Foreign associates and joint arrangements** | | | | | |
| Tom Ford International LLC | Delaware (U.S.A.) | 82,366,000 | EZ US Holding Inc. | 15 % | 15 % |
| **Other investments valued at fair value** | | | | | |

| Company | Registered office | Share capital (functional currency) | Held directly by | % Group At December 31, 2022 | % Group At December 31, 2021 |
|---|---|---|---|---|---|
| Acquedotto Piancone S.r.l. | Valdilana (BI) | 42,000 | Lanificio Ermenegildo Zegna e Figli S.p.A. | 67 % | 67 % |
| Pettinatura di Verrone S.r.l. | Verrone (BI) | 3,000,000 | Lanificio Ermenegildo Zegna e Figli S.p.A. | 15 % | 15 % |
| Sharmoon.EZ.Garments Co. Ltd | Wenzhou (China) | 100,000,000 | Ermenegildo Zegna N.V. | 50 % | 50 % |
| F2 S.r.l. | Schio (VI) | 90,000 | Bonotto S.p.A. | 29 % | 29 % |
| Consorzio Re.Crea | Milan | 660,000 | Ermenegildo Zegna N.V. | 17 % | — % |

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*(*) Formerly known as Tailoring Luxury Co. Ltd.*

The following changes in the scope of consolidation of the Group occurred during the year ended December 31, 2022:

- In March 2022, Thom Browne Eyewear (T.B.E.) SA, a limited liability company based in Switzerland and fully owned by Thom Browne Trading SA, was incorporated, primarily to manage the design, production, and sale of eyewear, jewelry and similar products. The Group held a 90% interest in the company at December 31, 2022.

- In June 2022, the Group acquired an additional 13.9% interest in Ermenegildo Zegna Vietnam LLC through a capital increase of €2,232 thousand, following which the Group owns 90.5% of the company (76.6% at December 31, 2021).

- In August 2022, Zegna for Retail of Readymade and Novelty Clothes W.L.L., a limited liability company fully owned by Zegna Gulf Trading LLC, was incorporated, primarily to manage the operating activities in Kuwait. The Group held a 49% interest in the company at December 31, 2022.

- In August 2022, Consorzio Re. Crea was founded by the Group together with other leading companies and groups within the fashion industry in order to manage end-of-life of textile and fashion products and with a view to promote research and development of innovative recycling solutions. The Group held a 16.7% interest in the company at December 31, 2022.

- In December 2022, Thom Browne Eyewear France SAS, a limited liability company based in France and fully owned by Thom Browne Eyewear SA, was incorporated, primarily to provide consultancy and management services in the business of sales of eyewear and accessories as well as to ensure the conformity of such products according to European regulations. The Group held a 90% interest in the company at December 31, 2022.

***Property, plant and equipment***

*Cost*

Property, plant and equipment is initially recognized at cost, which comprises the purchase price, any costs directly attributable to bringing the assets to the location and condition necessary to be capable of operating in the manner intended by management, capitalized borrowing costs and any initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Self-constructed assets are initially recognized at their production cost, including labor costs. Subsequent costs are capitalized only if they increase the future economic benefits embodied in the related assets. All other expenditures are expensed as incurred. When parts are replaced, the carrying amount of the parts that are replaced are written off in the consolidated statement of profit and loss.

Property, plant and equipment is presented net of accumulated depreciation, calculated on the basis of the useful lives of the assets, and any impairment losses.

*Depreciation*

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

| Category of Property, Plant and Equipment | Depreciation Rate |
|---|---|
| Buildings | 3% - 10% |
| Plants and machinery | 12.5% - 17.5% |
| Industrial and commercial equipment | 20% - 25% |
| Other tangible assets | 12% - 25% |

Land and assets under construction are not depreciated.

If the asset being depreciated consists of separately identifiable components whose useful life differs from that of the other parts making up the asset, depreciation is charged separately for each of its component parts through application of the "component approach."

Property, plant and equipment is tested for impairment when impairment indicators are identified, such as a scheduled closure of a store or site, a redundancy plan or a downward revision of market forecasts. When an asset's recoverable amount is less than its net carrying amount, an impairment loss is recognized. Where the recoverable amount of an individual asset cannot be determined precisely, the Group determines the recoverable amount of the cash-generating unit ("CGU") or group of CGUs to which the asset belongs. Any gain or loss on disposal of property, plant and equipment is recognized in profit or loss.

***Intangible assets with an indefinite useful life***

*Goodwill*

Goodwill on acquisitions of subsidiaries is initially recognized in accordance with IFRS 3 — *Business Combinations*, as further described below, and is recorded within intangible assets. In accordance with IAS 36 — *Impairment of assets* ("IAS 36"), goodwill is not amortized and is tested for impairment annually, or more frequently if facts or circumstances indicate that the asset may be impaired. Goodwill is allocated to each of the Group's CGUs (or groups of CGUs) expected to benefit from the synergies of the combination. CGUs (or groups of CGUs) to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, in order to verify that the recoverable amount of the CGU (or groups of CGUs) is not less than the carrying amount of the CGU (or groups of CGUs).

The recoverable amount of all CGUs and groups of CGUs is based on a value in use calculation which uses cash flow projections based on most recent budget forecast calculations, which are prepared separately for each CGU. These budget and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

*Brands with an indefinite useful lives*

Brands with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses. Brands with indefinite useful lives are not amortized but are tested for impairment at least annually, or more frequently, if facts or circumstances indicate that the asset may be impaired.

***Intangible assets with a finite useful life***

An identifiable non-monetary asset without physical substance, controlled by the Group and capable of producing future economic benefits is recognized as intangible assets.

Intangible assets with a finite useful life include trademarks, licenses, software, and development costs.

*Concession, licenses, trademarks and patents*

Concession, licenses, trademarks and patents are recognized at cost or at the value attributed upon acquisition and include the cost of trademark registration in the various countries in which the Group operates, assuming there are no risks or limitations on control over their use.

*Software*

Software acquired as part of recurring operations and software developed in-house by the Group which meet the relevant criteria in IAS 38 — *Intangible Assets* ("IAS 38") are capitalized and amortized on a straight-line basis over their useful lives.

*Know how*

As a result of the acquisition of Tessitura Ubertino in June 2021, the Group recognized intangible assets relating to know how, which were initially recognized at their fair value at the date of acquisition and will be amortized over a 5 year period.

*Development costs*

Development costs are recognized as an asset if, and only if, both of the following conditions in IAS 38 are met: (i) that development costs can be measured reliably and (ii) that the technical feasibility of the product, volumes and pricing support the view that the development expenditure will generate future economic benefits. Capitalized development costs include all direct and indirect costs that may be directly attributed to the development process. All other research and development costs are expensed as incurred.

Intangible assets with a definite useful life are amortized on a straight-line basis at the following rates:

| **Category of Intangible Assets with a Finite Useful Life** | **Depreciation Rate** |
|---|---|
| Concessions, licenses, trademarks and patents | 2.5% - 25.0% |
| Software | 10% - 33% |
| Know how | 20% |
| Development costs and other intangibles | 10% - 33% |

The Group continuously monitors its operations to assess whether there is any indication that its intangible assets with a definite useful life (including intangible assets in progress) are impaired. See "*—Impairment of non-current assets*" below for additional information**.**

***Leases***

The Group recognizes a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use. Each lease payment is allocated between the principal liability and finance costs. Finance costs are charged to the statement of profit and loss over the lease period using the effective interest rate method. Right-of-use assets are depreciated on a straight-line basis over the lease term or, if shorter, the useful life of the asset.

Right-of-use assets are measured at cost comprising the following: (i) the amount of the initial measurement of lease liability; (ii) any lease payments made at or before the commencement date less any lease incentives received; (iii) any initial direct costs and, if applicable, (iv) restoration costs. Payments associated with short- term leases (less than 12 months at inception) and leases of low-value assets are recognized as an expense in the statement of profit and loss on a straight-line basis.

Lease liabilities are measured at the net present value of the following: (i) fixed lease payments, (ii) variable lease payments that are based on an index or a rate and, if applicable, (iii) amounts expected to be payable by the lessee under residual value guarantees, and (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option. Lease liabilities do not include any non-lease components that may be included in the related contracts. Lease

payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Variable lease payments are recognized in the statement of profit and loss in the period in which the condition that triggers those payments occurs. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. The Group determines the lease term as the non-cancellable period of a lease, together with the periods covered by (i) an option to extend if the lessee is reasonably certain to extend or periods after an optional termination date if the lessee is reasonably certain not to terminate early. Management evaluates the exercise of the option if it's considered "reasonably certain" based on several factors and circumstances that create an incentive for the lessee to exercise, or not to exercise the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option.

The Group subleases certain spaces to third parties. The accounting for the right-of-use asset depends on the classification of the sublease, while the accounting for the head lease liability remains unchanged. For sublease classified as finance lease, the Group derecognizes the right-of-use asset (to the extent that it is subject to the sublease) and recognizes a lease receivable. If the sublease is classified as an operating lease, the Group continues to recognize the right-of-use asset. Operating income from the sublease is recognized on a straight-line basis over the term of the agreement

***Impairment of non-current assets***

The Group continuously monitors its operations to assess whether there is any indication that its non-current assets are impaired, including goodwill, brands with an indefinite useful life, intangible assets with a definite useful life (including intangible assets in progress), property, plant and equipment and right-of-use assets. Goodwill, brands with an indefinite useful life and intangible assets in progress are tested for impairment annually or more frequently, if there is an indication that they may be impaired. If impairment indicators are present, the carrying amount of the asset is reduced to its recoverable amount, which is the higher of its (i) fair value less costs of disposal and (ii) value in use. The recoverable amount is determined for the individual asset, unless the asset does not generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets, in which case the asset is tested as part of the CGU to which the asset belongs. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The Group identifies each DOS as a separate CGU. New DOS require a start-up period before they achieve the expected level of profitability, which generally extends for three years following the date of each store's opening. When a DOS is in the start-up period, an operating loss is not necessarily considered to be an indicator of possible impairment. The Group considers an operating loss to be an indicator of possible impairment if the DOS cash flows for the start-up period are lower than the DOS cash flows of the approved operational plan. Strategic stores are considered separate CGUs when determining whether any impairment indicators are present. If an impairment indicator is identified, it is assessed whether other stores have benefited from the strategic store. If the strategic store is determined to benefit other stores, an impairment test for the strategic store is performed as a group of CGUs at the segment level.

In assessing the value in use of an asset or CGU, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognized if the recoverable amount is lower than the carrying amount. Where an impairment loss for assets other than goodwill subsequently no longer exists or has decreased, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but not in excess of the carrying amount that would have been recorded had no impairment loss been recognized. The reversal of an impairment loss is recognized in the consolidated statement of profit and loss.

***Business combinations***

Business combinations are accounted for using the acquisition method in accordance with IFRS 3. Accordingly, the consideration transferred (acquisition price) in a business combination is measured at the fair value, which is measured at the fair value of the assets transferred, liabilities incurred by the acquirer and the equity interest issued at the date the control changed. The following items constitute an exception, which are instead valued according to their reference principle: (i) deferred tax assets and liabilities, (ii) assets and liabilities for employee benefits and (iii) assets held for sale. Acquisition-related costs are recognized in the consolidated statement of profit and loss as incurred. Goodwill is measured as the excess

of the acquisition price plus the amount of any non-controlling interests in the acquiree over the net fair value of the identifiable assets and liabilities acquired. If, after reassessment, it results in a negative difference, the excess is recognized immediately in the consolidated statement of profit and loss as a bargain purchase gain.

In the event that the fair values of the assets, liabilities and contingent liabilities can only be determined provisionally, the business combination is recognized using these provisional values. Any adjustments deriving from the completion of the valuation process are recognized within twelve months from the acquisition date.

If a price component is linked to the realization of future events, this component is considered in the estimate of the fair value at the time of the business combination.

Significant gains and losses, with the related tax effects, deriving from transactions carried out between fully consolidated companies not yet realized with third parties, are eliminated, except for losses that are not eliminated if the transaction provides evidence of a reduction of value of the transferred asset. The reciprocal debit and credit relationships, costs and revenues, as well as financial income and expenses are also eliminated if significant.

The purchase of further holdings in subsidiaries and the sale of shares that do not involve the loss of control are considered transactions between shareholders; as such, the accounting effects are recognized directly in the Group's equity.

***Put and call agreement on non-controlling interests***

In the case of put options granted to non-controlling interests, the Group recognizes a financial liability corresponding to the present value of the exercise price of the option. On initial recognition, if put option terms and conditions give the Group the access to the economic benefits of the non-controlling interests, the Group recognizes a financial liability and a reduction of equity attributable to non-controlling interests (as if the non-controlling interest had been acquired by the Group). If put option terms and conditions do not give the Group the access to the economic benefits of the non-controlling interests, the Group recognizes a financial liability and a reduction of the Group's retained earnings. The liability is subsequently remeasured at the end of each period. The liability is subsequently accreted through financial expenses up to the redemption amount that is payable at the date at which the option first becomes exercisable. In the event that the option expires unexercised, the liability is derecognized with a corresponding adjustment to equity.

***Financial instruments***

The classification of a financial asset is based on the Group's business model for managing the related financial assets and their contractual cash flows. The Group considers whether the contractual cash flows represent solely payments of principal and interest that are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial assets are classified and measured at fair value through profit and loss.

With the exception of trade receivables that do not contain a significant financing component (or for which the Group has applied the practical expedient available under IFRS 15 — *Revenue from contracts with customers* ("IFRS 15"), which are measured at the transaction price (as defined in IFRS 15), all financial assets are initially measured at their fair value plus, in the case of financial assets not at fair value through profit and loss only, transaction costs that are directly attributable to the acquisition of the asset.

Measurement subsequent to initial recognition is based on the classification of the financial assets into one of the following categories:

1. Financial assets at amortized cost;

2. Financial assets at fair value through other comprehensive income/(loss), with subsequent recycling of cumulative gains and losses to the statement of profit and loss ("FVOCI"); or

3. Financial assets at fair value through profit and loss ("FVPL").

1. *Financial assets at amortized cost*

Financial assets at amortized cost are subsequently measured using the effective interest rate method and are subject to impairment testing. Gains and losses are recognized in the statement of profit and loss when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost primarily include trade receivables, guarantee deposits and certain other non-current financial assets.

2. *Financial assets at fair value through other comprehensive income/(loss) (FVOCI)*

Financial assets at FVOCI are initially recognized at fair value and subsequent fair value changes are recognized within other comprehensive income/(loss). Interest income, foreign exchange revaluations and impairment losses or reversals are recognized in the consolidated statement of profit and loss. Upon derecognition, the cumulative reserve of fair value changes recognized within other comprehensive income/(loss) is recycled to profit and loss.

The Group's financial assets at FVOCI primarily include derivative instruments (when they qualify for hedge accounting), as well as fixed income and floating income securities.

3. *Financial assets at fair value through profit and loss (FVPL)*

Financial assets at FVPL are initially recognized at fair value and subsequent fair value changes are recognized in the consolidated statement of profit and loss. Financial assets at FVPL include derivative instruments and listed equity investments for which the Group has not irrevocably elected to classify the instruments at FVOCI. Dividends from listed equity investments are recognized as other income in the consolidated statement of profit and loss when the right of payment has been established.

The Group's financial assets measured at FVPL primarily include insurance contracts, equity instruments and fixed income securities, as well as investments in hedge funds and private equity private debts, money market funds, floating income and real estate funds.

*Reclassification*

A financial asset is only reclassified when there is a change in the contractual terms that significantly affects the previously expected cash flows or when the Group changes its business model for managing financial assets. Reclassifications are only made prospectively from the reclassification date, without restating any previously recognized gains, losses or interest.

*Derecognition*

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for any obligations created or retained. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit and loss. In addition, on derecognition of an investment in a debt instrument classified as FVOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve within other comprehensive income/(loss) is reclassified to profit and loss.

*Impairment of financial assets*

The Group recognizes a loss allowance for expected credit losses on investments in debt instruments that are measured at amortized cost or at FVOCI, lease receivables, trade receivables and contract assets, as well as on financial

guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognizes lifetime expected credit losses (ECL) for trade receivables, contract assets, lease receivables and securities. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

*Trade receivables*

Trade receivables are amounts due from clients for goods sold or services provided in the ordinary course of business. Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method, less any loss allowances.

***Financial liabilities***

Financial liabilities include loans, bonds, lease liabilities, trade payables and other liabilities. These instruments are recorded at fair value on initial recognition, net of any costs that can be ascribed to them. Subsequently, the financial liabilities are measured at amortized cost using the effective interest method. The Group derecognizes a financial liability when, and only when, it is extinguished, i.e. when the obligation in the contract is discharged, canceled or expired.

***Derivative financial instruments***

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, options and interest rate swaps.

Derivatives are recognized initially at fair value at the date a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. The resulting gain or loss is recognized immediately in profit or loss unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship. A derivative with a positive fair value is recognized as a financial asset whereas a derivative with a negative fair value is recognized as a financial liability. A derivative is classified as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not due to be realized or settled within 12 months. Derivatives held for trading are classified as current assets or current liabilities.

***Hedge accounting***

The Group designates certain derivatives as hedging instruments in respect of foreign currency and interest rate risk, as fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationship meets all of the following hedge effectiveness requirements:

a. there is an economic relationship between the hedged item and the hedging instrument;

b. the effect of credit risk does not dominate the value changes that result from that economic relationship; and

c. the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

If a hedging relationship ceases to meet the hedge effectiveness requirement relating to the hedge ratio but the risk management objective for that designated hedging relationship remains the same, the Group adjusts the hedge ratio of the hedging relationship (i.e. rebalances the hedge) so that it meets the qualifying criteria again.

The Group designates the full change in the fair value of a forward contract (i.e. including the forward elements) as the hedging instrument for all of its hedging relationships involving forward contracts.

The Group designates only the intrinsic value of option contracts as a hedged item and excludes the time value of the option. The changes in the fair value of the aligned time value of the option are recognized in other comprehensive income/(loss) and accumulated in the hedge reserve. If the hedged item is transaction-related, the time value is reclassified to profit or loss when the hedged item affects profit or loss. If the hedged item is time period related, then the amount accumulated in the hedge reserve is reclassified to profit or loss on a rational basis – the Group applies straight-line amortization. Those reclassified amounts are recognized in profit or loss in the same line as the related hedged item. If the hedged item is a non-financial item, then the amount accumulated in the hedge reserve is removed directly from equity and included in the initial carrying amount of the recognized non-financial item. Furthermore, if the Group expects that some or all of the loss accumulated in the hedge reserve will not be recovered in the future, that amount is immediately reclassified to profit or loss.

The Group designates certain derivatives as either:

a. hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedge). Where a derivative financial instrument is designated as a hedge against the fluctuation in fair value of a recognized asset or liability (fair value hedge), the gain or loss for re-measuring the hedging instrument at fair value is recognized in the statement of profit and loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. Consistently, the hedged items are adjusted to consider changes in fair value of the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognized in the statement of profit and loss. The gain or loss relating to the ineffective portion is recognized in the statement of profit and loss. Changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk are recognized in the statement of profit and loss. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest rate method is used is amortized to the statement of profit and loss over the period to maturity.

b. hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge). Where a derivative financial instrument is designated as a hedge of foreign exchange rate or interest rate in relation to future cash flow (cash flow hedge), the effective portion of any gain or loss on the derivative financial instrument is recognized directly in other comprehensive income/(loss) within equity. The gain or loss associated with an ineffective portion of a hedge is recognized in the statement of profit and loss. The cumulative gain or loss is removed from equity and recognized in the statement of profit and loss at the same time in which the hedged transaction affects the statement of profit and loss (as an adjustment to the caption of the statement of profit and loss affected by the hedged cash flows). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the statement of profit and loss. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognized in the statement of profit and loss within ‘revenues’. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in the statement of profit and loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the statement of profit and loss.

***Warrant liabilities***

The Group accounts for warrants as either equity-classified or liability-classified instruments based on an assessment of the warrant’s specific terms.

For issued or modified warrants that meet all of the criteria for equity classification, the warrants are required to be recorded as a component of share premium within equity at the time of issuance. For issued or modified warrants that do not meet all of the criteria for equity classification, the warrants are recognized as a liability at their initial fair value on the date of issuance, and each balance sheet date thereafter. Changes in the estimated fair value of liability-classified warrants are recognized as a non-cash gain or loss in the statement of profit and loss. In order to determine their fair value, the Group's public warrants are measured at their trading price and the Group's private warrants are measured at fair value using a Monte Carlo Simulation model.

***Cash and cash equivalents***

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. Cash and cash equivalents are primarily held for the purpose of meeting short-term cash commitments.

To be classified as cash and cash equivalents, an asset must be readily convertible into cash, have an insignificant risk of changes in value and have a maturity period of three months or less at acquisition.

***Inventories***

Inventories are recognized at the lower of cost (acquisition or production) and net realizable value. Cost includes direct production costs and indirect costs that have been incurred in bringing the inventories to the location and condition necessary to be capable for their use in the production process. Cost is determined on a weighted average basis. Net realizable value is the estimated selling price less the estimated costs of completion and the estimated costs for sale and distribution.

Inventories are presented net of provisions for slow moving and obsolete inventories.

***Employee benefits***

*Pension plans*

*Defined contribution plans* - Costs arising from defined contribution plans are expensed as incurred.

*Defined benefit plans* - The Group's net obligations are determined separately for each plan by estimating the present value of future benefits that employees have earned in the current and prior periods, and deducting the fair value of any plan assets.

The present value of defined benefit obligations is measured using actuarial techniques and benefits are attributable to periods in which the obligation to provide post-employment benefits arise by using the Projected Unit Credit Method. Actuarial assumptions are based on management's best estimates. The components of defined benefit cost are recognized as follows:

- the service costs are recognized in the consolidated statement of profit and loss in the personnel cost line item;
- the net interest expense on the defined benefit liability is recognized in the consolidated statement of profit and loss within financial expenses;
- the remeasurement components of the net obligation, which comprise actuarial gain and losses, are recognized immediately in other comprehensive income/(loss). These remeasurement components are not reclassified in the consolidated statement of profit and loss in a subsequent period.

Post-employment benefits include the Italian employee severance indemnity ("trattamento di fine rapporto" or "TFR") obligation required under Italian Law. The amount of TFR to which each employee is entitled must be paid when the employee leaves the Group and is calculated based on the period of employment and the taxable earnings of each employee. Under certain conditions, the entitlement may be partially advanced to an employee during their working life.

The TFR scheme is classified as a defined contribution plan and the Group recognizes the associated costs over the period in which the employee renders service.

*Other long-term employee benefits*

The Group's obligations represent the present value of future benefits that employees have earned in return for their service during the current and prior periods. Remeasurement components on other long-term employee benefits are recognized in the consolidated statement of profit and loss in the period in which they arise.

***Provisions for risks and charges***

Provisions are recognized when the Group has a present obligation, legal or constructive, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. A restructuring provision is recognized when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

Present obligations arising under onerous contracts are recognized and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

Provisions for the costs to restore leased plant assets to their original condition, as required by the terms and conditions of the lease, are recognized when the obligation is incurred, either at the commencement date or as a consequence of having used the underlying asset during a particular period of the lease, at the directors' best estimate of the expenditure that would be required to restore the assets. Estimates are regularly reviewed and adjusted as appropriate for new circumstances.

***Treasury shares***

Treasury shares are measured at purchase cost, as a reduction in shareholders' equity. The nominal value of the treasury shares held is deducted directly from share capital. Gains and losses on disposal, net of income taxes, are recognized directly to equity.

***Revenue recognition***

Revenue mainly comprises sales of goods, together with income from associated services, and income from royalties and operating licenses.

Revenue is recognized when control over a product or service is transferred to a customer. Revenue is measured at the transaction price which is based on the amount of consideration that the Group expects to receive in exchange for transferring the promised goods or services to the customer and excludes any sales incentives, rebates or discounts (including end of season discounts offered by the retail channel), as well as taxes collected from customers that are remitted to government authorities.

Revenues from wholesale operations and direct sales to customers, through retail stores and online channels, are recognized at a point in time when control over a product is transferred to the customers. Revenues from sales of services are recognized when the Group satisfies its performance obligation. Under the Group's standard contract terms, retail customers are entitled to a right of returns within 30 days, which enables them to receive a full or partial cash refund of the amount paid, a store coupon or another product in exchange. Exchanges of one product for another of the same type, quality, condition and price are not considered returns, unless product exchange occurs after 30 days from the original sale.

Wholesalers generally do not have a contractual right of return.

Provisions for returns are presented in the consolidated statement of financial position under liabilities with a corresponding adjustment to revenue in respect of future refunds. A corresponding asset (with an offsetting adjustment to cost of sales) representing the right to recover the goods from the client is also recognized.

The Group uses its historical experience to estimate the number of returns on a portfolio level using the expected value method.

Royalties received with respect to operating licenses are recognized in accordance with the contractual obligations specific to each agreement, which is generally when the sales occur for sales-based licensing agreements, otherwise over time as the performance obligations are satisfied for other types of licensing agreements.

Payment for retail sales is typically required at the time of purchase or within 30 days, or, on occasion, in advance. Payment terms for wholesale sales are generally longer and the Group may adopt various measures aimed at ensuring collectability of the related consideration, such as requiring customers to provide advanced payments or financial guarantees, as well as performing credit analysis of customers and obtaining insurance over receivables.

***Personnel costs***

Personnel expenses primarily consist of wages and salaries, social contributions, pension plans and indemnities, share-based payments, severance indemnities and other long-term benefits, as well as costs for payroll taxes, uniforms, insurance and other benefits. Wages and salaries primarily include fixed remuneration, variable short-term remuneration plans, directors' fees, costs related to employee profit-sharing and other incentive plans, and any associated payroll taxes.

*Share-based payments*

*Cash-settled share-based payments*

Where the Group issues cash-settled share-based transactions, the cost of the cash-settled transactions is initially valued at the fair value at the date the beneficiary is informed of their allocation. This fair value is recognized in the statement of profit and loss in the period until vesting, with the recognition of a corresponding liability. Until the liability is settled, the fair value is recalculated at each year-end date and at the settlement date, charging the related changes to the statement of profit and loss.

*Equity-settled share-based payments*

Equity-settled share-based payments are accounted for in accordance with IFRS 2, which requires the Company to recognize share-based compensation expense based on the fair value of the awards granted. Compensation expense for the equity-settled awards containing market or non-market performance conditions, as well as for the Escrow Shares issued as part of the Business Combination (as described in *Note 1 — General information*), is measured at the grant date fair value of the award using a Monte Carlo simulation model, which requires the input of assumptions, including the expected volatility of the Company's shares, the dividend yield, interest rates and a correlation coefficient between the shares and the relevant market index. The fair value of equity awards which are conditional only on a recipient's continued service to the Company is measured using the share price at the grant date adjusted for the present value of future distributions which employees will not receive during the vesting period.

Share-based compensation expense relating to equity-settled share-based payments is recognized in the consolidated income statement over the service period with an offsetting increase to equity.

The Group recognizes the effects of modifications that increase the total fair value of share-based payment arrangements or are otherwise beneficial to the employee. If the Group modifies the terms or conditions of the awards granted in a manner that reduces the total fair value of a share-based payment arrangement, or is not otherwise beneficial to the employee (e.g. by increasing the vesting period or adding a non-market performance), the Group continues to recognize the share-based payments as if that modification had not occurred.

***Income taxes***

Income tax expense comprises the current and deferred tax expense.

*Current tax*

The tax currently payable is based on taxable profit for the year. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

A provision is recognized for uncertain tax positions for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority, in accordance with IFRIC 23 — "*Uncertainty over Income Tax Treatments*."

*Deferred tax*

Deferred tax is calculated using the liability method on all temporary differences between the carrying amount recorded in the consolidated balance sheet and the tax value of assets and liabilities, except for goodwill that is not deductible for tax purposes and certain other exceptions. The valuation of deferred tax balances depends on the way in which the Group intends to recover or settle the carrying amount of assets and liabilities, using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are not discounted and are presented separately in the balance sheet within non-current assets and liabilities. A deferred tax asset is recognized on deductible temporary differences and for tax loss carry-forwards and tax credits to the extent that their future offset is probable. A deferred tax liability is recognized on taxable temporary differences relating to investments in subsidiaries and associates unless the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future.

***Earnings per share***

*Basic earnings per share*

Basic earnings per share is calculated by dividing the profit or loss attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period, excluding treasury shares.

*Diluted earnings per share*

Diluted earnings per share is calculated by dividing the profit or loss attributable to holders of the parent company, excluding treasury shares, by the weighted average number of ordinary shares outstanding, taking into account all dilutive potential ordinary shares. To calculate diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming the conversion of all potential shares with dilutive effects, and the entity's net profit is adjusted to take into account any effects, net of taxes, of the conversion.

In accordance with IAS 33 - *Earnings per share*, for the calculation of both basic earnings per share and diluted earnings per share the number of ordinary and potential ordinary shares outstanding for all periods reflects the Share Split.

***Dividend distribution***

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

***Segment information***

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, which has been identified as the chief operating decision-maker of the Group responsible for allocating resources and assessing performance of the operating segments.

***Rounding***

All amounts disclosed in the financial statements and notes have been rounded to the nearest thousand Euro unless otherwise stated.

**4. Key sources of estimation uncertainty, use of estimates and critical accounting judgments**

The preparation of the Consolidated Financial Statements in accordance with IFRS requires the use of estimates and assumptions, and may involve the application of judgment in applying the Group's accounting policies, that affect the carrying amounts of assets and liabilities (as well as the assessment of contingent assets and liabilities) and the amount of income and expenses recognized. The estimates and assumptions are based on historical experience and on any other factors that are considered to be relevant. Actual results might not fully correspond to estimates.

The estimates and underlying assumptions are reviewed continuously by the Group. The effects of any changes to accounting estimates are recognized in the consolidated statement of profit and loss in the period in which the adjustment is made, or prospectively in future periods.

***Key sources of estimation uncertainty***

The key assumptions concerning the future, and other key sources of estimation uncertainty, requiring estimates for which there is a risk that a material difference may arise in respect of the carrying amounts of assets and liabilities in the future are discussed below and in the related notes.

*Impairment of non-current assets with definite useful lives*

Non-current assets with definite useful lives include property, plant and equipment, right-of-us assets and intangible assets. The Group periodically reviews the carrying amount of non-current assets with definite useful lives when events and circumstances indicate that an asset may be impaired. Impairment tests are performed by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount is the higher of the CGU's fair value less costs of disposal and its value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU. For additional information please refer to *Note 17 — Intangible assets, Note 18 — Property plant and equipment and Note 19 — Right-of-use assets.*

*Recoverability of goodwill and brands with indefinite useful life*

In accordance with IAS 36 — *Impairment of Assets* ("IAS 36"), goodwill and brands with indefinite useful life are not amortized and are tested for impairment annually or more frequently if facts or circumstances indicate that the asset may be impaired. The impairment test is performed by comparing the carrying amount and the recoverable amount of the CGU. The recoverable amount of the CGU is the higher of its fair value, less costs of disposal and its value in use. For additional information please refer to *Note 17 — Intangible assets.*

*Recoverability of deferred tax assets*

The deferred tax assets are recognized on the premise that it is more likely than not that the Group will be able to generate sufficient and suitable future taxable profits from which the reversal of the asset can be deducted. If the Group is unable to generate sufficient taxable profits in certain jurisdictions, or if there is a significant change in the actual effective tax rates or the time period within which the underlying temporary differences become taxable or deductible, the Group could be required to write-off any deferred tax assets, resulting in an increase in its effective tax rate and an adverse impact on future operating results. For additional information please refer to *Note 15 — Income taxes*.

***Use of estimates***

Items requiring estimates (in addition to those described above) for which there is a risk that a material difference may arise in respect of the carrying amounts of assets and liabilities in the future are discussed below and in the related notes.

*Derivatives*

Fair value of derivatives not traded in an active market is determined using a mark-to-model valuation technique. Where active markets exist for its component parts, then fair value is determined on the basis of the relevant market prices for the component parts.

Financial liabilities for put options granted to non-controlling interests are measured based on the present value of the exercise price of the option. The liability is subsequently remeasured at fair value at the end of each period.

Valuation techniques that are based on significant inputs that are observable are referred to as Level 2 valuations, while those based on techniques that use significant unobservable inputs are referred to as Level 3 valuations. Estimates and assumptions are made with the support of the corporate functions and, where appropriate, of independent specialists, and are regularly reviewed. For additional information please refer to *Note 24 — Derivative financial instruments.*

*Provisions for obsolete inventory*

Since the Group's products are subject to market trends and changes in fashion trends, product inventories at the end of the season are subject to impairment. Specifically, the provision for obsolete inventory of finished products reflects management's estimate of the expected impairment losses on the products of the collections of previous seasons, considering the ability to sell them through the Group's various distribution channels.

Generally, impairment assumptions involve percentages of impairment that become greater the older the collections are, so as to reflect the decline in selling prices in secondary channels (mainly outlets), and on the other hand, the decrease in the probability of selling them as time goes by.

The provision for obsolete raw materials reflects management's estimates of the decline in the probability they will be used based on the calculation of slow-moving raw materials. For additional information please refer to *Note 22 — Inventories.*

*Provision for risks and charges*

The Group recognizes a liability when facing legal and tax disputes and lawsuits if it believes it is probable that they will require an outflow of financial resources and a reliable estimate can be made of the amount of the potential losses. Given the uncertainty surrounding the outcome of these proceedings, it is hard to reliably estimate the outflow of resources that will be required to settle them, therefore the amount of the provisions for legal and tax disputes may change as a result of future developments in the outstanding proceedings. The Group monitors the status of ongoing lawsuits and proceedings and consults with its legal advisors as well as legal and tax experts. For additional information please refer to *Note 33 — Provisions for risks and charges.*

*Fair value estimates*

Fair value is defined as the price that would be received for sale of an asset or paid for transfer of a liability, in an orderly transaction between market participants at the measurement date. IFRS 13 — *Fair value measurement* ("IFRS 13") establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). These tiers include:

Level 1, defined as observable inputs such as quoted prices (unadjusted) for identical instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable such as quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in markets that are not active; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions, such as valuations derived from valuation techniques in which one or more significant inputs or

significant value drivers are unobservable. In some circumstances, the inputs used to measure fair value might be categorized within different levels of the fair value hierarchy. In those instances, the fair value measurement is categorized in its entirety in the fair value hierarchy based on the lowest level input that is significant to the fair value measurement. For additional information please refer to *Note 37 — Fair value measurement.*

*Warrants*

Warrants give the holder the right, but not the obligation, to subscribe to the Company's shares at a fixed price for a specified period of time and subject to the terms of redemption. Until warrant holders acquire the Company's ordinary shares upon exercise of such warrants, they will have no rights with respect to the Company's shares. These instruments, principally due to an option to replace them upon specific events, including share dividends, extraordinary dividends or reorganizations, which results in the Company delivering a variable number of shares, are accounted for as a current financial liability through profit and loss in accordance with the provisions of IAS 32.

Management measured the public warrants at fair value by using the Euro equivalent of the closing price of warrants on the NYSE. Management estimated the fair value of the private warrants by Monte Carlo simulation model, using as key inputs the Company's share price, risk-free rate, implied public warrant volatility, the warrants' maturity, and the public warrants' market price.

Subsequent to the reporting date, in February 2023 the Group completed the redemption of its outstanding public and private placement warrants, following which there are no remaining public or private placement warrants outstanding. For additional information on the warrant redemption see *Note 43 — Subsequent events.*

***Critical judgments in applying the Group's accounting policies***

The following are the critical judgments, apart from those involving estimations (which are presented separately above), that the Group has made in the process of applying its accounting policies and that have the most significant effect on the amounts recognized in the Consolidated Financial Statements.

- The Group has applied judgment in determining that it has significant influence over Tom Ford International LLC ("TFI"), despite the Group owning 15% of the equity shares of TFI. In making its judgment, the Group determined that it had significant influence in accordance with IAS 28— Investments in Associates and Joint Ventures ("IAS 28") based on its representation on the board of directors of TFI and its the participation in policy-making processes. Furthermore, there are material transactions between the Group and TFI. As a result of this determination, the Group accounts for the investment in TFI under the equity method. For additional information, see *Note 20 — Investments accounted for using the equity method*.

**5. Segment reporting**

The Group has determined the operating segments based on the reports reviewed by the Board of Directors, which is considered the Chief Operating Decision Maker ("CODM") as defined under IFRS 8 — *Operating Segments* ("IFRS 8"), for the purposes of allocating resources and assessing the performance of the Group.

The Group is organized in two operating and reportable segments, based on a brand perspective, as described below:

1. Zegna Segment — Includes all activities related to the Zegna Branded Products, Textile and Third Party Brands (previously referred to as Strategic Alliances) product lines.

2. Thom Browne Segment — Includes all activities related to the Thom Browne brand.

Adjusted Earnings Before Interest and Taxes ("Adjusted EBIT") is the key profit measure used by the CODM to assess performance and allocate resources to the Group's operating segments, as well as to analyze operating trends, perform analytical comparisons and benchmark performance between periods and among the segments. Adjusted EBIT is defined as profit or loss before income taxes, financial income, financial expenses, foreign exchange gains/(losses), result from investments accounted for using the equity method and impairments of investments accounted for using the equity method, adjusted for income and costs which are significant in nature and that management considers not reflective of ongoing operational activities, including, for one or all of the periods presented and as further described below, legal costs for trademark disputes, transaction costs related to acquisitions, severance indemnities and provisions for severance expenses, costs related to the Business Combination, net impairment of leased and owned stores, a special donation to the UNHCR, net (income)/costs related to lease agreements and certain other items.

Transactions between segments are executed on commercial terms that are normal in the respective markets and primarily relate to intersegment sales.

As a result of a change in the way the CODM and management view the business, starting with the year ended December 31, 2022, costs for certain central corporate functions that are not directly attributable to individual segments, and which were previously allocated to the Zegna Segment, are presented separately as Corporate. These central corporate costs, which have increased significantly following the Company's public listing in December 2021, primarily relate to the compensation of the Board of Directors and costs for functions that are managed centrally on behalf of the entire group, including group general counsel, central finance, internal audit, investor relations, insurance coverage for directors and officers, compliance and certain other centralized activities, including those related to being a public company, for which the costs are not allocated to the segments. This presentation reflects the information regularly reviewed by the CODM for the purposes of allocating resources and assessing the performance of the Group, and management believes this presentation more accurately reflects the underlying nature of such costs and the profitability of the individual segments. As a result, the related costs for the years ended December 31, 2021 and 2020 have been reclassified from the Zegna Segment to Corporate to conform to the current period presentation, resulting in an increase in the Zegna Segment Adjusted EBIT compared to the amounts previously reported for the years ended December 31, 2021 and 2020.

No measures of assets or liabilities by segment are reported to the CODM. Therefore, the related information is not provided.

The following tables summarize selected financial information by segment for the years ended December 31, 2022, 2021 and 2020.

| *(€ thousands)* | For the year ended December 31, 2022 | | | | |
|---|---|---|---|---|---|
| | **Zegna** | **Thom Browne** | **Corporate** | **Intercompany Eliminations** | **Group Consolidated** |
| Revenues with third parties | 1,162,826 | 330,014 | — | — | 1,492,840 |
| Inter-segment revenues | 13,880 | 877 | — | (14,757) | — |
| **Revenues** | **1,176,706** | **330,891** | **—** | **(14,757)** | **1,492,840** |
| Depreciation and amortization | (148,747) | (23,129) | (6) | — | (171,882) |
| **Adjusted EBIT** | **141,513** | **48,077** | **(31,861)** | **—** | **157,729** |
| Legal costs for trademark disputes [(1)] | | | | | (7,532) |
| Transaction costs related to acquisitions [(2)] | | | | | (2,289) |
| Severance indemnities and provisions for severance expenses [(3)] | | | | | (2,199) |
| Costs related to the Business Combination [(4)] | | | | | (2,137) |
| Net impairment of leased and owned stores [(5)] | | | | | (1,639) |
| Special donation to the UNHCR [(6)] | | | | | (1,000) |
| Net income related to lease agreements [(7)] | | | | | 6,844 |
| Financial income | | | | | 13,320 |
| Financial expenses | | | | | (54,346) |
| Foreign exchange losses | | | | | (7,869) |
| Result from investments accounted for using the equity method | | | | | 2,199 |
| **Profit before taxes** | | | | | **101,081** |

(1) Relates to legal costs of €7,532 thousand incurred in 2022 by the Thom Browne Segment in connection with a legal dispute between adidas and Thom Browne, primarily in relation to the use of trademarks. This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss.

(2) Relates to transaction costs of €2,289 thousand incurred in 2022 in connection with acquisitions, primarily for consultancy and legal fees related to the TFI Acquisition. This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss and is related to Corporate.

(3) Relates to severance indemnities incurred by the Zegna Segment of €2,199 thousand recorded within the line item "personnel costs" in the consolidated statement of profit and loss.

(4) Costs related to the Business Combination of €2,137 thousand in 2022 relate to the grant of equity awards to management in 2021 with vesting subject to the public listing of the Company's shares and certain other performance and/or service conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss and relates to the Zegna Segment for €1,101 thousand, to the Thom Browne Segment for €98 thousand and to Corporate for €938 thousand. For additional information please refer to *Note 40 — Shared-based payments*.

(5) Net impairment of leased and owned stores includes (i) impairment of €2,369 thousand related to right-of-use assets, (ii) reversals of impairment of €756 thousand related to property plant and equipment and (iii) impairment of €26 thousand related to intangible assets, all of which are recorded within the line item "depreciation, amortization and impairment of assets" in the consolidated statement of profit and loss and relate to the Zegna Segment for a net impairment of €819 thousand and to the Thom Browne Segment for impairment of €820 thousand.

(6) Relates to a donation of €1,000 thousand in 2022 to the United Nations High Commissioner for Refugees (UNHCR) to support initiatives related to the humanitarian emergency in Ukraine. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss and is related to Corporate.

(7) Net income related to lease agreements in 2022 relate entirely to the Zegna Segment and include (i) proceeds of €6,500 thousand received from new tenants in order for Zegna to withdraw from existing lease agreements of commercial properties (recorded within the line item "other income" in the consolidated statement of profit and loss) and (ii) €950 thousand for reversals of previously recognized provisions in respect of a legal claim related to a lease agreement in the United States (recorded within "write downs and other provisions" in the consolidated statement of profit and loss), partially offset by (ii) €606 thousand for costs related to a sublease agreement in the United States (recorded within "other operating costs" in the consolidated statement of profit and loss).

| *(€ thousands)* | For the year ended December 31, 2021 | | | | |
|---|---|---|---|---|---|
| | **Zegna** | **Thom Browne** | **Corporate** | **Intercompany Eliminations** | **Group Consolidated** |
| Revenues with third parties | 1,029,005 | 263,397 | — | — | 1,292,402 |
| Inter-segment revenues | 6,170 | 669 | — | (6,839) | — |
| **Revenues** | **1,035,175** | **264,066** | **—** | **(6,839)** | **1,292,402** |
| Depreciation and amortization | (137,500) | (17,173) | (2) | — | (154,675) |
| **Adjusted EBIT** | **131,929** | **38,097** | **(20,911)** | **—** | **149,115** |
| Costs related to the Business Combination [(1)] | | | | | (205,059) |
| Net costs related to lease agreements [(2)] | | | | | (15,512) |
| Severance indemnities and provisions for severance expenses [(3)] | | | | | (8,996) |
| Net impairment of leased and owned stores [(4)] | | | | | (8,692) |
| Other adjustments [(5)] | | | | | (4,884) |
| Financial income | | | | | 45,889 |
| Financial expenses | | | | | (43,823) |
| Foreign exchange losses | | | | | (7,791) |
| Result from investments accounted for using the equity method | | | | | 2,794 |
| **Loss before taxes** | | | | | **(96,959)** |

(1) Costs related to the Business Combination in 2021 include:
   a) €114,963 thousand relating to share-based payments for listing services recognized as the excess of the fair value of Zegna ordinary shares issued as part of the Business Combination and the fair value of IIAC's identifiable net assets acquired, in accordance with IFRS 2. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss.
   b) €37,906 thousand for the issuance of 5,031,250 Zegna ordinary shares to the holders of IIAC class B shares to be held in escrow. The release of these shares from escrow is subject to achievement of certain targets within a seven-year period. This amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss.
   c) €34,092 thousand for transaction costs related to the Business Combination incurred by Zegna, including costs for bank services, legal advisors and other consultancy fees. This amount is recorded within the line item "purchased, outsourced and other costs" in the consolidated statement of profit and loss.
   d) €10,916 thousand for the Zegna family's grant of a €1,500 special gift to each employee of the Zegna Group as result of the Company's listing completed on December 20, 2021. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss.
   e) €5,380 thousand relating to grant of performance share units, which each represent the right to receive one Zegna ordinary share, to the Group's Chief Executive Officer, other Zegna directors, key executives with strategic responsibilities and other employees of the Group, all subject to certain vesting conditions. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss. For additional information please refer to *Note 40 — Shared-based payments.*
   f) €1,236 thousand related to the fair value of private warrants issued, pursuant to the Business Combination, to certain Zegna non-executive directors. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss.
   g) €566 thousand related to the write-off of non-refundable prepaid premiums for directors' and officers' insurance. This amount is recorded within the line item "personnel costs" in the consolidated statement of profit and loss.

(2) Net costs related to lease agreements in 2021 relate entirely to the Zegna Segment and include (i) €12,192 thousand of provisions relating to a lease agreement in the United States following an unfavorable legal claim judgment against the Group (recorded within "write downs and other provisions" in the consolidated statement of profit and loss), (ii) €1,492 thousand of legal expenses related to a lease agreement in Italy (recorded within "other operating costs" in the consolidated statement of profit and loss) and (iii) €1,829 thousand in accrued property taxes related to a lease agreement in the UK (recorded within "write downs and other provisions" in the consolidated statement of profit and loss).

(3) Relates to severance indemnities incurred by the Zegna Segment of €8,996 thousand recorded within the line item "personnel costs" in the consolidated statement of profit and loss.

(4) Net impairment of leased and owned stores in 2021 includes impairment of (i) €6,486 thousand related to right-of-use assets, (ii) €2,167 thousand related to property plant and equipment and (iii) €39 thousand related to intangible assets, recorded within the line item "depreciation, amortization and impairment of assets" in the consolidated statement of profit and loss and related to the Zegna Segment.

(5) Other adjustments for the year ended December 31, 2021 include €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group was required to compensate the company in accordance with the terms of the related sale agreement, as well as €144 thousand relating to the write down of the Group's remaining 30% stake in Agnona, both of which relate to Corporate (both amounts are recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss), partially offset by other income generated by the Zegna Segment of €1,266 thousand relating to the sale of rights to build or develop airspace above a building in the United States (this amount is recorded within the line item "other income" in the consolidated statement of profit and loss).

| | For the year ended December 31, 2020 | | | | |
|---|---|---|---|---|---|
| *(€ thousands)* | **Zegna** | **Thom Browne** | **Corporate** | **Intercompany Eliminations** | **Group Consolidated** |
| Revenues with third parties | 835,244 | 179,489 | — | — | 1,014,733 |
| Inter-segment revenues | 8,074 | 305 | — | (8,379) | — |
| **Revenues** | **843,318** | **179,794** | **—** | **(8,379)** | **1,014,733** |
| Depreciation and amortization | (153,962) | (12,243) | — | — | (166,205) |
| **Adjusted EBIT** | **(7,243)** | **28,994** | **(1,738)** | **—** | **20,013** |
| Donations related to the COVID-19 pandemic [(1)] | | | | | (4,482) |
| Net costs related to lease agreements [(2)] | | | | | (3,000) |
| Net impairment of leased and owned stores [(3)] | | | | | (19,725) |
| Severance indemnities and provisions for severance expenses [(4)] | | | | | (12,308) |
| Impairment on held for sale assets [(5)] | | | | | (3,053) |
| Financial income | | | | | 34,352 |
| Financial expenses | | | | | (48,072) |
| Foreign exchange gains | | | | | 13,455 |
| Result from investments accounted for using the equity method | | | | | (4,205) |
| Impairments of investments accounted for using the equity method | | | | | (4,532) |
| **Loss before taxes** | | | | | **(31,557)** |

(1) Relates to donations of €4,482 thousand in 2020 to charitable organizations in Italy and abroad to support initiatives related to the COVID-19 pandemic, of which €3,175 thousand relates to Corporate and €1,307 thousand relates to the Zegna Segment (this amount is recorded within the line item "other operating costs" in the consolidated statement of profit and loss).

(2) Net costs related to lease agreements in 2020 relate entirely to the Zegna Segment and include €3,000 thousand for legal expenses relating to a lease agreement in the UK (recorded within the line item "write downs and other provisions" in the consolidated statement of profit and loss).

(3) Net impairment of leased and owned stores in 2022 includes (i) impairment of €15,716 thousand related to right-of-use assets, (ii) impairment of €4,011 thousand related to property plant and equipment and (iii) reversals of impairment of €2 thousand related to intangible assets, all of which are recorded within the line item "depreciation, amortization and impairment of assets" in the consolidated statement of profit and loss and relate to the Zegna Segment

(4) Relates to severance indemnities incurred by the Zegna Segment of €12,308 thousand recorded within the line item "personnel costs" in the consolidated statement of profit and loss.

(5) Relates to impairment on assets held for sale of €3,053 thousand in 2020, of which €988 thousand relates to Corporate and is recorded within the line item "write downs and other provisions" and €2,065 thousand relates to the write down of inventories in the Zegna Segment and is recorded within the line item "cost of raw materials and consumables" in the consolidated statement of profit and loss.

The following table summarizes non-current assets (other than financial instruments and deferred tax assets) by geography at December 31, 2022 and 2021.

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| **EMEA** [1] | **281,749** | **273,926** |
| *of which Italy* | *178,714* | *166,467* |
| **North America** [2] | **549,634** | **507,379** |
| *of which United States* [3] | *546,362* | *503,496* |
| **Latin America** [4] | **5,147** | **4,690** |
| **APAC** [5] | **143,673** | **143,616** |
| *of which Greater China Region* | *103,621* | *70,828* |
| *of which Japan* | *21,339* | *22,387* |
| **Total non-current assets (other than financial instruments and deferred tax assets)** | **980,203** | **929,611** |

*(1) EMEA includes Europe, the Middle East and Africa.*

*(2) North America includes the United States of America and Canada.*

*(3) Non-current assets in the United States at December 31, 2022 and 2021 included goodwill of €214,141 thousand and €201,662 thousand, respectively, and intangible assets with an indefinite useful life relating to the Thom Browne brand of €168,694 thousand and €158,864 thousand, respectively, which originated on acquisition of the Thom Browne Group in 2018. For additional information see Note 17 — Intangible assets.*

*(4) Latin America includes Mexico, Brazil and other Central and South American countries.*

*(5) APAC includes the Greater China Region, Japan, South Korea, Thailand, Malaysia, Vietnam, Indonesia, Philippines, Australia, New Zealand, India and other Southeast Asian countries.*

Non-current assets (other than financial instruments and deferred tax assets) in the Netherlands, the Company's country of domicile, amounted to €1,909 thousand and €2,620 thousand at December 31, 2022 and 2021, respectively.

**6. Revenues**

Zegna generates revenues primarily from the sale of its products and services, as well as from royalties received from third parties and licensees. Revenues are recognized net of returns and discounts.

The following table provides a breakdown of revenues by product line:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Zegna branded products[1] | 923,942 | 847,311 | 636,478 |
| Thom Browne | 330,014 | 263,397 | 179,490 |
| Textile | 136,769 | 102,244 | 87,615 |
| Third Party Brands | 97,792 | 74,957 | 82,273 |
| Other[2] | 4,323 | 4,493 | 28,877 |
| **Total revenues** | **1,492,840** | **1,292,402** | **1,014,733** |

*(1) Zegna branded products include apparel, bags, shoes and small and large leather goods, as well as licensed goods and royalties.*
*(2) Other includes certain sales of products from previous seasons' collections. Other for the year ended December 31, 2020 includes revenues of €12,389 thousand relating to the Agnona business, which was sold in January 2021.*

The following table provides a breakdown of revenues by sales channel:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Direct to Consumer (DTC) - Zegna branded products | 772,505 | 712,862 | 527,972 |
| Direct to Consumer (DTC) - Thom Browne branded products | 145,702 | 138,567 | 85,268 |
| **Total Direct to Customer (DTC)** | **918,207** | **851,429** | **613,240** |
| Wholesale Zegna branded products | 151,437 | 134,449 | 108,506 |
| Wholesale Thom Browne branded products | 184,312 | 124,830 | 94,222 |
| Wholesale Third Party Brands and Textile | 234,561 | 177,201 | 169,888 |
| **Total Wholesale** | **570,310** | **436,480** | **372,616** |
| **Other[1]** | **4,323** | **4,493** | **28,877** |
| **Total revenues** | **1,492,840** | **1,292,402** | **1,014,733** |

*(1) Other mainly includes certain sales of products from previous seasons' collections. Other for the year ended December 31, 2020 includes revenues of €12,389 thousand relating to the Agnona business, which was sold in January 2021.*

The following table provides a breakdown of revenues by geographic area:

| *(€ thousands)* | For the years ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| **EMEA** [1] | **520,226** | **380,325** | **315,879** |
| *of which Italy* | *224,342* | *158,722* | *121,202* |
| *of which UK* | *53,970* | *37,682* | *32,985* |
| *of which MEA* [2] | *69,046* | *44,236* | *24,268* |
| **North America** [3] | **294,686** | **191,283** | **131,049** |
| *of which United States* | *270,312* | *176,059* | *114,818* |
| **Latin America** [4] | **29,889** | **19,971** | **12,915** |
| **APAC** [5] | **644,802** | **696,344** | **551,650** |
| *of which Greater China Region* | *494,110* | *588,876* | *438,193* |
| *of which Japan* | *65,445* | *55,479* | *61,523* |
| **Other** [6] | **3,237** | **4,479** | **3,240** |
| **Total revenues** | **1,492,840** | **1,292,402** | **1,014,733** |

*(1) EMEA includes Europe, the Middle East and Africa.*
*(2) MEA includes the Middle East, Africa and Turkey.*
*(3) North America includes the United States of America and Canada.*
*(4) Latin America includes Mexico, Brazil and other Central and South American countries.*
*(5) APAC includes the Greater China Region, Japan, South Korea, Thailand, Malaysia, Vietnam, Indonesia, Philippines, Australia, New Zealand, India and other Southeast Asian countries.*
*(6) Other mainly includes royalties.*

Revenues in the Netherlands, the Company's country of domicile, amounted to €8,701 thousand, €6,320 thousand and €5,248 thousand for the years ended December 31, 2022, 2021 and 2020, respectively.

### 7. Other income

Other income mainly consists of miscellaneous income that is not directly attributable to the sale of the Group's goods or services, royalties or operating licenses, such as income from the sale of advertising materials, tax refund commissions and other miscellaneous income.

Other income for the year ended December 31, 2022 includes proceeds of €6,500 thousand received from new tenants in order for Zegna to withdraw from existing lease agreements of commercial properties.

Other income for the year ended December 31, 2021 also includes income of €1,266 thousand relating to the sale of rights to build or develop airspace above a building in the United States.

### 8. Cost of raw materials and consumables

The following table provides a breakdown for cost of raw materials and consumables:

| *(€ thousands)* | For the years ended December 31, 2022 | 2021 | 2020 |
|---|---|---|---|
| Raw materials | (154,858) | (108,442) | (108,130) |
| Finished goods | (186,876) | (161,731) | (130,006) |
| Consumables | (8,362) | (12,951) | (10,909) |
| Change in raw materials, consumables and finished goods | 38,868 | (24,822) | 131 |
| Other | (92) | (1,663) | (1,655) |
| **Total cost of raw materials and consumables** | **(311,320)** | **(309,609)** | **(250,569)** |

**9. Purchased, outsourced and other costs**

The following table provides a breakdown for purchased, outsourced and other costs:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Outsourcing of production | (85,763) | (53,402) | (59,411) |
| Advertising and marketing expenses | (76,618) | (57,224) | (47,467) |
| Freight, insurance and selling expenses | (74,161) | (49,241) | (55,905) |
| Lease expenses | (61,730) | (56,345) | (32,755) |
| Consultancy fees and corporate bodies fees | (60,633) | (75,737) | (33,706) |
| Utilities | (33,288) | (26,710) | (22,423) |
| Maintenance costs | (19,822) | (14,610) | (14,993) |
| Royalties | (4,158) | (4,258) | (5,982) |
| Other services | (21,755) | (16,102) | (14,284) |
| **Total purchased, outsourced and other costs** | **(437,928)** | **(353,629)** | **(286,926)** |

Consultancy fees and corporate body fees for the year ended December 31, 2022 include legal costs of €7,532 thousand incurred by the Thom Browne Segment in connection with a legal dispute between adidas and Thom Browne, primarily in relation to the use of trademarks. Consultancy fees and corporate bodies fees for the year ended December 31, 2021 include €34,092 thousand for bank services, legal advisors and other consultancy services relating to the Business Combination. See *Note 1 — General information* for a description of the Business Combination.

Other services mainly include costs for postal services, telephone and communication, training and other external services.

The following table provides a breakdown for lease expenses:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Rent reductions | 7,194 | 12,877 | 24,931 |
| Variable lease payments | (61,099) | (63,421) | (54,665) |
| Expenses relating to short-term leases | (7,715) | (5,697) | (2,260) |
| Expenses relating to low value leases | (110) | (104) | (761) |
| **Total lease expenses** | **(61,730)** | **(56,345)** | **(32,755)** |

The Group's variable lease payments are typically linked to sales without a guaranteed minimum.

Lease expenses in 2022, 2021 and 2020 are recognized net of rent reductions from lessors of €7,194 thousand, €12,877 thousand and €24,931 thousand, respectively, primarily as a result of the COVID-19 pandemic and in accordance with specific amendments to IFRS 16 that were applicable until June 30, 2022.

For lease payments not required to be capitalized as right-of-use assets under IFRS 16 (short term and low value leases), the costs are recognized as the lease expenses are incurred.

**10. Personnel costs**

The following table provides a breakdown for personnel costs:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Wages and salaries | (279,508) | (271,767) | (209,965) |
| Social contributions, pension plans and indemnities | (59,054) | (51,725) | (50,750) |
| Other long-term benefits | (16,153) | (8,702) | — |
| Share-based payments | (13,579) | (16,290) | — |
| Insurances and other benefits | (13,111) | (2,455) | (3,142) |
| Uniforms | (4,185) | (4,434) | (5,013) |
| Severance indemnities | (2,199) | (8,996) | (12,308) |
| Other payroll expenses | (7,298) | (3,393) | (1,481) |
| **Total personnel costs** | **(395,087)** | **(367,762)** | **(282,659)** |

Wages and salaries for the year ended December 31, 2021 include €10,916 thousand relating to a €1,500 special gift to each employee of the Group as a result of the Company's listing on the NYSE on December 20, 2021 (Monterubello agreed to reimburse the cost incurred by the Group as an equity contribution, which was received in February 2022, see also *Note 39 — Related party transactions*). Wages and salaries for the year ended December 31, 2020 were impacted by several actions taken in 2020 in response to COVID-19 (many of which were partially or fully reversed in 2021), including the impact of furlough and other temporary layoff measures taken at our DOSs, cuts on senior and mid-level manager salaries and permanently reduced headcount in certain business functions.

Share-based payments in 2022 include:

(i) €6,789 thousand (€6,138 thousand in 2021 and nil in 2020) relating to long-term incentives granted to the Group's Chief Executive Officer ("CEO") that vest in three tranches in 2022, 2023 and 2024 subject to the achievement of certain performance and service conditions;
(ii) €3,862 thousand (nil in 2021 and nil in 2020) relating to long-term incentives granted to senior management and certain other employees of the Group for performance share units ("PSUs") that vest in 2024 subject to the achievement of certain performance and service conditions and retention restricted share units ("RSUs") that vest in 2025 subject to service conditions;
(iii) €2,137 thousand (€5,380 thousand in 2021 and nil in 2020) relating to equity-settled share-based payments, granted to the CEO and certain members of management, that are subject to certain performance and service conditions, including a public listing of the Company's shares before December 31, 2021 (which was completed in December 2021); and
(iv) €791 thousand (nil in 2021 and nil in 2020) relating to non-executive directors' remuneration in shares.

Share-based payments in 2021 also include €1,236 thousand related to 800,000 private warrants issued, pursuant to the Business Combination, to certain Zegna non-executive directors and €3,536 thousand for other equity incentives to key management. For additional information related to these awards and other incentives awarded to the key management please refer to *Note 40 — Shared-based payments* and for additional information related to the Business Combination please refer to *Note 1 — General information*.

Other long-term benefits include €16,153 thousand in 2022 (€8,702 thousand in 2021 and nil in 2020) relating to bonuses earned by certain members of Zegna's senior management team (excluding the CEO) which will be paid in 2024.

Severance indemnities include restructuring costs related to supply chain (€1,611 thousand in 2022, €7,828 thousand in 2021 and €1,599 thousand in 2020), to distribution companies and headquarter functions (€588 thousand in 2022, €1,168 thousand in 2021 and €5,371 thousand in 2020) and to the woman division business (nil in 2022 and 2021 and €3,407 thousand in 2020), as well as a provision for severance indemnities (nil in 2022 and 2021 and €1,931 thousand in 2020).

**11. Depreciation, amortization and impairment of assets**

The following table provides a breakdown for depreciation, amortization and impairment of assets:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Depreciation and amortization | (171,882) | (154,195) | (166,205) |
| *of which:* | | | |
| *Right-of-use assets* | *(119,297)* | *(105,779)* | *(108,510)* |
| *Property, plant and equipment and investment property* | *(40,202)* | *(37,919)* | *(46,280)* |
| *Intangible assets with a finite useful life* | *(12,383)* | *(10,497)* | *(11,415)* |
| Impairment | (1,639) | (9,172) | (19,725) |
| *of which:* | | | |
| *Right-of-use assets* | *(2,369)* | *(6,486)* | *(15,716)* |
| *Property, plant and equipment and investment property* | *756* | *(2,647)* | *(4,011)* |
| *Intangible assets with a finite useful life* | *(26)* | *(39)* | *2* |
| **Total depreciation, amortization and impairment of assets** | **(173,521)** | **(163,367)** | **(185,930)** |

Impairment of right-of-use assets and property, plant and equipment for the periods presented primarily relates to the impairment of DOS that are part of the Zegna Segment, including the effects of the COVID-19 pandemic on the Group's operations, primarily in 2020 in relation to stores in Hong Kong, due to ongoing developments in the area that could affect future cash flow generation. Impairment of right-of-use assets and property, plant and equipment for 2022 also includes impairment of a single DOS that is part of the Thom Browne Segment and reversals of previously recognized impairment in the Zegna Segment, driven by positive performance of certain DOSs in the United States that resulted in a reversal of the conditions that caused the previously recognized impairment.

**12. Write downs and other provisions**

The following table provides a breakdown for write downs and other provisions:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Provision for legal expenses | 895 | (12,257) | (2,484) |
| Provision for Agnona disposal and write downs | — | (6,150) | (988) |
| Provision for restoration obligations for leased stores | 374 | (349) | (1,992) |
| Reversal/(Loss) allowance on trade receivables | (30) | 498 | (3,636) |
| Other provisions | (1,253) | (1,229) | 2,922 |
| **Total write downs and other provisions** | **(14)** | **(19,487)** | **(6,178)** |

The provision for legal expenses in 2021 includes €12,192 thousand recognized as a result of an unfavorable judgment handed down against the Group in February 2022 in respect of a legal claim related to a lease agreement in the United States. For additional information see *Note 33 — Provisions for risks and charges*.

Provision for Agnona disposal and write downs includes €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group was required to compensate Agnona in accordance with the terms of the related sale agreement, as well as €144 thousand relating to the write down of the Group's remaining 30% stake in Agnona.

Write downs and other provisions include releases of previously recognized provisions.

### 13. Other operating costs

The following table provides a breakdown for other operating costs:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Costs related to the Business Combination | — | (152,869) | — |
| Travel expenses | (14,247) | (7,919) | (5,886) |
| Bank fees | (10,979) | (8,939) | (6,665) |
| Indirect taxes | (4,694) | (3,327) | (3,541) |
| Gifts, associations and donations | (3,255) | (2,891) | (10,834) |
| Stationary and other materials | (2,093) | (1,766) | (1,904) |
| Gains/(Losses) on disposals of assets | 1,124 | (1,153) | (1,091) |
| Other operating costs | (6,998) | (1,972) | (478) |
| **Total other operating costs** | **(41,142)** | **(180,836)** | **(30,399)** |

Costs related to the Business Combination for the year ended December 31, 2021 include (i) €114,963 thousand relating to the excess of the fair value of Zegna ordinary shares issued as part of the Business Combination and the fair value of IIAC's identifiable net assets acquired, accounted for in accordance with IFRS 2 and measured based on the closing price of IIAC's shares of $10.14 per share on December 17, 2021, and (ii) €37,906 thousand for the issuance of 5,031,250 Zegna ordinary shares to the holders of IIAC class B shares to be held in escrow, accounted for in accordance with IFRS 2 and measured using a Monte Carlo simulation model. The release of these shares from escrow is subject to achievement of certain targets within a seven-year period. For additional information related to the Business Combination please refer to *Note 1 — General information*.

Gifts, associations and donations in 2022 includes a donation of €1,000 thousand to the United Nations High Commissioner for Refugees (UNHCR) to support initiatives related to the humanitarian emergency in Ukraine. Gifts, associations and donations in 2020 includes donations amounting to €4,482 thousand to support the Civil Protection in Italy and other initiatives during the COVID-19 pandemic period, as well as contributions to Fondazione Zegna for €200 thousand.

**14. Financial income, financial expenses and exchange gains/(losses)**

The following table provides a breakdown for financial income, financial expenses and exchange gains/(losses):

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| **Financial income** | | | |
| Options - Changes in fair value | 470 | 20,675 | 17,743 |
| Securities | 8,154 | 17,845 | 10,812 |
| Hedging operations | 241 | 661 | 358 |
| Interest on financial other assets | 1,226 | 1,881 | 2,462 |
| Interest on financial receivables/loans | 501 | 583 | 1,391 |
| Derivative financial instruments | 1,022 | 2,760 | — |
| Other financial income | 1,706 | 1,484 | 1,586 |
| **Total financial income** | **13,320** | **45,889** | **34,352** |
| **Financial expenses** | | | |
| Options - Changes in fair value | (11,426) | (13,391) | (15,729) |
| Hedging operations | (11,701) | (7,044) | (6,716) |
| Interest and financial charges for lease liabilities | (9,882) | (8,982) | (10,615) |
| Warrants - Changes in fair value | (1,171) | (4,137) | — |
| Securities | (13,426) | (3,902) | (8,272) |
| Interest on bank loans and overdrafts | (4,785) | (2,845) | (3,765) |
| Interest expenses on interest rate swaps | (1,356) | (2,076) | (2,002) |
| Derivative financial instruments | — | — | (380) |
| Other financial expenses | (599) | (1,446) | (593) |
| **Total financial expenses** | **(54,346)** | **(43,823)** | **(48,072)** |
| **Foreign exchange (losses)/gains** | **(7,869)** | **(7,791)** | **13,455** |

Financial income and financial expenses relating to options represent the fair value changes during the period in the value of the put options owned by the non-controlling interests in the Group's investments in Thom Browne Group and Gruppo Dondi S.p.A. and for 2021 and 2020 only, in Lanificio, as well as for 2021 only the remeasurement of cash-settled share-based payments.

For the year ended December 31, 2021 financial income relating to options related to a gain of €20,675 thousand recognized following the purchase of an additional 5% of the Thom Browne Group on June 1, 2021. The put option relating to the remaining 10% of non-controlling interest was remeasured at fair value at December 31, 2022, resulting in an increase in the liability and financial expenses of €11,426 thousand for the year ended December 31, 2022. For the year ended December 31, 2021 financial expenses relating to options also include €3,523 thousand related to the Lanificio put option (which was closed in July 2021 following the Group's purchase of the remaining 10% of Lanificio for a total consideration of €9,600 thousand, following which the Group owns 100% of Lanificio), and €2,035 related to the Dondi put option. For the year ended December 31, 2020, financial income relating to options primarily relates to the Lanificio put option and financial expenses relating to options primarily relate to the Thom Browne put option. See *Note 31 — Other current and non-current financial liabilities* for additional details relating to the Group's written put options on non-controlling interests

Financial income and financial expenses for securities relate to investments in securities held by the Group.

Other financial income for the year ended December 31, 2020 includes a €1,000 thousand gain deriving from contingent consideration relating to the Dondi acquisition that will not be payable by the Group as the defined performance targets were not met by Dondi.

Foreign exchange losses and gains for the years ended December 31, 2022, 2021 and 2020 amounted to losses of €7,869 thousand, losses of €7,791 thousand and gains of €13,455 thousand, respectively. Foreign exchange gains and losses primarily relate to exchange rate effects deriving from the remeasurement of the put options owned by the non-controlling interests in the Group's investments.

**15. Income taxes**

The following table provides a breakdown for income taxes:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands)* | **2022** | **2021** | **2020** |
| Current taxes | (47,355) | (47,882) | (24,928) |
| Deferred taxes | 11,553 | 17,180 | 9,945 |
| **Income taxes** | **(35,802)** | **(30,702)** | **(14,983)** |

The table below provides a reconciliation between actual income taxes and the theoretical income taxes, calculated on the basis of the applicable corporate tax rate in effect in Italy, which was 24.0% for each of the years ended December 31, 2022, 2021 and 2020.

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands, except percentages)* | **2022** | **2021** | **2020** |
| Profit/(Loss) before taxes | 101,081 | (96,959) | (31,557) |
| **Theoretical income tax (expense)/benefit - tax rate 24%** | **(24,259)** | **23,270** | **7,574** |
| Tax effect on: | | | |
| Non-deductible costs | (8,256) | (23,863) | (10,353) |
| Patent box impact | — | — | 1,497 |
| Differences between foreign tax rates and the theoretical applicable tax rate | 10,829 | (2,849) | 20,321 |
| Taxes relating to prior years | (96) | (2,668) | (197) |
| Deferred tax assets not recognized | 1,876 | (14,978) | (25,727) |
| Tax on dividends and earnings | (5,366) | (9,027) | (6,221) |
| Other tax items | (6,934) | 449 | (727) |
| **Total tax expense, excluding IRAP** | **(32,206)** | **(29,666)** | **(13,833)** |
| Effective tax rate, excluding IRAP | 31.9 % | (30.6 %) | (43.8 %) |
| Italian regional income tax expense (IRAP) | (3,596) | (1,036) | (1,150) |
| **Total income tax** | **(35,802)** | **(30,702)** | **(14,983)** |
| Effective tax rate | 35.4 % | (31.7 %) | (47.5 %) |

In order to facilitate the understanding of the tax rate reconciliation presented above, income tax expense includes a presentation net of the Italian Regional Income Tax ("IRAP"), which is based on a measure of income defined by the Italian Civil Code as the difference between operating revenues and costs, before financial income and expense, the cost of fixed term employees, credit losses and any interest included in lease payments. The applicable IRAP rate was 5.57% for the Parent Company and 3.9% for the other Italian components, for each of the years ended December 31, 2022, 2021 and 2020.

In 2020 the Group sent a request to the Italian tax authorities to renew its application of the Patent Box tax regime in Italy, which provides for a partial exemption of the business income derived from certain trademarks, designs and models in the Group's portfolio, for fiscal years up to 2021. The Italian tax authorities acknowledged the request and the outcome of the renewal application was pending at December 31, 2022. Following the enactment of new tax legislation in Italy in 2021, the previous Patent Box tax regime was replaced with a new Patent Box tax regime under which the amount of qualifying expenses is increased by 110% (for both IRES and IRAP purposes). Specific transitional rules regulate the transition from the previous Patent Box tax regime to the new regime. The Group is evaluating application of the new Patent Box tax regime. The Group did not recognize any benefits for the Patent Box tax regime for the years ended December, 31, 2022 and 2021, while in 2020 the Group recognized benefits of €1,497 thousand (presented within Patent box impact in the tax rate reconciliation above).

Income taxes for the year ended December 31, 2022 includes €5,000 thousand recognized for uncertain tax items, primarily related to the interpretation of tax legislation regarding arrangements entered into by the Group. This amount is presented within the other tax items for 2022 in the tax rate reconciliation above.

***Deferred tax assets and deferred tax liabilities***

Deferred taxes reflect the net tax effect of temporary differences between the book value and the taxable amount of assets and liabilities. The accounting of assets for deferred taxes was duly adjusted to take account of the effective possibility to be realized.

The Group's Italian entities participate in a group Italian tax consolidation under the Ermenegildo Zegna NV, and may therefore offset taxable income against tax losses of the companies participating in the Italian tax consolidation regime.

The following tables provide a breakdown for deferred tax assets and deferred tax liabilities:

| *(€ thousands)* | **At December 31, 2021** | **Recognized in profit and loss** | **Recognized in comprehensive income/(loss)** | **Exchange differences and other** | **At December 31, 2022** |
|---|---|---|---|---|---|
| Deferred tax assets arising on: | | | | | |
| Employee benefits | 4,665 | 352 | (85) | (138) | 4,794 |
| Property plant and equipment | 11,107 | (1,668) | — | 439 | 9,878 |
| Right-of-use assets | 2,585 | 722 | — | (43) | 3,264 |
| Intangible assets | 3,246 | (85) | — | 68 | 3,229 |
| Provision for obsolete inventory | 42,772 | 11,095 | — | 2,227 | 56,094 |
| Tax provisions | 2,851 | 1,463 | — | (667) | 3,647 |
| Financial assets | 1,533 | (84) | — | 147 | 1,596 |
| Tax losses | 36,766 | 100 | — | 4,756 | 41,622 |
| Other | 2,685 | 688 | (18) | (2,852) | 503 |
| **Total deferred tax assets** | **108,210** | **12,583** | **(103)** | **3,937** | **124,627** |
| Deferred tax liabilities arising on: | | | | | |
| Property plant and equipment | — | 452 | — | (4) | 448 |
| Right-of-use assets | 19 | 420 | — | 18 | 457 |
| Intangible assets | 45,420 | (202) | — | 83 | 45,301 |
| Financial assets fair value | 2,461 | (1,423) | 1,158 | 186 | 2,382 |
| Other | 5,944 | 1,783 | 2,278 | 1,941 | 11,946 |
| **Total deferred tax liabilities** | **53,844** | **1,030** | **3,436** | **2,224** | **60,534** |

| *(€ thousands)* | At December 31, 2020 | Recognized in profit and loss | Recognized in comprehensive income/(loss) | Exchange differences and other | Disposition | At December 31, 2021 |
|---|---|---|---|---|---|---|
| Deferred tax assets arising on: | | | | | | |
| Employee benefits | 3,900 | 626 | — | 142 | (3) | 4,665 |
| Property plant and equipment | 10,124 | 1,245 | — | — | (262) | 11,107 |
| Right-of-use assets | 2,289 | 121 | — | 175 | — | 2,585 |
| Intangible assets | 3,297 | (51) | — | — | — | 3,246 |
| Provision for obsolete inventory | 33,793 | 6,082 | — | 2,897 | — | 42,772 |
| Tax provisions | 4,114 | (1,360) | — | 97 | — | 2,851 |
| Financial assets | 1,477 | 56 | — | — | — | 1,533 |
| Tax losses | 9,794 | 26,972 | — | — | — | 36,766 |
| Other | 3,113 | (428) | — | — | — | 2,685 |
| **Total deferred tax assets** | **71,901** | **33,263** | **—** | **3,311** | **(265)** | **108,210** |
| Deferred tax liabilities arising on: | | | | | | |
| Property plant and equipment | 23,391 | 9,288 | — | 1,844 | (34,523) | — |
| Right-of-use assets | 1,195 | 183 | — | — | (1,359) | 19 |
| Intangible assets | 40,039 | 4,246 | — | 1,135 | — | 45,420 |
| Financial assets fair value | 1,776 | 683 | 2 | — | — | 2,461 |
| Other | 4,327 | 1,683 | (66) | — | — | 5,944 |
| **Total deferred tax liabilities** | **70,728** | **16,083** | **(64)** | **2,979** | **(35,882)** | **53,844** |

The decision to recognize deferred tax assets is made for each company in the Group by assessing whether the conditions exist for the future recoverability of such assets by taking into account the basis of the most recent forecasts from budgets and business plans. Deferred tax assets and deferred tax liabilities of the individual companies are offset where they may be legally offset and management has the intention to settle them through netting.

The following table provides the details of tax losses carried forward for which no deferred tax assets were recognized:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | 2022 | 2021 |
| Expiry within 1 year | 9,936 | 4,587 |
| Expiry 1-5 years | 35,927 | 33,108 |
| Expiry over 5 years | 86,433 | 73,856 |
| No expiration | 321,389 | 188,922 |
| **Total tax losses carried forward** | **453,685** | **300,473** |

### 16. Earnings per share

Basic and diluted earnings per share are calculated as the ratio of net profit or (loss) attributable to the shareholders of the Company by the weighted average number of outstanding shares (basic and diluted) of the Company.

In accordance with IAS 33 — *Earnings per share*, for the calculation of both basic earnings per share and diluted earnings per share the number of ordinary and potential ordinary shares outstanding for all periods reflects the Share Split performed as part of the Business Combination. For additional information related to the Business Combination please refer to *Note 1 — General information*.

The following table summarizes the amounts used to calculate basic and diluted earnings per share:

| | For the years ended December 31, | | |
|---|---|---|---|
| *(€ thousands, except per share data )* | **2022** | **2021** | **2020** |
| **Profit/(Loss) attributable to shareholders of the Parent Company** | **51,482** | **(136,001)** | **(50,577)** |
| **Weighted average number of shares for basic earnings per share** | **237,545,736** | **203,499,933** | **201,489,100** |
| *Adjustments for calculation of diluted earnings per share:* | | | |
| CEO remuneration in shares [(1)] | 1,081,513 | — | — |
| CEO 2022-2024 PSUs [(2)] | 1,031,673 | — | — |
| Long-Term Incentive Awards 2022-2025 [(3)] | 946,990 | — | — |
| Non-executive directors remuneration in shares [(4)] | 41,601 | — | — |
| **Weighted average number of shares for diluted earnings per share** | **240,647,513** | **203,499,933** | **201,489,100** |
| **Basic earnings per share in Euro** | **0.22** | **(0.67)** | **(0.25)** |
| **Diluted earnings per share in Euro** | **0.21** | **(0.67)** | **(0.25)** |

For the year ended December 31, 2022, the diluted weighted average number of shares outstanding was increased to take into consideration the theoretical effect of the potential ordinary shares relating to equity awards granted by the Group, to the extent to which they are dilutive. All potential ordinary shares are assumed converted into ordinary shares at the beginning of the period or, if later, at the date of grant of the potential ordinary shares. The adjustments for the calculation of the weighted average number of shares for diluted earnings per share are further explained below. For additional information see also *Note 40 — Shared-based payments*.

(1) CEO remuneration in shares - Potential ordinary shares from the conversion of all or part of the CEO's fixed remuneration in ordinary shares of the Company.

(2) CEO 2022-2024 PSUs - Performance share units (PSUs) granted to the CEO, which are considered to be potential ordinary shares if the performance conditions relating to Adjusted EBIT and adjusted net financial indebtedness/(cash surplus) targets would have been met based on the Group's performance up to the reporting date.

(3) Long-Term Incentive Awards 2022-2025 - Performance share units (PSUs) and retention restricted share units (RSUs) granted to the senior management (excluding the CEO), which in the case of the PSUs are considered to be potential ordinary shares if the performance conditions relating to Adjusted EBIT and adjusted net financial indebtedness/(cash surplus) targets would have been met based on the Group's performance up to the reporting date, and in the case of the RSUs are considered to be potential ordinary shares if the recipient was still employed by the Group at the reporting date.

(4) Non-executive directors remuneration in shares - Potential ordinary shares of the Company granted to the non-executive directors for 50% of their annual base remuneration for services provided in 2022 and that will be assigned to the recipients in June 2024.

For the year ended December 31, 2021, as a result of the loss for the year, in accordance with IAS 33, the theoretical effect that would arise if all the outstanding stock options and warrants were exercised (represented by 1,417,947 weighted average potentially diluted shares) were not taken into consideration in the calculation of diluted loss per share as this would have had an anti-dilutive effect.

For the year ended December 31, 2020, diluted earnings per share is equal to basic earnings per share as there were no potentially dilutive instruments.

## 17. Intangible assets

The following table provides a breakdown for intangible assets:

| *(€ thousands)* | Goodwill | Brands with an indefinite useful life | Concessions, licenses, trademarks and patents | Other intangible assets | Intangible assets in progress | Total |
|---|---|---|---|---|---|---|
| **Historical cost at January 1, 2021** | **208,881** | **146,633** | **46,815** | **118,653** | **2,546** | **523,528** |
| Additions | — | — | 2,895 | 10,712 | 4,508 | 18,115 |
| Disposals | — | — | (6,572) | (6,556) | (19) | (13,147) |
| Exchange differences | 15,529 | 12,231 | 476 | 1,715 | 61 | 30,012 |
| Business combinations | 2,820 | — | — | 4,200 | — | 7,020 |
| Disposition | — | — | (18) | (2,656) | (915) | (3,589) |
| Other movements and reclassifications | — | — | 1,407 | 593 | (2,000) | — |
| **Balance at December 31, 2021** | **227,230** | **158,864** | **45,003** | **126,661** | **4,181** | **561,939** |
| Additions | — | — | 1,620 | 23,474 | 164 | 25,258 |
| Disposals | — | — | (3,164) | (4,651) | (3,199) | (11,014) |
| Exchange differences | 12,479 | 9,830 | 82 | 518 | — | 22,909 |
| Other movements and reclassifications | — | — | (1,202) | 1,202 | — | — |
| **Balance at December 31, 2022** | **239,709** | **168,694** | **42,339** | **147,204** | **1,146** | **599,092** |
| | | | | | | |
| **Accumulated amortization at January 1, 2021** | **—** | **—** | **(39,178)** | **(96,503)** | **—** | **(135,681)** |
| Amortization | — | — | (2,045) | (8,452) | — | (10,497) |
| Disposals | — | — | 2,314 | 7,547 | — | 9,861 |
| Impairment | — | — | (3) | (36) | — | (39) |
| Exchange differences | — | — | (228) | (1,346) | — | (1,574) |
| Disposition | — | — | 8 | 1,203 | — | 1,211 |
| **Balance at December 31, 2021** | **—** | **—** | **(39,132)** | **(97,587)** | **—** | **(136,719)** |
| Amortization | — | — | (1,457) | (10,926) | — | (12,383) |
| Disposals | — | — | 2,761 | 4,122 | — | 6,883 |
| Impairment | — | — | 1 | (27) | — | (26) |
| Exchange differences | — | — | 838 | (1,777) | — | (939) |
| **Balance at December 31, 2022** | **—** | **—** | **(36,989)** | **(106,195)** | **—** | **(143,184)** |
| **Carrying amount at:** | | | | | | |
| **January 1, 2021** | **208,881** | **146,633** | **7,637** | **22,150** | **2,546** | **387,847** |
| **December 31, 2021** | **227,230** | **158,864** | **5,871** | **29,074** | **4,181** | **425,220** |
| **December 31, 2022** | **239,709** | **168,694** | **5,350** | **41,009** | **1,146** | **455,908** |

***Goodwill***

Goodwill originated on acquisitions made by the Group and it is attributable to the following operating segments:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Zegna | 25,568 | 25,568 |
| Thom Browne | 214,141 | 201,662 |
| **Total goodwill** | **239,709** | **227,230** |

In accordance with IAS 36, goodwill is not amortized and is tested for impairment annually, or more frequently if facts or circumstances indicate that the asset may be impaired. Goodwill is allocated to each of the Group's CGUs (or groups of CGUs) and the recoverable amount of all CGUs and groups of CGUs is based on a value in use calculation, which uses cash flow projections based on last approved budget forecast calculations, which are prepared separately for each CGU. These budget and forecast calculations generally cover a period of three years. A long-term growth rate is calculated and applied to project future cash flows after the third year. In assessing value in use, the estimated future cash flows are

discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The main assumptions to calculate the recoverable amount are the following:

- Terminal value: determined using the perpetuity method at a long-term growth rate which represents the present value, at the last year of projection, of all expected future cash flows, and the growth rate used to calculate the terminal value ranged between 3% and 5% for the Zegna Segment and 3% for the Thom Browne Segment, which has been determined according to the diverging inflation and GDP outlook in related geographical areas;

- Discount rate: the rate used to discount cash flows was calculated using the weighted average cost of capital (WACC) post tax. For the 2022 impairment test, the WACC used for discounting purposes ranged between 8.41% and 12.04% (between 6.40% and 10.65% for 2021). The WACC was calculated for each CGU and group of CGUs subject to impairment, considering the parameters specific to the geographical area: market risk premium and sovereign bond yield;

- EBITDA: See table below for the EBITDA compound annual growth rate (CAGR) assumptions utilized to calculate the expected future cash flows.

The calculation of value in use for all CGUs and groups of CGUs is most sensitive to the following assumptions:

- Discount rates

- Growth rates used to extrapolate cash flows beyond the forecast period

- EBITDA CAGR rate

The following tables detail the sensitivity of the impairment testing to reasonably possible changes in both assumptions, for those CGUs that have significant goodwill allocated to them.

**2022**

| *(€ millions, except percentages and basis points)* | **Headroom** | **Existing assumption** | | | **Sensitivity effects on headroom** | | |
|---|---|---|---|---|---|---|---|
| | | **Discount rate (bps)** | **Growth rate (bps)** | **EBITDA CAGR (%) vs. 2022** | **WACC +/-100 bps** | **Growth rate +/- 50 bps** | **EBITDA +/-500 bps** |
| CGU Thom Browne Group | 454 | 841 | 300 | +20.8% | 362 / 563 | 552 / 372 | 526 / 381 |
| CGU Gruppo Dondi S.p.A. | 66 | 878 | 300 | +7.0% | 52 /87 | 75 / 59 | 72 / 61 |
| CGU Bonotto S.p.A. | 3 | 878 | 300 | -1.0% | 0 / 8 | 5 / 2 | 5 / 2 |
| CGU In.Co. S.p.A. | 110 | 878 | 300 | +2.2% | 85 / 147 | 125 / 98 | 123 / 98 |
| CGU Tessitura Ubertino S.r.l. | 22 | 878 | 300 | +6.6% | 18 / 29 | 25 / 20 | 24 / 21 |

**2021**

| *€ millions, except percentages and basis points)* | **Headroom** | **Existing assumption** | | | **Sensitivity effects on headroom** | | |
|---|---|---|---|---|---|---|---|
| | | **Discount rate (bps)** | **Growth rate (bps)** | **EBITDA CAGR (%) vs. 2021** | **WACC +/-100 bps** | **Growth rate +/- 50 bps** | **EBITDA +/-500 bps** |
| CGU Thom Browne Group | 327 | 773 | 200 | +15.3% | 211 / 493 | 395 / 270 | 379 / 276 |
| CGU Gruppo Dondi S.p.A. | 62 | 640 | 150 | +18.6% | 47 / 84 | 71 / 54 | 67 / 57 |
| CGU Bonotto S.p.A. | 5 | 640 | 150 | +65.8% | 1 / 11 | 8 / 3 | 7 / 3 |
| CGU In.Co. S.p.A. | 78 | 640 | 150 | +57.6% | 58 / 107 | 90 / 68 | 87 / 69 |
| CGU Tessitura Ubertino S.r.l. | 24 | 640 | 150 | +21.4% | 19 / 33 | 28 / 22 | 36 / 23 |

Based on the analysis performed, no impairment of goodwill was recognized for the years ended December 31, 2022 and 2021.

***Brands with an indefinite useful life***

Brands with an indefinite useful life relate to the Thom Browne brand (denominated in U.S. Dollars) and amounted to €168,694 thousand and €158,864 thousand at December 31, 2022 and 2021, respectively. An impairment test of the Thom Browne Brand was performed at September 30, 2022 and December 31, 2021, and 2020 in order to verify the recoverability of the asset following the purchase price allocation process which took place in 2018, due to the indefinite useful life classification of this brand. The 2022 test was carried out considering the cash flow projections from 2023 to 2025 plus a terminal value. A royalty rate of 9.1% was considered (average of comparables), derived from the analysis of comparable transactions and excluding marketing in line with the purchase price allocation process, in order to obtain a net royalty rate aligned to the implied royalty rates of the comparable companies.

A discount rate of 9.41% was used to discount expected future cash flows, equal to the Thom Browne Segment WACC of 8.41% plus a factor equal to 1% cautiously taken consistently with the purchase price allocation approach. The fair value of the brands was calculated as the net present value of expected future cash flows, including the terminal value, plus the tax amortization benefit.

Based on the analysis performed, no impairment of the Thom Browne brand was recognized for the years ended December 31, 2022, 2021 and 2020.

**18. Property plant and equipment**

The following table provides a breakdown for property, plant and equipment:

| *(€ thousands)* | Land and buildings | Plant and machinery | Industrial and commercial equipment | Leasehold improvements | Other tangible assets | Tangible assets under construction and advances | Total |
|---|---|---|---|---|---|---|---|
| **Historical cost at January 1, 2021** | **185,611** | **191,911** | **146,260** | **206,642** | **9,487** | **13,330** | **753,241** |
| Additions | 51,296 | 4,571 | 10,252 | 24,506 | 360 | 5,221 | 96,206 |
| Disposals | (720) | (2,150) | (12,630) | (21,812) | (403) | (512) | (38,227) |
| Exchange differences | 4,483 | 222 | 4,756 | 14,516 | 51 | 650 | 24,678 |
| Disposition | (232,705) | (30,448) | (4,384) | (34) | (860) | (9,159) | (277,590) |
| Business combinations | 245 | 315 | 6 | — | 75 | — | 641 |
| Reclassifications | 327 | 118 | 571 | 5,086 | — | (6,102) | — |
| **Balance at December 31, 2021** | **8,537** | **164,539** | **144,831** | **228,904** | **8,710** | **3,428** | **558,949** |
| Additions | 11 | 6,171 | 11,121 | 27,081 | 153 | 3,637 | 48,174 |
| Disposals | — | (17,130) | (12,341) | (18,874) | (200) | — | (48,545) |
| Exchange differences | — | (37) | 5,117 | (2,353) | 24 | (30) | 2,721 |
| Reclassifications | — | 320 | (769) | 3,432 | (947) | (2,036) | — |
| **Balance at December 31, 2022** | **8,548** | **153,863** | **147,959** | **238,190** | **7,740** | **4,999** | **561,299** |
| | | | | | | | |
| **Accumulated depreciation at January 1, 2021** | **(63,077)** | **(161,298)** | **(118,649)** | **(158,798)** | **(7,292)** | **—** | **(509,114)** |
| Depreciation | (478) | (7,827) | (11,693) | (16,490) | (1,167) | — | (37,655) |
| Disposals | — | 2,164 | 11,522 | 19,305 | 292 | — | 33,283 |
| Impairment | — | (84) | (595) | (1,488) | — | (480) | (2,647) |
| Exchange differences | (1,816) | (267) | (6,066) | (12,362) | (13) | — | (20,524) |
| Disposition | 61,473 | 24,798 | 2,307 | 7 | 597 | — | 89,182 |
| Reclassifications | 163 | 45 | 2,575 | (3,525) | 742 | — | — |
| **Balance at December 31, 2021** | **(3,735)** | **(142,469)** | **(120,599)** | **(173,351)** | **(6,841)** | **(480)** | **(447,475)** |
| Depreciation | (296) | (6,879) | (11,504) | (20,356) | (1,167) | — | (40,202) |
| Disposals | — | 17,048 | 12,262 | 18,747 | 193 | — | 48,250 |
| Impairment | — | (23) | (438) | 1,217 | — | — | 756 |
| Exchange differences | — | (71) | (1,437) | 4,139 | 880 | — | 3,511 |
| Reclassifications | 6 | 71 | (1,443) | 17 | 869 | 480 | — |
| **Balance at December 31, 2022** | **(4,025)** | **(132,323)** | **(123,159)** | **(169,587)** | **(6,066)** | **—** | **(435,160)** |
| **Carrying amount at:** | | | | | | | |
| **January 1, 2021** | **122,534** | **30,613** | **27,611** | **47,844** | **2,195** | **13,330** | **244,127** |
| **December 31, 2021** | **4,802** | **22,070** | **24,232** | **55,553** | **1,869** | **2,948** | **111,474** |
| **December 31, 2022** | **4,523** | **21,540** | **24,800** | **68,603** | **1,674** | **4,999** | **126,139** |

The assets amortized or depreciated on a systematic basis are tested for impairment if there are indications of or changes to planning assumptions suggesting that the carrying amount of the assets is not recoverable. For this purpose, after preparing the annual budget plan, the Group conducts a triggering event test for each store. If defined year-on-year profitability indicators are not reached, the non-current assets of the store in question are tested for impairment.

The method used to identify the recoverable amount (value in use) of all the aforementioned CGUs, except for the brands, consisted of discounting the projected cash flows (Discounted Cash Flow) generated by the activities directly attributable to the segment to which the intangible asset or net invested capital has been assigned (CGU). Value in use was the sum of the present value of future cash flows expected from the business plan projections prepared for each CGU and the present value of the related operating activities at the end of the period (terminal value).

The business plans used to prepare the impairment test cover the last three months of 2022 and the three years from 2023 to 2025.

The rate used to discount cash flows was calculated using the weighted average cost of capital (WACC). For the year ended December 31, 2022, the WACC used for discounting purposes ranged between 8.84% and 17.20% (between 4.99% and 21.63% at December 31, 2021). The WACC was calculated for each CGU subject to impairment, considering the parameters specific to the geographical area: market risk premium and sovereign bond yield. The "g" rate of growth used to calculate the terminal value has been determined according to the diverging inflation and GDP outlooks in the various countries. The growth rate ranged between 1.5% and 5.0% for Zegna Segment and between 1.5% and 3.0% for Thom Browne Segment.

***DOS impairment test***

The impairment test of DOS assets takes into consideration those right-of-use assets, intangible assets and property, and plant and equipment elements relating to directly operated stores of Zegna Segment and Thom Browne Segment. The result of the impairment test of DOS on the consolidated financial statements is obtained by comparing the recoverable amount, based on the value in use, of each CGU with the carrying amount of the tangible and intangible assets allocated to the CGU, including leases (according to the IFRS 16).

Impairment of €1,639 thousand recognized in 2022 was composed of:

(a) impairment of €623 thousand and reversal of impairment of €1,379 thousand related to property, plant and equipment;

(b) impairment of €3,933 thousand and reversal of impairment of €1,564 thousand related to right-of-use assets; and

(c) impairment of €28 thousand and reversal of impairment of €2 thousand related to intangible assets.

Impairment by segment, was composed of:

(a) impairment of €3,432 thousand and reversal of impairment of €1,201 thousand and reversal related to the reduction of right-of-use assets of €1,412 thousand relating to the Zegna Segment; and

(b) impairment of €820 thousand related to the Thom Browne Segment.

For additional information refer to *Note 11 — Depreciation, amortization and impairment of assets*.

The calculation of value in use for this CGU is most sensitive to the following assumptions:

- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period
- Revenue compounded annual rate of growth ("CAGR"), which has been assessed taking into consideration the effects of the COVID-19 pandemic on the 2022 performance of the Group.

In order to ensure that the changes to the main assumptions did not significantly affect the results of the impairment tests, sensitivity analyses were conducted.

The following tables present the sensitivity of the 2022 and 2021 Zegna Segment DOS impairment test to reasonably possible changes in the aforementioned assumptions:

**2022**

| | | Existing assumption | | | Sensitivity effects on impairment | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **Impairment[(1)]** | **WACC (%)** | **Growth rate (%)** | **Revenues CAGR (%) vs. 2022** | **WACC +/-100 bps** | **Growth rate +/- 50 bps** | **Revenues +/-250 bps** |
| Zegna Segment DOS | (2,231) | 8.84% - 17.20% | 1.50%/ 5.00% | 7.6% | (2,413) / (2,038) | (2,203) / (2,258) | (1,864) / (2,714) |

_____

*(1) Gross of reversals related to the reduction of right-of-use assets of €1,412 thousand.*

**2021**

| | | Existing assumption | | | Sensitivity effects on impairment | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **Impairment** | **WACC (%)** | **Growth rate (%)** | **Revenues CAGR (%) vs. 2021** | **WACC +/-100 bps** | **Growth rate +/- 50 bps** | **Revenues +/-250 bps** |
| Zegna Segment DOS | (8,692) | 4.99% / 21.63% | 1.50% | +9.7% | (8,994) / (8,344) | (8,692) / (8,692) | (8,320) / (9,048) |

The following tables present the sensitivity of the 2022 and 2021 Thom Browne Segment DOS impairment test to reasonably possible changes in the aforementioned assumptions:

**2022**

| | | Existing assumption | | | Sensitivity effects on impairment | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **Impairment** | **WACC (%)** | **Growth rate (%)** | **Revenues CAGR (%) vs. 2022** | **WACC +/-100 bps** | **Growth rate +/- 50 bps** | **Revenues +/-250 bps** |
| Thom Browne Segment DOS | (820) | 8.84% / 11.59% | 1.50% / 3.00% | 9.5% | (1,003) / (700) | (800) / (848) | (641) / (1,120) |

**2021**

| | | Existing assumption | | | Sensitivity effects on impairment | | |
|---|---|---|---|---|---|---|---|
| *(€ thousands, except percentages)* | **Impairment** | **WACC (%)** | **Growth rate (%)** | **Revenues CAGR (%) vs. 2021** | **WACC +/-100 bps** | **Growth rate +/- 50 bps** | **Revenues +/-250 bps** |
| Thom Browne Segment DOS | — | 7.13% / 10.33% | 2.00% | +6.9% | (95) / — | — / (58) | — / — |

The sensitivity analysis of the aforementioned assumptions (WACC, growth rate and revenues) used to determine the recoverable value, carried out on the CGUs subject to impairment testing, showed that negative changes in the basic assumptions could lead to an additional impairment loss.

***Impairment test of corporate assets***

The impairment test of corporate assets takes into consideration those assets whose recoverability is assessed at the reporting segment level: Zegna Segment (including corporate costs) and Thom Browne Segment. There were no impairments arising from the 2022, 2021 and 2020 impairment tests performed.

***Sensitivity analysis***

The calculation of value in use for all CGUs is most sensitive to the following assumptions:

- Discount rates
- Growth rates used to extrapolate cash flows beyond the forecast period
- EBITDA growth rate over the explicit period of the business plan

In order to ensure that the changes to the main assumptions did not significantly affect the results of the impairment tests, sensitivity analyses were conducted.

The following tables present the sensitivity analysis of the 2022 and 2021 impairment test of corporate assets to reasonably possible changes in aforementioned assumptions:

**2022**

| *(€ millions, except percentages and basis points)* | **Headroom** | **Existing assumption** | | | **Sensitivity effects on headroom** | | |
|---|---|---|---|---|---|---|---|
| | | **Discount rate (bps)** | **Growth rate (bps)** | **EBITDA CAGR (%) vs 2022** | **WACC +/-100 bps** | **Growth rate +/- 50 bps** | **EBITDA +/-500 bps** |
| CGU Zegna Segment | 1,590 | 855 | 300 | +16.3% | 1,196 / 2,158 | 1,818 / 1,399 | 1,843 / 1,337 |
| CGU Thom Browne Segment | 454 | 841 | 300 | +20.8% | 362 / 563 | 552 / 372 | 526 / 381 |

**2021**

| *(€ millions, except percentages and basis points)* | **Headroom** | **Existing assumption** | | | **Sensitivity effects on headroom** | | |
|---|---|---|---|---|---|---|---|
| | | **Discount rate (bps)** | **Growth rate (bps)** | **EBITDA CAGR (%) vs 2021** | **WACC +/-100 bps** | **Growth rate +/- 50 bps** | **EBITDA +/-500 bps** |
| CGU Zegna Segment | 1,277 | 669 | 150 | +13.2% | 931 / 1,790 | 1,485 / 1,106 | 1,506 / 1,048 |
| CGU Thom Browne Segment | 325 | 773 | 200 | +15.3% | 209 / 491 | 393 / 269 | 376 / 274 |

Based on the analysis performed, except for the impairments of non-current assets indicated above, these stress tests continued to show ample headroom.

**19. Right-of-use assets**

The following table provides a breakdown for right-of-use assets:

| *(€ thousands)* | Land and buildings | Industrial and commercial equipment | Plant and machinery | Other right-of-use assets | Total |
|---|---|---|---|---|---|
| **Historical cost at January 1, 2021** | **636,332** | **705** | **326** | **6,399** | **643,762** |
| Additions | 147,372 | 18 | — | 909 | 148,299 |
| Disposals | (86,612) | (151) | (158) | (1,381) | (88,302) |
| Exchange differences | 37,071 | — | — | (143) | 36,928 |
| Disposition | (18,838) | — | — | — | (18,838) |
| **Balance at December 31, 2021** | **715,325** | **572** | **168** | **5,784** | **721,849** |
| Additions | 135,933 | 32 | — | 1,816 | 137,781 |
| Disposals | (101,692) | (80) | — | (1,789) | (103,561) |
| Exchange differences | 9,357 | — | — | (18) | 9,339 |
| **Balance at December 31, 2022** | **758,923** | **524** | **168** | **5,793** | **765,408** |
| | | | | | |
| **Accumulated amortization at January 1, 2021** | **(288,455)** | **(437)** | **(162)** | **(3,062)** | **(292,116)** |
| Amortization | (103,908) | (132) | (73) | (1,666) | (105,779) |
| Impairments | (6,486) | — | — | — | (6,486) |
| Disposals | 73,546 | 151 | 155 | 1,295 | 75,147 |
| Exchange differences | (21,123) | (31) | (1) | (13) | (21,168) |
| Disposition | 2,233 | — | — | — | 2,233 |
| Reclassifications and other | (3,210) | — | — | — | (3,210) |
| **Balance at December 31, 2021** | **(347,403)** | **(449)** | **(81)** | **(3,446)** | **(351,379)** |
| Amortization | (117,488) | (117) | (34) | (1,658) | (119,297) |
| Impairments | (2,369) | — | — | — | (2,369) |
| Disposals | 82,858 | 80 | — | 1,694 | 84,632 |
| Exchange differences | (1,494) | — | — | 7 | (1,487) |
| **Balance at December 31, 2022** | **(385,896)** | **(486)** | **(115)** | **(3,403)** | **(389,900)** |
| | | | | | |
| **Carrying amount at:** | | | | | |
| **January 1, 2021** | **347,877** | **268** | **164** | **3,337** | **351,646** |
| **December 31, 2021** | **367,922** | **123** | **87** | **2,338** | **370,470** |
| **December 31, 2022** | **373,027** | **38** | **53** | **2,390** | **375,508** |

The Group leases various retail stores, warehouses, equipment and vehicles. Rental contracts are typically made for fixed periods of 1 year to 15 years but may have extension options. Contracts may contain both lease and non-lease components. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Extension options in a range of 1 years to 10 years are included in a number of property leases across the Group. These are used to maximize operational flexibility in terms of managing the assets used in the Group's operations. Such extension options are exercisable only by the Group and not by the respective lessor. Other tangible assets mainly refer to vehicles.

For the years ended December 31, 2022 and 2021 impairments were recognized for an amount of €2,369 thousand and €6,486 thousand, respectively, and primarily related to leased stores in Hong Kong, Japan, Italy, Spain and the UK that are part of the Zegna Segment, and for 2022 only, to a leased store that is part of the Thom Browne Segment. For details related to the impairment testing performed over right-of-use assets, please refer to *Note 18 — Property plant and equipment.*

**20. Investments accounted for using the equity method**

The Group's ownership percentages and the carrying value of investments accounted for using the equity method were as follows:

| *(€ thousands, except percentages)* | Tom Ford International LLC | Pelletteria Tizeta S.r.l. | Filati Biagioli Modesto S.p.A. | Achill Station Pty Ltd | Total investments accounted for using the equity method |
|---|---|---|---|---|---|
| Group's percentage interest at December 31, 2022 | 15 % | 50 % | 40 % | — | |
| Group's percentage interest at December 31, 2021 | 15 % | 50 % | 40 % | — | |
| **At January 1, 2021** | **18,000** | **2,888** | **—** | **472** | **21,360** |
| Additions | — | — | 313 | — | 313 |
| Disposition | — | — | — | (472) | (472) |
| Net income | 1,893 | 528 | 373 | — | 2,794 |
| Translation differences | (1,548) | — | — | — | (1,548) |
| **At December 31, 2021** | **18,345** | **3,416** | **686** | **—** | **22,447** |
| Disposal | — | — | (2) | — | (2) |
| Net income | 76 | 1,292 | 831 | — | 2,199 |
| Translation differences | (1,996) | — | — | — | (1,996) |
| **At December 31, 2022** | **16,425** | **4,708** | **1,515** | **—** | **22,648** |

Although the Group owns 15% of the equity shares of Tom Ford International LLC ("TFI"), the Group accounts for the investment under the equity method as the following requirements of IAS 28—*Investments in Associates and Joint Ventures* ("IAS 28") are met: the representation on the board of directors and the participation in policy-making processes. Furthermore, there are material transactions between the Group and TFI. As a result of net losses incurred by TFI in 2020, the Group performed an impairment test over the carrying amount of its investment in TFI, resulting in an impairment loss of €4,532 thousand in 2020. The results of impairment tests performed in 2021 and 2022 resulted in no impairment.

On November 15, 2022, the Group entered into arrangements to acquire the remaining 85% interest in TFI and to enter into a long-term license agreement (the "TFI License") with The Estée Lauder Companies (together, the "TFI Acquisition") for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products. The TFI Acquisition is subject to antitrust approvals and other customary closing conditions, and is contingent upon the closing of the acquisition of the TOM FORD brand and all its intellectual property by The Estée Lauder Companies. TFI, together with its subsidiaries, owns the operations of the TOM FORD fashion business necessary to act as licensee under the TFI License. The closing of the TFI Acquisition is expected in the second quarter of 2023.

On July 14, 2021 the Group acquired 40% of the equity shares of Filati Biagioli Modesto S.p.A. for consideration of €313 thousand, a company based in Montale (Pistoia) that specializes in the production of yarns.

Certain financial information of companies accounted for using the equity method is provided below at and for the year ended December 31, 2022, as required by IFRS 12—*Disclosure of Interest in Other Entities* ("IFRS 12").

| *(€ thousands)* | Pelletteria Tizeta S.r.l. | Tom Ford International LLC | Filati Biagioli Modesto S.p.A. |
|---|---|---|---|
| Total assets | 33,267 | 355,183 | 45,544 |
| Total liabilities | 9,415 | 492,184 | 41,729 |
| Total equity | 23,852 | (137,001) | 3,815 |
| Net revenues | 44,436 | 311,720 | 49,496 |
| Net income/(loss) | 2,330 | 509 | 1,837 |

**21. Other non-current financial assets**

The following table provides a breakdown for other non-current financial assets:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Guarantee deposits | 26,814 | 29,399 |
| Financial loans to related parties | 2,240 | 2,219 |
| Financial loans to TFI | 1,862 | 1,497 |
| Lease receivables from sublease | 1,366 | — |
| Other | 3,958 | 2,257 |
| **Total other non-current financial assets** | **36,240** | **35,372** |

There are no expected credit losses associated with the guarantee deposits.

Financial loans to related parties consist of a loan to a company beneficially owned by a Zegna director's family member in December 2021 for a principal amount of €2.2 million in order to acquire Zegna shares in December 2021.

Financial loans to TFI (in which the Group holds a 15% interest) at December 31, 2022 and 2021 relate to a loan with a principal amount of €1.2 million due in 2026. For additional information relating to TFI see *Note 20 — Investments accounted for using the equity method*.

Other primarily related to investments in other companies, which are measured at fair value at December 31, 2022.

**22. Inventories**

The following table provides a breakdown for inventories (net of the provision for slow moving and obsolete inventories):

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Raw materials, ancillary materials and consumables | 61,822 | 42,255 |
| Work-in-progress and semi-finished products | 63,019 | 50,703 |
| Finished goods | 286,010 | 245,517 |
| **Total inventories** | **410,851** | **338,475** |

The amount of provisions for slow moving and obsolete inventories recognized (primarily within cost of raw materials, consumables and finished goods) for the years ended December 31, 2022, 2021 and 2020 was €28,561 thousand, €29,600 thousand and €43,064 thousand, respectively.

The following table provides the changes in the total provision for slow moving and obsolete inventories for the years ended December 31, 2022 and 2021.

| | **2022** | **2021** |
|---|---|---|
| **At January 1,** | **(136,822)** | **(120,098)** |
| Provisions | (28,561) | (29,600) |
| Utilizations and releases | 22,707 | 17,618 |
| Exchange differences and other changes | (5,143) | (4,742) |
| **At December 31,** | **(147,819)** | **(136,822)** |

### 23. Trade receivables

The following table provides a breakdown for trade receivables:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Trade receivables | 183,725 | 167,003 |
| Loss allowance | (6,512) | (6,643) |
| **Total trade receivables** | **177,213** | **160,360** |

The following table provides a breakdown for the loss allowance relating to trade receivables:

| | Loss allowance | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| **At January 1,** | **(6,643)** | **(8,717)** |
| Provisions | (806) | (496) |
| Utilizations | 131 | 71 |
| Releases | 645 | 923 |
| Disposition | — | 207 |
| Exchange differences and other | 161 | 1,369 |
| **At December 31,** | **(6,512)** | **(6,643)** |

The Group applies the simplified approach available under IFRS 9 to always measure the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group has recognized a loss allowance of 100% against all receivables that are greater than 180 days past due because historical experience has indicated that these receivables are generally not recoverable, except in certain cases where the receivables are covered by insurance agreements. The Group generally writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery (e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings) or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities.

The following table presents trade receivables by geographic area:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| **EMEA** [(1)] | **77,817** | **62,412** |
| *of which Italy* | *50,897* | *32,089* |
| **North America** [(2)] | **24,523** | **18,061** |
| *of which United States* | *20,669* | *16,883* |
| **Latin America** [(3)] | **5,770** | **4,437** |
| **APAC** [(4)] | **69,103** | **75,450** |
| *of which Greater China Region* | *47,924* | *54,978* |
| **Total trade receivables** | **177,213** | **160,360** |

*(1) EMEA includes Europe, the Middle East and Africa.*
*(2) North America includes the United States of America and Canada.*
*(3) Latin America includes Mexico, Brazil and other Central and South American countries.*
*(4) APAC includes the Greater China Region, Japan, South Korea, Thailand, Malaysia, Vietnam, Indonesia, Philippines, Australia, New Zealand, India and other Southeast Asian countries.*

**24. Derivative financial instruments**

The Group enters into certain derivative contracts in the course of its risk management activities, primarily to hedge the interest rate risk on its bank debt and the currency risk on sales made in currencies other than the Euro. The Company only enters into these contracts for hedging purposes as the Group's financial management policy does not permit trading in financial instruments for speculative purposes. Derivative financial instruments meeting the hedge requirements of IFRS 9 are accounted for using hedge accounting. Changes in the fair value of derivative financial instruments not qualifying for hedge accounting are recognized in profit or loss in the relevant reporting period. The interest rate and currency derivatives used by the Company are over the counter (OTC) instruments, meaning those negotiated bilaterally with market counterparties, and the determination of their current value is based on valuation techniques that use input parameters (such as interest rate curves, foreign exchange rates, etc.) observable on the market (level 2 of the fair value hierarchy defined in IFRS 13 — *Fair Value Measurement*).

Derivatives are measured at fair value each reporting date by taking as a reference the applicable foreign currency exchange rates or the interest rates and yield curves observable at commonly quoted intervals.

At the reporting date, the Group had outstanding hedges as detailed in the tables below:

| | At December 31, 2022 | | | At December 31, 2021 | | |
|---|---|---|---|---|---|---|
| *(€ thousands)* | **Notional Amount** | **Positive Fair Value** | **Negative Fair Value** | **Notional Amount** | **Positive Fair Value** | **Negative Fair Value** |
| **Foreign currency exchange risk** | | | | | | |
| Forward contracts | 481,110 | 13,075 | (2,362) | 550,734 | 1,786 | (11,726) |
| Deal-Contingent Option | — | — | — | 109,244 | — | — |
| **Interest rate risk** | | | | | | |
| Interest rate swaps | 320,000 | 9,379 | — | 323,816 | — | (2,412) |
| **Total derivatives – Hedging** | **801,110** | **22,454** | **(2,362)** | **983,794** | **1,786** | **(14,138)** |
| **Total derivatives instruments - Asset/(Liabilities)** | **801,110** | **22,454** | **(2,362)** | **983,794** | **1,786** | **(14,138)** |

***Hedging derivatives***

All contracts in place at the reporting date were entered into with major financial institutions, and no counterparties are expected to default. A liquidity analysis of the derivative contract maturities is provided in the financial risks section of these notes.

The cash flows resulting from the Group's international activities are exposed to exchange rate volatility. In order to hedge this risk, the Group enters into forward sale and purchase agreements, so as to guarantee the value of identified cash flows in Euro (or in other currencies used locally). The projected future cash flows mainly relate to the collection of trade receivables, the settlement of trade payables and financial cash flows. The notional amount of foreign exchange forward contracts to hedge projected future cash flows are detailed as follows:

| | For the years ended December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| USD | 203,611 | 194,097 |
| CHF | 8,145 | 4,792 |
| CNY | 94,203 | 191,936 |
| GBP | 36,984 | 25,012 |
| HKD | 59,160 | 46,883 |
| JPY | 35,119 | 51,075 |
| Other | 43,888 | 36,939 |
| **Total notional amount** | **481,110** | **550,734** |

The Deal-Contingent Option refers to a deal-contingent option acquired by Zegna on November 3, 2021 in connection with the Business Combination. Under the agreement Zegna had the right, but not the obligation, to exchange

$130 million for Euros at an exchange rate of $1.19 per Euro, contingent on the closing of the Business Combination. The Deal-Contingent Option was set to expire on January 14, 2022 and was entered into in order to hedge currency risk for the distribution of Euros by locking in the strike exchange rate of $1.19 per Euro. Zegna paid a premium to acquire the option because the closing occurred; however, because the Deal-Contingent Option was out of the money on the closing date of the Business Combination, the option was not exercised and expired.

The key features of the interest rate swap (IRS) agreements are summarized as follows:

| *(€ thousands, except percentages)* | | | **Notional amount at December 31,** | | **Fair value at December 31,** | |
|---|---|---|---|---|---|---|
| **Contract** | **Maturity date** | **Fixed interest rate** | **2022** | **2021** | **2022** | **2021** |
| IRS 1 | 1/27/2023 | 0.27% | 20,000 | 20,000 | 67 | (192) |
| IRS 2 | 2/8/2023 | 0.17% | 20,000 | 20,000 | 45 | (144) |
| IRS 3 | 4/27/2023 | 0.26% | 50,000 | 50,000 | 428 | (523) |
| IRS 4 | 8/3/2023 | 0.28% | 40,000 | 40,000 | 676 | (483) |
| IRS 5 | 11/17/2023 | 0.34% | 60,000 | 60,000 | 1,564 | (801) |
| IRS 6 | 4/15/2024 | (0.24%) | 80,000 | 80,000 | 3,775 | (109) |
| IRS 7 | 12/20/2024 | 0.01% | 50,000 | 50,000 | 2,824 | 72 |
| IRS 8(*) | 7/29/2027 | 0.80% | — | 1,996 | — | (57) |
| IRS 9(*) | 12/18/2031 | 1.94% | — | 1,820 | — | (175) |
| **Total** | | | **320,000** | **323,816** | **9,379** | **(2,412)** |

* *These agreements were disposed of prior to their original maturity dates.*

### 25. Other current financial assets

The following table provides a breakdown for other current financial assets (see *Note 37 — Fair value measurement* for a breakdown of other current financial assets by fair value level):

| | **At December 31,** | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Securities | 316,595 | 334,244 |
| Guarantee deposits | 2,075 | 6,136 |
| Financial receivables | 2,224 | — |
| **Total other current financial assets** | **320,894** | **340,380** |

The following table provides a breakdown for securities:

| *(€ thousands)* | At December 31, 2021 | Investments | Disposals | Fair value adjustments | Realized gains/(losses) | Exchange rate gains/(losses) | At December 31, 2022 |
|---|---|---|---|---|---|---|---|
| **FVPL** | | | | | | | |
| Insurance contracts | 113,919 | — | — | 1,056 | — | — | 114,975 |
| Fixed income | 68,947 | — | — | (4,930) | — | — | 64,017 |
| Hedge funds | 41,483 | 7,304 | — | (2,631) | — | 605 | 46,761 |
| Private equity | 15,925 | 6,230 | (7,533) | 3,282 | 17 | 390 | 18,311 |
| Equity | 25,408 | — | (7,101) | (3,354) | (590) | 229 | 14,592 |
| Private debt | 7,945 | 5,201 | — | 498 | — | — | 13,644 |
| Real estate funds | 32,898 | 2,496 | (24,633) | 248 | 800 | 320 | 12,129 |
| Commodities | — | 2,991 | — | (264) | — | — | 2,727 |
| Money market funds | 2,007 | 966 | (370) | 77 | — | (93) | 2,587 |
| **Total FVPL** | **308,532** | **25,188** | **(39,637)** | **(6,018)** | **227** | **1,451** | **289,743** |
| **FVOCI** | | | | | | | |
| Floating income | 20,687 | — | (2,500) | (445) | — | — | 17,742 |
| Fixed income | 5,025 | 5,000 | — | (915) | — | — | 9,110 |
| **Total FVOCI** | **25,712** | **5,000** | **(2,500)** | **(1,360)** | **—** | **—** | **26,852** |
| **Total securities** | **334,244** | **30,188** | **(42,137)** | **(7,378)** | **227** | **1,451** | **316,595** |

| *(€ thousands)* | At December 31, 2020 | Investments | Disposals | Fair value adjustments | Realized gains/(losses) | Exchange rate gains/(losses) | At December 31, 2021 |
|---|---|---|---|---|---|---|---|
| **FVPL** | | | | | | | |
| Insurance contracts | 107,188 | 6,232 | — | 499 | — | — | 113,919 |
| Fixed income | 88,011 | 24,756 | (44,713) | 1,271 | (380) | 2 | 68,947 |
| Hedge funds | 36,511 | 10,396 | (7,861) | 1,153 | 572 | 712 | 41,483 |
| Real estate funds | 29,073 | 3,826 | (2,060) | 1,316 | 109 | 634 | 32,898 |
| Equity | 24,843 | 8,327 | (10,236) | 1,224 | 1,011 | 239 | 25,408 |
| Private equity | 10,583 | 4,505 | (3,036) | 3,486 | — | 387 | 15,925 |
| Private debt | 6,894 | 401 | — | 650 | — | — | 7,945 |
| Money market funds | 19,223 | 11,479 | (30,978) | 20 | 279 | 1,984 | 2,007 |
| **Total FVPL** | **322,326** | **69,922** | **(98,884)** | **9,619** | **1,591** | **3,958** | **308,532** |
| **FVOCI** | | | | | | | |
| Floating income | 22,663 | — | (2,284) | 252 | 56 | — | 20,687 |
| Fixed income | 5,174 | — | (416) | 267 | — | — | 5,025 |
| **Total FVOCI** | **27,837** | **—** | **(2,700)** | **519** | **56** | **—** | **25,712** |
| **Total securities** | **350,163** | **69,922** | **(101,584)** | **10,138** | **1,647** | **3,958** | **334,244** |

### 26. Other current assets

Other current assets amount to €84,574 thousand and €68,773 thousand at December 31, 2022 and 2021, respectively, and mainly relate to accrued income, deferred charges and indirect tax receivables.

**27. Cash and cash equivalents**

The following table provides a breakdown for cash and cash equivalents:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Cash on hand | 2,322 | 1,651 |
| Bank balances | 251,999 | 458,140 |
| **Total cash and cash equivalents** | **254,321** | **459,791** |

The Group may be subject to restrictions which limit its ability to use cash. In particular, cash held in China is subject to certain repatriation restrictions and may only be repatriated as dividends or capital distributions, or to repay debt or other liabilities. The Group does not believe that such transfer restrictions have any adverse impacts on its ability to meet liquidity requirements. Cash held in China at December 31, 2022 amounted to €24,257 thousand (€60,381 thousand at December 31, 2021). Certain restrictions over cash also exist in Argentina; however, such restrictions do not significantly impact the Group as cash held in Argentina amounted to €233 thousand at December 31, 2022 (€244 thousand at December 31, 2021).

**28. Shareholder' equity**

***Share capital***

At December 31, 2022 and 2021, the fully paid up share capital of the Company was €5,939 thousand, consisting of 296,943,659 ordinary shares, all with a nominal value of €0.02.

Each ordinary share confers the right to cast one vote. Holders of ordinary shares become entitled to special voting shares upon registering their ordinary shares in the loyalty register (thereby blocking such shares from trading on the NYSE) and maintaining them registered in such register for an interrupted period of time as prescribed by the articles of association of Zegna. Ordinary shares carry the right to receive dividends and each ordinary share carries the right to repayment of capital in the event of dissolution and liquidation, with the remaining equity after all debts are satisfied for the benefit of the holders of ordinary shares in proportion to the aggregate nominal value of their ordinary shares. Ordinary shares carry preemptive rights in proportion to the aggregate number of ordinary shares held upon the issuance of new ordinary shares or the granting of rights to subscribe for ordinary shares, subject to certain exceptions.

***Retained earnings***

Retained earnings include the Group's accumulated earnings, less dividends paid to equity holders and other changes. Among other changes, retained earnings also include the first-time adoption reserve (IFRS), reflecting the combined effects of the equity adjustments, net of tax effects, arising from the transition to IFRS from previous local GAAP, which occurred on January 1, 2018.

At the Annual General Meeting of the Shareholders held on June 28, 2022, the shareholders approved a dividend distribution of €0.09 per ordinary share, corresponding to a total dividend of €21,852 thousand. The dividend distribution was paid on July 28, 2022 and was made from the retained earnings reserve.

***Other reserves***

Other reserves (including other comprehensive income/(loss)) are detailed as follows:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Legal and statutory reserves | 8,056 | 860 |
| Share premium | 721,187 | 721,187 |
| Reserve for treasury shares | (451,174) | (455,000) |
| Other comprehensive income/(loss) reserve (OCI) | 19,131 | (12,295) |
| Share-based payments reserve | 88,557 | 74,978 |
| Non-controlling interests options reserve | (183,525) | (196,691) |
| Other reserves | (57,542) | (36,360) |
| **Other reserves, including OCI** | **144,690** | **96,679** |

At December 31, 2022 and 2021, the share premium amounted to €721,187 thousand and includes €710,264 thousand as a result of shares issued as part of the Business Combination (net of transaction costs of €17,239 thousand) and €10,923 thousand relating to the reimbursement to Zegna by Monterubello of a special gift to all employees of the Group.

At December 31, 2022, the reserve for treasury shares amounted to €451,174 thousand (€455,000 thousand at December 31, 2021) and 54,140,913 ordinary shares were held in treasury (54,600,000 ordinary shares at December 31, 2021).

Other comprehensive income/(loss) reserve includes the following:

- a translation reserve for the translation differences arising from the consolidation of subsidiaries with a functional currency different from the Euro;
- a cash flow hedge reserve for the changes in the fair value of derivative financial instruments held by the Group designated as a hedge of the exposure to variability in currency exchange rate and interest rate risk;
- gains and losses on the remeasurement of defined benefit plans for actuarial gains and losses arising during the period which are offset against the related net defined benefit liabilities;
- the financial assets at FVOCI reserve which arises from changes in the fair value of debt instruments held by the company under a hold to collect and sell business model, which will be reversed when the investment is derecognized or impaired.

The non-controlling interests options reserve includes a reduction of equity attributable to shareholders of the Company resulting from the initial recognition of the financial liabilities at fair value (which is subsequently remeasured at the end of which period through the statement of profit and loss) relating to the put option held by Gruppo Dondi S.p.A. non-controlling interest shareholders for €21,459 thousand recognized in 2019, as well as on the put option held by Thom Browne Group non-controlling interest shareholders for €162,066 thousand recognized in 2018.

## 29. Non-controlling interests

The following tables show the financial information of consolidated companies not entirely controlled by the Group, as required by IFRS 12. The amounts disclosed for each subsidiary are before intercompany eliminations and at and for the year ended December 31, 2022 and 2021.

| | At and for the year ended December 31, 2022 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(Functional currency thousands)* | **Country** | **Group's percentage interest** | **Non-controlling interest percentage** | **Functional currency** | **Total assets** | **Total equity** | **Net revenues** | **Net income / (loss)** | **Dividends paid to non-controlling shareholders** |
| **Company** | | | | | | | | | |
| Thom Browne Inc. | U.S.A. | 90 % | 10 % | USD | 298,901 | 146,879 | 348,445 | 43,277 | (2,000) |
| Ermenegildo Zegna Vietnam LLC | Vietnam | 90 % | 10 % | VTD | 59,373,311 | 21,638,614 | 45,647,540 | 7,913,295 | — |
| Ermenegildo Zegna Madrid S.A. | Spain | 70 % | 30 % | EUR | 3,718 | 1,741 | 3,838 | 120 | (90) |
| Gruppo Dondi S.p.A. | Italy | 65 % | 35 % | EUR | 39,469 | 20,507 | 47,655 | 4,901 | (1,113) |
| E. Z. Thai Holding Ltd | Thailand | 49 % | 51 % | THB | 12,669 | 19 | — | (309) | — |
| Bonotto S.p.A. | Italy | 60 % | 40 % | EUR | 23,739 | 9,431 | 24,552 | 2,075 | (797) |
| Tessitura Ubertino S.r.l. | Italy | 60 % | 40 % | EUR | 8,351 | 4,921 | 10,245 | 983 | (312) |
| Cappellificio Cervo S.r.l. | Italy | 51 % | 49 % | EUR | 1,630 | 864 | 2,371 | 85 | — |
| Zegna South Asia Private LTD | India | 51 % | 49 % | INR | 590,989 | 199,864 | 395,827 | 76,155 | — |
| Zegna Gulf Trading LLC | UAE | 49 % | 51 % | AED | 140,841 | 53,895 | 191,749 | 52,806 | — |
| The Italian Fashion Co. LTD | Thailand | 65 % | 35 % | THB | 198,556 | (16,584) | 190,048 | 11,015 | — |

| | At and for the year ended December 31, 2021 | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| *(Functional currency thousands)* | **Country** | **Group's percentage interest** | **Non-controlling interest percentage** | **Functional currency** | **Total assets** | **Total equity** | **Net revenues** | **Net income / (loss)** | **Dividends paid to non-controlling shareholders** |
| **Company** | | | | | | | | | |
| Thom Browne Inc. | U.S.A. | 90 % | 10 % | USD | 233,472 | 129,244 | 312,311 | 35,703 | — |
| Ermenegildo Zegna Vietnam LLC | Vietnam | 77 % | 23 % | VTD | 59,619,650 | (65,153,441) | 34,267,609 | (3,987,259) | — |
| Ermenegildo Zegna Madrid S.A. | Spain | 70 % | 30 % | EUR | 3,627 | 1,925 | 2,241 | (96) | — |
| Gruppo Dondi S.p.A. | Italy | 65 % | 35 % | EUR | 33,459 | 18,475 | 37,617 | 4,783 | (182) |
| E. Z. Thai Holding Ltd | Thailand | 49 % | 51 % | THB | 12,979 | 328 | — | (121) | — |
| Bonotto S.p.A. | Italy | 60 % | 40 % | EUR | 21,482 | 9,030 | 17,674 | 1,840 | — |
| Tessitura Ubertino S.r.l. | Italy | 60 % | 40 % | EUR | 12,221 | 8,786 | 5,625 | 561 | — |
| Cappellificio Cervo S.r.l. | Italy | 51 % | 49 % | EUR | 1,498 | 757 | 1,315 | (35) | — |
| Zegna South Asia Private LTD | India | 51 % | 49 % | INR | 871,210 | 123,709 | 281,592 | 21,891 | — |
| Zegna Gulf Trading LLC | UAE | 49 % | 51 % | AED | 125,086 | 921 | 137,355 | 30,783 | — |
| The Italian Fashion Co. LTD | Thailand | 65 % | 35 % | THB | 171,771 | (28,094) | 91,848 | (51,149) | — |

**30. Borrowings**

The following table provides a breakdown for non-current and current borrowings:

| | 2022 | | | 2021 | | |
|---|---|---|---|---|---|---|
| *(€ thousands)* | **Committed Loans** | **Other financial loans** | **Total borrowings** | **Committed Loans** | **Other financial loans** | **Total borrowings** |
| **At January 1,** | **578,213** | **50,725** | **628,938** | **613,415** | **51,336** | **664,751** |
| Repayments | (109,422) | (50,297) | (159,719) | (56,029) | (104,181) | (160,210) |
| Proceeds | — | — | — | 20,000 | 103,570 | 123,570 |
| Other | 1,836 | — | 1,836 | 827 | — | 827 |
| **At December 31,** | **470,627** | **428** | **471,055** | **578,213** | **50,725** | **628,938** |
| *Of which:* | | | | | | |
| *Non-current* | *184,661* | *219* | *184,880* | *470,934* | *712* | *471,646* |
| *Current* | *285,966* | *209* | *286,175* | *107,279* | *50,013* | *157,292* |

The repayment schedule for borrowings is summarized below:

| *(€ thousands)* | **At December 31, 2022** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5 and beyond** |
|---|---|---|---|---|---|---|
| Committed loans | 470,627 | 285,966 | 137,206 | 35,387 | 3,994 | 8,074 |
| Other financial liabilities | 428 | 209 | 211 | 8 | — | — |
| **Total borrowings** | **471,055** | **286,175** | **137,417** | **35,395** | **3,994** | **8,074** |

| *(€ thousands)* | **At December 31, 2021** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5 and beyond** |
|---|---|---|---|---|---|---|
| Committed loans | 578,213 | 107,279 | 281,028 | 133,872 | 43,965 | 12,069 |
| Other financial liabilities | 50,725 | 50,013 | 20 | 680 | 12 | — |
| **Total borrowings** | **628,938** | **157,292** | **281,048** | **134,552** | **43,977** | **12,069** |

Interest on certain of the Group's borrowings is calculated based on variable rates. Management may use interest rate swaps ("IRS") or other derivative financial instruments to hedge exposure to fluctuations in interest rates associated with monetary flows and not for speculative purposes. See *Note 38 — Qualitative and quantitative information on financial risks* for additional information related to the Group's management of interest rate and other financial risks.

The following tables provide details relating to the Group's individual borrowings.

| Borrower | Interest rate | Interest rate terms | Expiry date | At December 31, 2022 | |
|---|---|---|---|---|---|
| | | | | of which current portion | of which non-current portion |
| | | | | (€ thousands) | |
| Ermenegildo Zegna N.V. | Variable | IRS + 1.48% | January 2023 | 20,099 | — |
| Ermenegildo Zegna N.V. | Variable | IRS + 0.80% | February 2023 | 20,000 | — |
| Ermenegildo Zegna N.V. | Fixed | 0.77% | March 2023 | 15,000 | — |
| Ermenegildo Zegna N.V. | Fixed | 0.49% | April 2023 | 50,042 | — |
| Ermenegildo Zegna N.V. | Variable | Euribor 6m + 0.75% | May 2023 | 45,139 | — |
| Ermenegildo Zegna N.V. | Variable | Euribor 6m + 0.86% | June 2023 | 6,250 | — |
| Ermenegildo Zegna N.V. | Variable | IRS + 1.05% | August 2023 | 40,168 | — |
| Ermenegildo Zegna N.V. | Variable | IRS + 0.78% | November 2023 | 60,139 | — |
| Ermenegildo Zegna N.V. | Variable | Euribor 6m + 0.78% | November 2023 | 5,000 | — |
| Ermenegildo Zegna N.V. | Fixed | 1.22% | November 2023 | 20,000 | — |
| Ermenegildo Zegna N.V. | Variable | IRS + 0.81% | April 2024 | 409 | 79,986 |
| Lanificio Ermenegildo Zegna e Figli S.p.A. | Fixed | 1.35% | June 2024 | 194 | 195 |
| Ermenegildo Zegna N.V. | Variable | IRS + 0.60% | December 2024 | 200 | 49,951 |
| Co.Ti Service S.A. | Fixed | 0.75% | March 2025 | — | 20,000 |
| Co.Ti Service S.A. | Fixed | 0.75% | April 2025 | — | 10,000 |
| Ermenegildo Zegna N.V. | Variable | Euribor 1m + 0.77% | May 2025 | 3,324 | 4,750 |
| Ermenegildo Zegna N.V. | Fixed | 0.73% | September 2028 | 33 | 19,973 |
| Other borrowings | Fixed | 0.05% - 0.49% | Up to 2029 | 178 | 25 |
| **Total** | | | | **286,175** | **184,880** |
| *of which fixed* | | | | *85,447* | *50,193* |
| *of which variable* | | | | *200,728* | *134,687* |

| Borrower | Interest rate | Interest rate terms | Expiry date | At December 31, 2021 | |
|---|---|---|---|---|---|
| | | | | of which current portion | of which non-current portion |
| | | | | *(€ thousands)* | |
| Co.Ti Service S.A. | Fixed | 0.79% | February 2022 | 10,000 | — |
| Co.Ti Service S.A. | Fixed | 0.79% | March 2022 | 5,000 | — |
| Ermenegildo Zegna N.V. | Fixed | 0.00% | March 2022 | 15,000 | — |
| Ermenegildo Zegna N.V. | Fixed | 0.00% | March 2022 | 35,000 | — |
| Ermenegildo Zegna N.V. | Variable | Euribor 3m + 0.69% | September 2022 | 9,998 | — |
| Ermenegildo Zegna N.V. | Fixed | 1.25% | December 2022 | 10,000 | — |
| Ermenegildo Zegna N.V. | Variable | IRS + 1.48% | January 2023 | — | 19,999 |
| Ermenegildo Zegna N.V. | Variable | IRS + 0.80% | February 2023 | — | 20,000 |
| Ermenegildo Zegna N.V. | Fixed | 0.77% | March 2023 | — | 15,000 |
| Ermenegildo Zegna N.V. | Fixed | 0.49% | April 2023 | — | 49,993 |
| Ermenegildo Zegna N.V. | Variable | Euribor 6m + 0.75% | May 2023 | — | 44,991 |
| Ermenegildo Zegna N.V. | Variable | Euribor 6m + 0.83% | June 2023 | 12,485 | 6,247 |
| Ermenegildo Zegna N.V. | Variable | IRS + 1.05% | August 2023 | — | 39,993 |
| Ermenegildo Zegna N.V. | Variable | Euribor 6m + 0.80% | September 2023 | 49,836 | — |
| Ermenegildo Zegna N.V. | Variable | IRS + 0.75% | November 2023 | — | 59,948 |
| Ermenegildo Zegna N.V. | Variable | Euribor 6m + 0.75% | November 2023 | 9,960 | 4,966 |
| Ermenegildo Zegna N.V. | Fixed | 1.22% | November 2023 | — | 20,000 |
| Ermenegildo Zegna N.V. | Variable | IRS + 0.81% | April 2024 | — | 79,936 |
| Lanificio Ermenegildo Zegna e Figli S.p.A. | Fixed | 1.35% | June 2024 | — | 655 |
| Ermenegildo Zegna N.V. | Variable | IRS + 0.60% | December 2024 | — | 49,901 |
| Co.Ti Service S.A. | Fixed | 0.75% | March 2025 | — | 20,000 |
| Co.Ti Service S.A. | Fixed | 0.75% | April 2025 | — | 10,000 |
| Ermenegildo Zegna N.V. | Variable | Euribor 1m + 0.76% | May 2025 | — | 9,993 |
| Ermenegildo Zegna N.V. | Fixed | 0.73% | September 2028 | — | 19,967 |
| Other | Fixed | 0.05% | June 2025 | 13 | 57 |
| ***Total*** | | | | **157,292** | **471,646** |
| *of which fixed* | | | | *75,013* | *135,672* |
| *of which variable* | | | | *82,279* | *335,974* |

In 2022, the Group entered into a number of bilateral financing agreements in the form of committed revolving lines for a total amount of €240 million and for a period of 7 years. The interest rates and commitment fees on the majority of the lines are subject to adjustment based on the Group's performance in relation to the following two important ESG targets previously disclosed by the Group: (i) at least 50% of top priority raw materials are traced to their geography of origin and from lower-impact sources by 2026; and (ii) 100% of the electricity is from renewable sources in Europe and the United States by 2024. The lines were undrawn at December 31, 2022.

**31. Other current and non-current financial liabilities**

The following table provides a breakdown for other current and non-current financial liabilities:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Written put options on non-controlling interests | 178,766 | 159,411 |
| *of which Thom Browne option* | *155,551* | *135,726* |
| *of which Dondi option* | *23,215* | *23,685* |
| Other | 27 | 7,976 |
| **Other non-current financial liabilities** | **178,793** | **167,387** |
| Warrant liabilities | 37,258 | 33,984 |
| **Other current financial liabilities** | **37,258** | **33,984** |
| **Total** | **216,051** | **201,371** |

***Written put options on non-controlling interests***

*Thom Browne*

The Group is party to an option agreement with Mr. Thom Browne in reference to the Group's original investment of 85% in the Thom Browne Group. Upon origination of the option, Mr. Thom Browne had a put option giving him the right to sell to the Group his 15% interest in the Thom Browne Group, in three tranches, at the exercise price established as the EBITDA of the Thom Browne Group recorded in 2023, 2028 and 2030, multiplied by a given multiple ("TB Exercise Formula"). The financial liability arising from the obligation of the Group to purchase the non-controlling interest in the Thom Browne Group is measured at the present value of the expected exercise amount, calculated through the TB Exercise Formula as per projections contained in the latest business plan, which cover the period from 2023 to 2025. The remeasurement of the liability at each reporting date is recognized through profit or loss based on the latest available information.

During the first half of 2021 the parties renegotiated the contract, providing for early exercise of the option to purchase an additional 5% of the Thom Browne Group; all other conditions of the contract remained unmodified. As a result, on June 1, 2021 the Group purchased an additional 5% of the Thom Browne Group, based on the first tranche of the put option, for a total consideration of $37,400 thousand (€30,653 thousand), as a result of which in 2021 the Group derecognized a portion of the liability for the written put option on non-controlling interests in the amount of €51,328 thousand and recognized a corresponding gain within finance income in the consolidated statement of profit and loss in the amount of €20,675 thousand. Additionally, the equity attributable to non-controlling interests was reduced by €4,037 thousand with an offsetting increase to equity attributable to shareholders of the Parent Company and the put option relating to the remaining non-controlling interest was remeasured at its fair value. Following the above transaction, the Group owns 90% of the Thom Browne Group and Mr. Thom Browne has a put option giving him the right to sell to the Group his 10% interest in the Thom Browne Group.

At December 31, 2022 the liability for the put option, which relates to the remaining 10% of non-controlling interests, amounted to €155,551 thousand and was classified as non-current (€135,726 thousand at December 31, 2021).

*Dondi*

The Group is party to an option agreement with the Dondi family in reference to the Group's original investment of 65% in Dondi. In particular, the Dondi family has a put option giving them the right to sell to the Group on the Dondi family's 35% interest in Dondi, in two tranches, during 2029 and 2034. The exercise price of the option is established as the EBITDA of Dondi at the exercise date, less its net indebtedness, multiplied by a given multiple less a given discount ("Dondi Exercise Formula"). The financial liability arising from the obligation was measured at the present value of the expected exercise amount, calculated through the Dondi Exercise Formula as per projections contained in the approved Business Plan. The remeasurement of the liability at each reporting date is recognized through profit or loss based on the latest available information. The liability related to this written put option at December 31, 2022 amounted to €23,215 thousand (€23,685 thousand at December 31, 2021).

***Warrant liabilities***

As part of the Business Combination, the Group assumed IIAC's 13,416,637 public warrants (which automatically converted into warrants to purchase ordinary shares of Zegna) and issued 6,700,000 private placement warrants (of which 800,000 were issued to certain of Zegna's directors and recognized as share-based compensation expense within personnel costs in 2021 and an offsetting increase to other reserves within equity). At December 31, 2022, 13,416,636 public warrants and 6,700,000 private warrants (including the 800,000 equity-classified warrants) were outstanding (13,416,637 public warrants and 6,700,000 private warrants at December 31, 2021). The outstanding liability-classified warrants were recognized as liabilities at fair value at each reporting date.

Each public warrant entitles the holder to purchase one Zegna ordinary share at a price of $11.50 per share and may be exercised within 5 years from the completion of the Business Combination. The public warrants may be redeemed by the Company:

- at a price of $0.01 per warrant, if, and only if, the last reported sale price of the Zegna ordinary shares equals or exceeds $18.00 per share for any 20 trading days within a 30-trading day period ending three trading days before sending the notice of redemption to each warrant holder;

- at a price of $0.10 per warrant, if, and only if, the last reported sale price of the Zegna ordinary shares equals or exceeds $10.00 per share for any 20 trading days within a 30-trading day period ending three trading days before sending the notice of redemption to each warrant holder.

The exercise price and number of Zegna ordinary shares issuable on exercise of the public warrants, as well as the terms of redemption, may be subject to adjustments in certain circumstances, including, among other events, in the event of a share dividend, extraordinary dividend or Zegna's recapitalization, reorganization, merger or consolidation.

The private placement warrants have the same terms as the public warrants, except that, so long as they are held by Investindustrial Acquisition Corp. L.P., a limited partnership incorporated in England and Wales ("IIAC Sponsor") or its permitted transferees, i) the private placement warrants were subject to transfer limitations in the 30-day period immediately after the completion of the Business Combination, ii) they may be exercised by the holders on a cashless basis and iii) in certain circumstances they will not be redeemable by the Company. If the private placement warrants are held by someone other than the IIAC Sponsor or its permitted transferees, such warrants will be redeemable by the Company and exercisable by such holders on the same basis as the public warrants.

For additional information related to the Business Combination please refer to *Note 1 — General information*.

Subsequent to the reporting date, in February 2023 the Company completed the redemption of its outstanding public and private placement warrants, following which there are no remaining public or private placement warrants outstanding. For additional information on the warrant redemption see *Note 43 — Subsequent events*.

### 32. Lease liabilities

The following table provides a breakdown for lease liabilities.

| *(€ thousands)* | 2022 | 2021 |
|---|---|---|
| **At January 1,** | **438,052** | **407,687** |
| Interest expense | 9,882 | 9,351 |
| Repayment of lease liabilities (including interest expense) | (124,321) | (109,962) |
| IFRS 16 lease amendment: lease renegotiation | (7,194) | (12,416) |
| Additions due to new leases and store renewals | 140,875 | 150,648 |
| Decrease of lease liabilities due to store closures | (21,726) | (16,485) |
| Disposition | — | (11,508) |
| Translation differences | 7,939 | 20,737 |
| **At December 31,** | **443,507** | **438,052** |
| *Of which:* | | |
| *Non-current* | *332,050* | *331,409* |
| *Current* | *111,457* | *106,643* |

In certain countries, leases for stores entail the payment of both minimum amounts and variable amounts, especially for stores with lease payments indexed to revenue. As required by IFRS 16, only the minimum fixed lease payments are capitalized.

The following table summarizes the lease liabilities by maturity date:

| *(€ thousands)* | At December 31, | Year 1 | Year 2 | Year 3 | Year 4 | Beyond |
|---|---|---|---|---|---|---|
| 2022 | **443,507** | 111,457 | 91,081 | 62,502 | 46,528 | 131,939 |
| 2021 | **438,052** | 106,643 | 92,344 | 65,610 | 38,898 | 134,557 |

See *Note 38 — Qualitative and quantitative information on financial risks—Liquidity risks* for information relating to the contractual cash flows of the Group's lease agreements.

### 33. Provisions for risks and charges

The provisions for risks and charges, which amount to €33,550 thousand in 2022 (€58,648 thousand in 2021), represent management's best estimate of the amount of potential liabilities. In the Directors' opinion, based on the information available to them, the total amount allocated for risks and charges at the reporting date is adequate in respect of the liabilities that could arise from the underlying circumstances.

The following tables show the movement of the provision for risks and charges in 2022 and 2021:

| *(€ thousands)* | **Legal and fiscal risks** | **Leased store restoration** | **Refund liability returns** | **Other provision** | **Total provisions** |
|---|---|---|---|---|---|
| **At January 1, 2022** | **28,656** | **14,293** | **10,049** | **5,650** | **58,648** |
| *of which current* | *—* | *2,288* | *10,049* | *1,756* | *14,093* |
| *of which non-current* | *28,656* | *12,005* | *—* | *3,894* | *44,555* |
| Provisions | 91 | 2,770 | 2,240 | 2,425 | 7,526 |
| Releases | (986) | (3,144) | (174) | (1,172) | (5,476) |
| Utilizations | (26,780) | (116) | (1,578) | (628) | (29,102) |
| Exchange differences | 2,088 | (58) | (94) | (44) | 1,892 |
| Reclassifications and other | (2,405) | 1,063 | (897) | 2,301 | 62 |
| **At December 31, 2022** | **664** | **14,808** | **9,546** | **8,532** | **33,550** |
| *of which current* | *—* | *909* | *9,546* | *3,514* | *13,969* |
| *of which non-current* | *664* | *13,899* | *—* | *5,018* | *19,581* |

The provision for fiscal and legal risks includes provisions for various litigated matters that have occurred in the ordinary course of business.

At December 31, 2021, the provision for legal and fiscal risks included €28,254 thousand for a legal claim related to a lease agreement in the United States. In February 2022, an unfavorable judgment was handed down against the Group in respect of the claim and following a settlement agreement with the claimant, the Group made a payment of €25,698 thousand in 2022 and the remaining provision was reclassified to other current liabilities.

The Group is a defendant in various other legal and fiscal lawsuits arising in the ordinary course of business. It is the opinion of the management of the Company that it has meritorious defenses against all such outstanding claims, which the Company will vigorously pursue, and that the outcome of such claims, individually or in the aggregate, will not have a material adverse effect on the Group's consolidated financial position or results of operations, except as otherwise described above.

### 34. Employee benefits

The following table presents a breakdown of employee benefits.

| | **At December 31,** | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Italian leaving indemnities (TFR) | 7,613 | 9,784 |
| Other leaving indemnities | 10,486 | 15,237 |
| Post-employment benefits | 5,675 | 5,280 |
| Other long-term employee benefits | 1,469 | 1,362 |
| Termination benefits | 311 | 366 |
| **Total defined benefit obligations** | **25,554** | **32,029** |
| Other long-term payables to employees | 26,030 | 10,234 |
| **Total employee benefits** | **51,584** | **42,263** |

***Defined benefit obligations***

The following table shows the changes in defined benefit obligations.

| *(€ thousands)* | **2022** | **2021** |
|---|---|---|
| **At January 1,** | **32,029** | **29,216** |
| Changes through statement of profit and loss | 3,280 | 14,365 |
| *- of which: Service cost* | *3,018* | *14,169* |
| *- of which: Financial charges* | *262* | *196* |
| Changes through statement of comprehensive income and loss | (755) | 1,562 |
| *- of which: Actuarial (gain)/loss* | *(1,220)* | *563* |
| *- of which: Translation differences* | *465* | *999* |
| Benefits paid | (8,676) | (13,456) |
| Change in scope of consolidation and reclassifications | (324) | 342 |
| **At December 31,** | **25,554** | **32,029** |

Italian leaving indemnities relate to the Italian employee severance indemnity ("TFR") obligation required under Italian Law and other leaving indemnities primarily relate to leaving indemnities relating to the Group's subsidiaries in Spain and China.

The following table summarizes the main financial assumptions used in determining the present value of the TFR and other leaving indemnities.

| | **At December 31, 2022** | | | **At December 31, 2021** | | |
|---|---|---|---|---|---|---|
| | **Italy** | **Spain** | **China** | **Italy** | **Spain** | **China** |
| Discount rate | 3.60% / 3.80% | 3.70% / 3.80% | 2.80% / 2.90% | 0.183% / 0.757% | 0.60% / 0.70% | 2.80% |
| Inflation rate | 2.00% / 3.00% | 1.00% | 5.50% / 8.00% | 1.50% | 1.00% | 5.50% |
| Turn-over rate | 0.50% / 7.90% | 2.50% / 4.00% | 3.50% / 5.50% | 0.50% / 7.90% | 2.50% / 4.00% | 3.50% / 5.50% |

In determining the defined benefit obligations of the Group's Italian companies, the Group used the the Italian National Institute of Statistics ("ISTAT") benchmark for the estimated mortality rates in Italy, broken down by age and gender, while for defined benefit obligations of the Group's non-Italian companies, the Group used the standard mortality rate benchmark for each individual country, broken down by age and gender. Estimated annual staff turnover rates have been calculated based on the individual companies' data.

The following table presents a quantitative sensitivity analysis for the main assumptions relating to the Group's main employee benefit obligations and service costs.

| | **At December 31, 2022** | | | | **At December 31, 2021** | | | |
|---|---|---|---|---|---|---|---|---|
| | **+50 bps** | **-50 bps** | **+50 bps** | **-50 bps** | **+50 bps** | **-50 bps** | **+50 bps** | **-50 bps** |
| *(€ thousands)* | **Employee benefit obligations** | | **Service costs** | | **Employee benefit obligations** | | **Service costs** | |
| Discount rate | (720) | 770 | (109) | 60 | (714) | 765 | (39) | 42 |
| Inflation rate | 680 | (645) | 61 | (111) | 601 | (572) | 38 | (36) |
| Turn-over rate | 2,511 | (3,708) | 372 | (582) | 1,155 | (1,864) | 92 | (156) |

The average duration of the defined benefit obligations for the Italian TFR at the end of the reporting period was 7.8 years (2021: 9.0 years), for leaving indemnities in China was 10.5 years (2021: 6.3 years) and for leaving indemnities in Spain was 8.2 years (2021: 7.1 years).

Post-employment benefits at December 31, 2022 and 2021 primarily relate to the Group's CEO.

***Other long-term payables to employees***

Other long-term payables at December 31, 2022 include €24,855 thousand related to bonuses earned by certain of Zegna's senior management team (excluding the CEO) which are expected to be paid in 2024 in accordance with the related contractual terms (€8,702 thousand at December 31, 2021).

**35. Trade payables and customer advances**

The following table provides a breakdown for trade payables and customer advances:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Trade payables | 220,789 | 177,801 |
| Customer advances | 50,147 | 45,236 |
| **Total trade payables including customer advances** | **270,936** | **223,037** |

**36. Other current liabilities**

The following table provides a breakdown for other current liabilities:

| | At December 31, | |
|---|---|---|
| *(€ thousands)* | **2022** | **2021** |
| Due to employees | 44,705 | 51,847 |
| VAT and other taxes | 15,102 | 28,609 |
| Accrued expenses | 23,162 | 15,319 |
| Social security institutions | 11,660 | 8,683 |
| Deferred income | 7,650 | 3,591 |
| Other current liabilities | 16,549 | 16,307 |
| **Total other current liabilities** | **118,828** | **124,356** |

Amounts due to employees include deferred compensation, accrued and untaken leave and related social contributions. At December 31, 2021, amounts due to employees also include the Zegna family's grant of a €1,500 special gift to each employee of the Zegna Group, amounting to a total of €10,916 thousand, as a result of the Company's listing completed on December 20, 2021. The amount was subsequently paid to employees in February 2022. Monterubello agreed to reimburse the cost incurred by the Group as an equity contribution, which was received in February 2022.

Accrued expenses primarily include payroll accruals and rental expenses.

Other current liabilities at December 31, 2022 and 2021 primarily include amounts due to the Company's Board of Directors for board fees, liabilities relating to customs and vouchers and other sundry amounts as well as contingent consideration for the acquisition of Tessitura Ubertino subject to the company achieving certain predetermined operating performance targets for the years 2021 and 2022. As a result of the operating performance targets achieved in 2021, the 50% portion of the earn-out payment, amounting to €585 thousand was paid in cash in 2022. The remaining 50% will be payable in 2023, subject to Tessitura Ubertino achieving certain predetermined operating performance targets for the year 2022.

**37. Fair value measurement**

The reported amount of derivative instruments, whether assets or liabilities, reflects their fair value at the reporting date.

The carrying amount of cash and cash equivalents, financial assets and trade receivables, as adjusted for impairment where necessary as required by IFRS 9, approximates their estimated realizable value and their fair value. Lease liabilities are reported at present value, while all of the other financial liabilities recorded at amortized cost approximate fair value.

A sensitivity analysis was performed at December 31, 2022 on the fair value of the Group's insurance contracts (recorded within other current financial assets), with the support of an external actuarial expert, using the discounted cash flow method. The main assumptions used to perform the sensitivities are: (i) the vector of prospective returns is calculated from the last certified management rate (known at the valuation date) assuming a trend to the market forward rate, consistent with the current Italian government curve; (ii) the target duration has been assumed to be 5 years; (iii) the prospective investment returns are netted against the management fees; (iv) the cash flow projection was made in line with the underlying contractual conditions; (v) a probability of surrender has been assumed, based on market data and depending on the type of insurance contract considered, ranging from 5.61% to 8.31%. Based on the analysis performed, no significant differences from fair value were noted.

For units in investment funds sensitivity has not been calculated as the valuation is made on the basis of the latest available NAV.

***Categories of financial assets and liabilities according to IFRS 7***

The following tables provide a breakdown for financial assets by category at December 31, 2022:

| | At December 31, 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial assets | | | | | Fair value Level | | |
| *(€ thousands)* | FVPL | FVOCI | Amortized cost | Total | Note | 1 | 2 | 3 |
| Derivative financial instruments | — | 22,454 | — | 22,454 | 24 | — | 22,454 | — |
| Cash and cash equivalents | — | — | 254,321 | 254,321 | 27 | — | 254,321 | — |
| Trade receivables | — | — | 177,213 | 177,213 | 23 | — | 177,213 | — |
| Other non-current financial assets | 3,958 | — | 32,282 | 36,240 | 21 | — | 32,861 | 3,379 |
| Other current financial assets | 289,743 | 26,852 | 4,299 | 320,894 | 25 | 30,076 | 78,470 | 212,348 |
| **Financial assets** | **293,701** | **49,306** | **468,115** | **811,122** | | **30,076** | **565,319** | **215,727** |

The following table provides an additional breakdown for other current financial assets at December 31, 2022:

| | At December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Financial assets | | | | Fair value Level | | |
| *(€ thousands)* | FVPL | FVOCI | Amortized cost | Total | 1 | 2 | 3 |
| Insurance contracts | 114,975 | — | — | 114,975 | — | — | 114,975 |
| Fixed income | 64,017 | 9,110 | — | 73,127 | 9,110 | 47,114 | 16,903 |
| Hedge funds | 46,761 | — | — | 46,761 | — | 10,116 | 36,645 |
| Equity | 14,592 | — | — | 14,592 | 497 | 14,095 | — |
| Money market funds and floating income | 2,587 | 17,742 | — | 20,329 | 17,742 | 2,587 | — |
| Private equity | 18,311 | — | — | 18,311 | — | — | 18,311 |
| Real estate funds | 12,129 | — | — | 12,129 | — | — | 12,129 |
| Private debt | 13,644 | — | — | 13,644 | — | 259 | 13,385 |
| Commodities | 2,727 | — | — | 2,727 | 2,727 | — | — |
| Guarantee deposits | — | — | 2,075 | 2,075 | — | 2,075 | — |
| Financial receivables | — | — | 2,224 | 2,224 | — | 2,224 | — |
| **Total other current financial assets** | **289,743** | **26,852** | **4,299** | **320,894** | **30,076** | **78,470** | **212,348** |

The following table presents the changes in level 3 items for the years ended December 31, 2022 and 2021:

| *(€ thousands)* | Fair value Level 3 | |
|---|---|---|
| | **2022** | **2021** |
| **At January 1** | **201,290** | **197,840** |
| Investments | 21,343 | 19,516 |
| Disposals | (12,529) | (24,211) |
| Fair value adjustments | 4,355 | 6,673 |
| Realized gains | 254 | 69 |
| Exchange rate gains | 1,014 | 1,403 |
| **At December 31** | **215,727** | **201,290** |

The fair value of Level 2 items is mainly estimated on the basis of data provided by pricing services (non-active markets) and the fair value of Level 3 items is estimated on the basis of the last available net asset value (NAV).

| | At December 31, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial assets | | | | | Fair value Level | | |
| *(€ thousands)* | **FVPL** | **FVOCI** | **Amortized cost** | **Total** | **Note** | **1** | **2** | **3** |
| Derivative financial instruments | — | 1,786 | — | 1,786 | 24 | — | 1,786 | — |
| Cash and cash equivalents | — | — | 459,791 | 459,791 | 27 | — | 459,791 | — |
| Trade receivables | — | — | 160,360 | 160,360 | 23 | — | 160,360 | — |
| Other non-current financial assets | 2,257 | — | 33,115 | 35,372 | 21 | — | 33,115 | 2,257 |
| Other current financial assets | 308,532 | 25,712 | 6,136 | 340,380 | 25 | 53,164 | 88,183 | 199,033 |
| **Financial assets** | **310,789** | **27,498** | **659,402** | **997,689** | | **53,164** | **743,235** | **201,290** |

The following table provides an additional breakdown for other current financial assets at December 31, 2021:

| | At December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Financial assets | | | | Fair value Level | | |
| *(€ thousands)* | **FVPL** | **FVOCI** | **Amortized cost** | **Total** | **1** | **2** | **3** |
| Insurance contracts | 113,919 | — | — | 113,919 | — | — | 113,919 |
| Fixed income | 68,947 | 5,025 | — | 73,972 | 29,764 | 26,700 | 17,508 |
| Hedge funds | 41,483 | — | — | 41,483 | — | 11,243 | 30,240 |
| Real estate funds | 32,898 | — | — | 32,898 | — | 19,100 | 13,798 |
| Equity | 25,408 | — | — | 25,408 | 2,713 | 22,695 | — |
| Money market funds and floating income | 2,007 | 20,687 | — | 22,694 | 20,687 | 2,007 | — |
| Private equity | 15,925 | — | — | 15,925 | — | — | 15,925 |
| Private debt | 7,945 | — | — | 7,945 | — | 302 | 7,643 |
| Guarantee deposits and others | — | — | 6,136 | 6,136 | — | 6,136 | — |
| **Total other current financial assets** | **308,532** | **25,712** | **6,136** | **340,380** | **53,164** | **88,183** | **199,033** |

The fair value of Level 2 items is mainly estimated on the basis of data provided by pricing services (non-active markets) and the fair value of Level 3 items is estimated on the basis of the last available net asset value (NAV).

The following tables provide a breakdown for financial liabilities by category:

| | At December 31, 2022 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial liabilities | | | | | Fair value Level | | |
| *(€ thousands)* | FVPL | FVOCI | Amortized cost | Total | Note | 1 | 2 | 3 |
| Derivative financial instruments | — | 2,362 | — | 2,362 | 24 | — | 2,362 | — |
| Non-current borrowings | — | — | 184,880 | 184,880 | 30 | — | 184,880 | — |
| Current borrowings | — | — | 286,175 | 286,175 | 30 | — | 286,175 | — |
| Other non-current financial liabilities | 178,766 | — | 27 | 178,793 | 31 | — | 178,766 | 27 |
| Other current financial liabilities | 37,258 | — | — | 37,258 | 31 | — | 37,258 | — |
| Trade payables and customer advances | — | — | 270,936 | 270,936 | 35 | — | 270,936 | — |
| Lease liabilities – Current / Non-current | — | — | 443,507 | 443,507 | 32 | — | — | 443,507 |
| **Financial liabilities** | **216,024** | **2,362** | **1,185,525** | **1,403,911** | | **—** | **960,377** | **443,534** |

| | At December 31, 2021 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Financial liabilities | | | | | Fair value Level | | |
| *(€ thousands)* | FVPL | FVOCI | Amortized cost | Total | Note | 1 | 2 | 3 |
| Derivative financial instruments | — | 14,138 | — | 14,138 | 24 | — | 14,138 | — |
| Non-current borrowings | — | — | 471,646 | 471,646 | 30 | — | 471,646 | — |
| Current borrowings | — | — | 157,292 | 157,292 | 30 | — | 157,292 | — |
| Other non-current financial liabilities | 159,411 | — | 7,976 | 167,387 | 31 | — | 159,411 | 7,976 |
| Other current financial liabilities | 33,984 | — | — | 33,984 | 31 | 23,810 | 10,174 | — |
| Trade payables and customer advances | — | — | 223,037 | 223,037 | 35 | — | 223,037 | — |
| Lease liabilities – Current / Non-current | — | — | 438,052 | 438,052 | 32 | — | — | 438,052 |
| **Financial liabilities** | **193,395** | **14,138** | **1,298,003** | **1,505,536** | | **23,810** | **1,035,698** | **446,028** |

**38. Qualitative and quantitative information on financial risks**

The Group is exposed to several financial risks connected with its operations:

- financial market risk, primarily related to foreign currency exchange rates, interest rates and commodity prices;
- liquidity risk relating to the availability of funds and access to credit, if required, and to financial instruments in general;
- credit risk relating to counterparties failing to repay amounts owed or meet contractual obligations.

These risks could significantly affect the Group's financial position, results of operations and cash flows, and for this reason the Group identifies and monitors these risks, in order to detect potential negative effects in advance and take the necessary action to mitigate them, primarily through the Group's operating and financing activities and if required, through the use of derivative financial instruments.

A summary of qualitative and quantitative factors relating to these risks is provided below. The quantitative data reported in the following section does not have any predictive value. In particular, the sensitivity analysis on finance market risks does not reflect the complexity of the market or the reaction which may result from any changes that are assumed to take place.

***Foreign currency risk***

The Group operates in numerous markets worldwide and is exposed to market risks stemming from fluctuations in currency exchange rates. The exposure to currency risk is mainly linked to the differences in geographic distribution of the Group's sourcing and manufacturing activities from those in its commercial activities, as a result of which its cash flows from sales are denominated in currencies different from those related to purchases or production activities. In particular, the Group incurs a large portion of its capital and operating expenses in Euro (which is Zegna's functional and presentation currency) while it receives the majority of its revenues in currencies other than Euro (mainly in Chinese Renminbi, U.S. Dollars, Japanese Yen, United Arab Emirates Dirham and British Pound). Risk management is mainly centralized at the Group's distribution companies. Goods transferred for consideration to associates are settled directly in the currency of the country where they operate and sell (with the exception of countries where local currency cannot be delivered outside the country). This creates the risk that the corresponding value in Euro of revenues at the moment of collection is insufficient to cover production costs or to achieve the desired profit margin. This risk is heightened during the period between the moment when the sale prices of a collection are set and the moment when revenues are converted into Euro, which may extend up to 18 months. For the Zegna Segment, the Group manages risks associated with fluctuations in currency through financial hedging instruments, mainly forward contracts for the sale of foreign currencies, in order to establish the conversion rate in advance, or a predefined range of conversion rates at future dates. The Group has recently taken steps aimed at gradually implementing similar policies also for the Thom Browne Segment. For the years ended December 31, 2022, 2021 and 2020 the Zegna Segment covered its exchange rate risk almost exclusively with currency forward exchange contracts. To this end, before the preparation of the price list and based on market expectations and conditions, the Group arranges hedges that cannot exceed 50% - 60% of forecast sales in foreign currencies. In the period following the preparation of the price list, the total outstanding hedge is adjusted on the basis of market conditions and of the orders effectively managed and entered into production.

In addition, the Group controls and hedges exposure deriving from changes due to exchange rate changes in the value of assets or liabilities denominated in currencies other than the accounting currency of the individual company (typically intercompany financial receivables/payables), which may affect the Group's net results, through financial instruments, whose recognition in accordance with IFRS follows the rules of fair value hedges: the profit or loss arising from subsequent remeasurements of the fair value of the hedging instrument and the hedged item are recorded within profit and loss. The hedges of the Group's future transactions in foreign currencies (which can be classified as cash flow hedges pursuant to IFRS) are accounted for in accordance with hedge accounting rules.

The Group has estimated the potential effects of a shock change of +/-5% on the main currencies to which the Group is exposed at each reporting date, by using internal assessment models based on generally accepted principles.

The following table presents the potential effects on profit before tax of a hypothetical change of +/- 500 bps in year-end exchange-rates, applied to the Group's net balances of trade receivables and trade payables in foreign currencies.

| *(€ thousands)* | At December 31, 2022 | | | At December 31, 2021 | | |
|---|---|---|---|---|---|---|
| Currency | Trade receivables and trade payables | +500 bps | -500 bps | Trade receivables and trade payables | +500 bps | -500 bps |
| | | Impact on profit before tax | | | Impact on profit before tax | |
| USD | 59,523 | (2,834) | 3,133 | 96,885 | (4,614) | 5,099 |
| JPY | 17,055 | (812) | 898 | 20,481 | (975) | 1,078 |
| CNY | 43,398 | (2,067) | 2,284 | 21,084 | (1,004) | 1,110 |
| HKD | 19,139 | (911) | 1,007 | 27,452 | (1,307) | 1,445 |
| GBP | (2,227) | 106 | (117) | (5,974) | 284 | (314) |
| SGD | 9,496 | (452) | 500 | 8,220 | (391) | 433 |
| CHF | (9,285) | 442 | (489) | (18,158) | 865 | (956) |
| **Total** | **137,099** | **(6,528)** | **7,216** | **149,990** | **(7,142)** | **7,895** |

The following table presents the potential impact on profit before tax of a hypothetical change of +/- 500 bps in year-end exchange-rates, applied to the Group's hedged positions on the main currencies to which the Group is exposed.

| *(€ thousands)* | At December 31, 2022 | | | At December 31, 2021 | | |
|---|---|---|---|---|---|---|
| Currency | Notional amount | +500 bps | -500 bps | Notional amount | +500 bps | -500 bps |
| | | Impact on profit before tax | | | Impact on profit before tax | |
| USD | 53,320 | 2,539 | (2,806) | 81,725 | 3,892 | (4,301) |
| JPY | 15,979 | 761 | (841) | 20,692 | 985 | (1,089) |
| CNY | 42,817 | 2,039 | (2,254) | 11,464 | 546 | (603) |
| GBP | (816) | (39) | 43 | (12,660) | (603) | 666 |
| HKD | 19,940 | 950 | (1,049) | 28,054 | 1,336 | (1,477) |
| CHF | — | — | — | — | — | — |
| SGD | 9,463 | 451 | (498) | 8,158 | 388 | (429) |
| **Total** | **140,703** | **6,701** | **(7,405)** | **137,433** | **6,544** | **(7,233)** |

The following table presents the potential change in equity gross of tax of a hypothetical change of +/- 500 bps in year-end exchange-rates, applied to the Group's foreign currency hedging instruments on highly probable transactions.

| *(€ thousands)* | At December 31, 2022 | | | At December 31, 2021 | | |
|---|---|---|---|---|---|---|
| Currency | Notional amount | +500 bps | -500 bps | Notional amount | +500 bps | -500 bps |
| | | Impact on hedge reserve | | | Impact on hedge reserve | |
| USD | 61,821 | 2,944 | (3,254) | 80,155 | 3,817 | (4,219) |
| CHF | (8,272) | (394) | 435 | (4,792) | (228) | 252 |
| JPY | 10,433 | 497 | (549) | 10,360 | 493 | (545) |
| HKD | 6,153 | 293 | (324) | 16,097 | 767 | (847) |
| GBP | 8,280 | 394 | (436) | 12,659 | 603 | (666) |
| CNY | 48,918 | 2,329 | (2,575) | 178,537 | 8,502 | (9,397) |
| SGD | 5,206 | 248 | (274) | 1,947 | 93 | (102) |
| **Total** | **132,539** | **6,311** | **(6,977)** | **294,963** | **14,047** | **(15,524)** |

The following table presents the potential impact on profit before tax of a hypothetical change of +/- 500 bps in the EUR/USD year-end exchange-rate, applied to the Thom Browne put option in U.S. Dollars on non-controlling interests (recorded within other non-current financial liabilities).

| *(€ thousands)* | At December 31, 2022 | | | At December 31, 2021 | | |
|---|---|---|---|---|---|---|
| Currency | Notional amount | +500 bps | -500 bps | Notional amount | +500 bps | -500 bps |
| | | Impact on profit before tax | | | Impact on profit before tax | |
| USD | (155,551) | 7,407 | (8,187) | (135,726) | 6,463 | (7,143) |
| **Total** | **(155,551)** | **7,407** | **(8,187)** | **(135,726)** | **6,463** | **(7,143)** |

***Interest rate risk***

Overall exposure to interest rate risk is monitored at the Group level through coordinated management of debt and available liquidity and of the relevant due dates. The Group's principal sources of exposure to interest rate risk derive from loans and revolving credit lines at variable rates. At December 31, 2022, the notional value of interest rate swap derivatives to hedge the risk of a potential increase in the cost of servicing of financial debt due to fluctuations in market rates was €320,000 thousand (€323,816 thousand at December 31, 2021) with a positive fair value of €9,379 thousand (a negative fair value of €2,412 thousand at December 31, 2021). The short-term portion of bank debt, used mainly to finance working capital needs, is not covered by interest rate hedges. The cost of bank debt is equal to Euribor for the period plus a spread that depends on the type of credit facility used.

For the year ended December 31, 2022 a hypothetical 20% increase in short-term interest rates on such floating rate non-current financial liabilities, with all other variables held constant, would have resulted in financial expenses, on an annual basis, of approximately €2,273 thousand (€332 thousand for the year ended December 31, 2021). For the year ended December 31, 2022 a hypothetical 20% decrease in short-term interest rates on such floating rate non-current financial liabilities, with all other variables held constant, would have resulted in financial expenses, on an annual basis, of approximately €1,670 thousand (€69 thousand for the year ended December 31, 2021).

The following table presents the sensitivity on floating rate borrowings not covered by interest rate swaps.

| At December 31, 2022 | | | | | | |
|---|---|---|---|---|---|---|
| **Amount** | **Total interest rate (*)** | **Interest expense** | **-20%** | **Impact on profit before tax** | **+20%** | **Impact on profit before tax** |
| | | | *(€ thousands, except percentages)* | | | |
| 5,000 | 3.091% | 155 | 2.629% | 131 | 3.553% | 178 |
| 6,250 | 3.620% | 226 | 2.760% | 173 | 3.928% | 246 |
| 8,080 | 2.690% | 217 | 2.304% | 186 | 3.064% | 248 |
| 45,000 | 3.090% | 1,391 | 2.622% | 1,180 | 3.558% | 1,601 |
| **64,330** | | **1,989** | | **1,670** | | **2,273** |

* *The overall rate indicated is compounded of the fixed spread plus the variable rate (+-20% is on the variable rate).*

| At December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|
| **Amount** | **Total interest rate (*)** | **Interest expense** | **-20%** | **Impact on profit before tax** | **+20%** | **Impact on profit before tax** |
| | | | *(€ thousands, except percentages)* | | | |
| 10,000 | 0.115% | 12 | 0.006% | 1 | 0.224% | 22 |
| 15,000 | 0.112% | 17 | 0.004% | 1 | 0.220% | 33 |
| 18,750 | 0.284% | 53 | 0.175% | 33 | 0.393% | 74 |
| 50,000 | —% | — | —% | — | 0.100% | 50 |
| 10,000 | 0.186% | 19 | 0.077% | 8 | 0.295% | 30 |
| 45,000 | 0.167% | 75 | 0.060% | 27 | 0.274% | 123 |
| **148,750** | | **175** | | **69** | | **332** |

* *The overall rate indicated is compounded of the fixed spread plus the variable rate (+-20% is on the variable rate).*

***Liquidity risk***

Liquidity risk represents the risk that the Group cannot meet its financial obligations due to problems in obtaining funds at current market price conditions (funding liquidity risk) or in liquidating assets on the market to find the necessary financial resources (asset liquidity risk), which could negatively impact the Group's results if the Group is forced to incur additional costs to obtain liquidity or meet its commitments.

The following tables summarize the Group's financial liabilities into relevant maturity groupings based on their contractual maturities:

| | | Contractual cash flows | | | |
|---|---|---|---|---|---|
| *(€ thousands)* | **Carrying amount at December 31, 2022** | **Within 1 year** | **Within 2 Years** | **Within 3 years** | **Beyond** |
| Derivative financial instruments | 2,362 | 2,362 | — | — | — |
| Trade payables and customer advances | 270,936 | 270,936 | — | — | — |
| Borrowings | 471,055 | 290,470 | 139,257 | 36,536 | 16,650 |
| Lease liabilities | 443,507 | 119,287 | 97,148 | 66,812 | 193,368 |
| Other current and non-current financial liabilities | 216,051 | 37,258 | 23,632 | — | 155,161 |
| **Total** | **1,403,911** | **720,313** | **260,037** | **103,348** | **365,179** |

| | | Contractual cash flows | | | |
|---|---|---|---|---|---|
| *(€ thousands)* | **Carrying amount at December 31, 2021** | **Within 1 year** | **Within 2 Years** | **Within 3 years** | **Beyond** |
| Derivative financial instruments | 14,138 | 14,138 | — | — | — |
| Trade payables and customer advances | 223,037 | 223,037 | — | — | — |
| Borrowings | 628,938 | 161,550 | 283,736 | 135,541 | 56,414 |
| Lease liabilities | 438,052 | 112,713 | 98,101 | 69,827 | 186,951 |
| Other current and non-current financial liabilities | 201,371 | 33,984 | 29,816 | — | 137,571 |
| **Total** | **1,505,536** | **545,422** | **411,653** | **205,368** | **380,936** |

The factors which mainly influence the Group's liquidity are the resources generated or absorbed by current operating and investing activities, the possible distribution of dividends, the maturity or refinancing of debt and the management of surplus cash. Liquidity needs or surpluses are monitored on a daily basis by the Parent Company in order to guarantee effective sourcing of financial resources or adequate investment of excess liquidity.

The negotiation and management of credit lines is coordinated by the Parent Company with the aim of satisfying the short and medium-term financing needs of the individual companies within the Group according to efficiency and cost-effectiveness criteria. It has always been the Group's policy to sign and constantly maintain with various and diversified banks a total amount of committed credit lines that is considered consistent with the needs of the individual companies and suitable to ensure at any time the liquidity needed to satisfy and comply with all the Group's financial commitments, at the established economic conditions, as well as guaranteeing the availability of an adequate level of operational flexibility for any expansion programs.

***Credit risk***

Credit risk is defined as the risk of financial loss caused by the failure of a counterparty to repay amounts owed or meet its contractual obligations. The maximum risk to which an entity is exposed is represented by all the financial assets recognized in the financial statements. Management considers its credit risk to relate primarily to trade receivables generated from the wholesale channel and mitigates the related effects through specific commercial and financial strategies.

With regards to trade receivables, credit risk management is carried out by monitoring the reliability and solvency of customers, as well as through insurance agreements. The following table provides the aging of trade receivables:

| *(€ thousands)* | **Not yet due** | **0-90 days overdue** | **90-180 days overdue** | **>180 days overdue** | **Total** |
|---|---|---|---|---|---|
| Trade receivables, gross | 146,486 | 29,372 | 2,277 | 5,590 | 183,725 |
| Loss allowance | (894) | (1,210) | (355) | (4,053) | (6,512) |
| **Total trade receivables at December 31, 2022** | **145,592** | **28,162** | **1,922** | **1,537** | **177,213** |
| Trade receivables, gross | 136,648 | 21,957 | 5,018 | 3,380 | 167,003 |
| Loss allowance | (1,575) | (696) | (992) | (3,380) | (6,643) |
| **Total trade receivables at December 31, 2021** | **135,073** | **21,261** | **4,026** | **—** | **160,360** |

**39. Related party transactions**

Pursuant to IAS 24 — *Related Party Disclosures* ("IAS 24"), the related parties of the Group are all entities and individuals, including their close family members, capable of exercising control, joint control or significant influence over the Group and its subsidiaries, including the Group's controlling shareholder, Monterubello, as well as other companies owned by Monterubello and its shareholders. Related parties also include Zegna's associates and joint arrangements, members of the Board of Directors and executives with strategic responsibilities, as well as their families and entities controlled by them.

The Group carries out transactions with related parties on commercial terms that are normal in the respective markets, considering the characteristics of the goods or services involved.

Transactions carried out by the Group with these related parties are primarily of a commercial and financial nature and are mainly relate to:

***Transactions with associates***

- Transactions with TFI related to:
    - a licensing agreement for the production and worldwide distribution of luxury men's ready to wear and made to measure clothing, footwear and accessories under the TOM FORD brand (which ended with the deliveries of the Fall/Winter 2022 collection), as well as a supply agreement to act as exclusive supplier for certain TOM FORD products starting with the Spring/Summer 2023 collection (for which the supply commenced in 2022). As noted in *Note 20 — Investments accounted for using the equity method*, on November 15, 2022, the Group entered into arrangements to acquire the remaining 85% interest in TFI and to enter into the TFI License with The Estée Lauder Companies for all TOM FORD men's and women's fashion as well as accessories and underwear, fine jewelry, childrenswear, textile and home design products. The TFI Acquisition is subject to antitrust approvals and other customary closing conditions, and is contingent upon the closing of the acquisition of the TOM FORD brand and all its intellectual property by The Estée Lauder Companies. TFI, together with its subsidiaries, owns the operations of the TOM FORD fashion business necessary to act as licensee under the TFI License. The closing of the TFI Acquisition is expected in the second quarter of 2023;
    - financial assets related to loans to TFI; and
    - financial guarantees provided to TFI in relation to its payment obligations under a bank loan for an amount of $7,500 thousand issued to TFI in 2020 and subsequently reduced to $6,875 thousand in 2022, which matures in March 2025.
- The purchase of raw materials, in particular carded yarns from Filati Biagioli Modesto.

***Transactions with Monterubello and companies controlled by Monterubello or its shareholders, Zegna directors or senior management***

- Certain transactions with Monterubello as part of the Business Combination (as further described below).
- The purchase of raw materials, in particular of wool, from Gruppo Schneider S.p.A. and its subsidiaries ("Schneider Group").
- The purchase of industrial services, in particular of fabrics' finishing, from Finissaggio e Tintoria Ferraris S.p.A.
- The purchase of industrial services from Pettinatura di Verrone S.r.l.
- Transactions with PKB Privatbank AG relating to an interest-bearing loan amounting to €5,000 thousand which was fully repaid in the first half of 2022.
- The Disposition, which was completed in November 2021, of certain of its businesses, through the statutory demerger under Italian law to a new company owned by its existing shareholders. The Disposition included, inter

alia, Zegna's real estate business, consisting of Zegna's former subsidiary EZ Real Estate, which directly and indirectly holds substantially all of the real estate assets formerly owned by the Zegna Group, as well as certain properties previously owned by Lanificio. Zegna pays rent to EZ Real Estate or its subsidiaries under lease agreements.

- Following the Disposition, the rental of properties from EZ Real Estate or its subsidiaries under lease agreements.

- Following the Disposition, Zegna receives licensing, marketing and other sustainability-related services from Oasi Zegna.

- As part of the Disposition, on January 14, 2021, the Group sold 70% of its equity stake in Agnona to a related party for consideration of €1 and as a result Agnona was deconsolidated from the beginning of the year and became a related party of the Group. The Group subsequently disposed of the remaining 30% stake in Agnona in two tranches during September and October 2021 for total consideration of €500 thousand. Following the initial disposal of Agnona, the Group sold products and recharged costs for services to Agnona, as well as compensated amounts related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in accordance with the terms of the related sale agreement.

- Support to the activities of Fondazione Zegna, a charitable organization which provides an opportunity for charitable work on the part of the Zegna family and Group employees. Fondazione Zegna supports and funds projects in cooperation with non-profit organizations operating in various fields and different parts of the world.

- Put contracts entered into as part of the Group's investments in the Thom Browne Group and Lanificio whereby the Group has been required to, and may in the future be required to, purchase all or a portion of the remaining non-controlling interests in the Thom Browne Group and Lanificio. In July 2021, the Group purchased the additional 10% of Lanificio for a total consideration of €9,600 thousand, following which the Group owns 100% of Lanificio. For additional information relating to the Thom Browne put contract please refer to *Note 31 — Other current and non-current financial liabilities*.

***Transactions related to the Business Combination in 2021***

In connection with the closing of the Business Combination and the public listing of Zegna (as further described in the *Note 1 — General information*), Zegna entered into various transactions in 2021 with Monterubello and other shareholders and related parties, including the following:

- The repurchase by Zegna of 54,600,000 of its own shares from Monterubello for total consideration of €455,000 thousand.

- The issuance of Zegna ordinary shares to the PIPE Investors, which include certain of Zegna's related parties (including certain directors and officers and affiliates of Monterubello), in exchange for cash consideration.

- The reimbursement to Zegna by Monterubello of a special gift to all employees of the Group for an amount of €10,923 thousand.

- The issuance of 800,000 private warrants to certain Zegna non-executive directors, for which the Group recognized personnel costs of €1,236 thousand and an offsetting increase to other reserves within equity for the year ended December 31, 2021. As a result of a warrant redemption completed on February 27, 2023, there are no remaining private warrants outstanding. For additional information see *Note 43 — Subsequent events*.

- The grant of equity-settled share-based payments to key management. For additional information see *Note 40 — Shared-based payments*.

The following table summarizes transactions with related parties for the years ended December 31, 2022, 2021 and 2020.

| | For the year ended December 31, | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2022 | | | | | | | 2021 | | | | | | 2020 | | | |
| *(€ thousands)* | Revenues | Other income | Costs [1] [2] | Personnel costs | Other operating costs | Depreciation, amortization and impairment of assets | Financial income (expenses) | Revenues | Costs [1] [2] | Personnel costs | Write downs and other provisions [3] | Depreciation, amortization and impairment of assets | Financial income (expenses) | Revenues | Costs [1] [2] | Personnel costs | Financial income (expenses) |
| **Associates** | | | | | | | | | | | | | | | | | |
| TFI Group | 35,525 | 46 | 6,194 | 5 | 243 | — | 136 | 23,047 | 7,730 | — | — | — | 596 | 25,088 | 7,673 | — | 471 |
| Filati Biagioli Modesto S.p.A. | — | — | 3,365 | — | — | — | — | 49 | 177 | — | — | — | — | — | — | — | — |
| Pelletteria Tizeta S.r.l. | 1 | — | — | — | — | — | — | — | — | — | — | — | — | 4 | 2 | — | — |
| **Total associates** | **35,526** | **46** | **9,559** | **5** | **243** | **—** | **136** | **23,096** | **7,907** | **—** | **—** | **—** | **596** | **25,092** | **7,675** | **—** | **471** |
| **Companies controlled by Monterubello or its shareholders, Zegna directors or senior management** | | | | | | | | | | | | | | | | | |
| EZ Real Estate[4] | 8 | — | 50 | (1) | 24 | 6,110 | (490) | 58 | 1,178 | — | — | 1,395 | — | — | — | — | — |
| Schneider Group | 23 | — | 14,837 | — | — | — | — | 20 | 5,623 | — | — | — | — | 217 | 6,683 | — | — |
| Alan Real Estate S.A.[4] | — | — | (30) | 35 | 580 | 2,522 | (13) | — | 402 | — | — | 392 | — | — | — | — | — |
| Agnona S.r.l. | 195 | 14 | 228 | 109 | 20 | — | — | 373 | (485) | — | 6,150 | — | — | — | — | — | — |
| 61 West 23rd Street LLC[4] | — | — | (16) | — | — | — | — | — | (14) | — | — | — | — | — | — | — | — |
| Other companies controlled by Monterubello or its shareholders, Zegna directors or senior management[5] | 1 | 97 | 6,205 | (1) | 12 | — | (8) | 9 | 491 | — | — | — | (40) | 13 | 450 | — | (44) |
| **Other related parties connected to directors and shareholders** | **—** | **—** | **—** | **2,563** | **—** | **—** | **—** | **—** | **—** | **1,284** | **—** | **—** | **(20,675)** | **—** | **33** | **860** | **—** |
| **Total transactions with related parties** | **35,753** | **157** | **30,833** | **2,710** | **879** | **8,632** | **(375)** | **23,556** | **15,102** | **1,284** | **6,150** | **1,787** | **(20,119)** | **25,322** | **14,841** | **860** | **427** |
| **Total for Zegna Group** | **1,492,840** | **13,949** | **749,248** | **395,087** | **41,142** | **173,521** | **(41,026)** | **1,292,402** | **663,238** | **367,762** | **19,487** | **163,367** | **2,066** | **1,014,733** | **537,495** | **282,659** | **(13,720)** |

*(1) Costs with Tom Ford include royalties amounting to €3,956 thousand, €4,081 thousand and €4,095 thousand for the years ended December 31, 2022, 2021 and 2020, respectively.*

*(2) Includes cost for raw materials and consumables, purchased, outsourced and other costs.*

*(3) Includes €6,006 thousand related to losses incurred by Agnona subsequent to the Group's sale of a majority stake in Agnona in January 2021, for which the Group was required to compensate the company in accordance with the terms of the related sale agreement, as well as €144 thousand relating to the write down of the Group's remaining 30% stake in Agnona (which was subsequently disposed of as part of the Disposition).*

*(4) Entities disposed of as part of the Disposition, which was completed on November 1, 2021.*

*(5) Includes transactions with Fondazione Zegna, Finissaggio e Tintoria Ferraris S.p.A., PKB Privatbank AG and Pettinatura di Verrone S.r.l.*

The following table summarizes assets and liabilities with related parties at December 31, 2022 and 2021.

| *(€ thousands)* | At December 31, 2022 | | | | | | At December 31, 2021 | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **Trade receivables** | **Other financial assets** | **Other current assets** | **Right of use assets** | **Other liabilities[1]** | **Lease liabilities** | **Trade receivables** | **Other financial assets** | **Other current assets[2]** | **Right of use assets** | **Financial liabilities[3]** | **Other liabilities[1]** | **Lease liabilities** |
| **Associates** | | | | | | | | | | | | | |
| TFI Group | 9,946 | — | 1,862 | — | 366 | — | 20,939 | 1,497 | — | — | — | 344 | — |
| Filati Biagioli Modesto S.p.A. | — | 2,200 | — | — | 2,830 | — | 59 | — | — | — | — | 63 | — |
| Pelletteria Tizeta S.r.l. | 1 | — | — | — | — | — | — | — | — | — | — | — | — |
| **Total associates** | **9,947** | **2,200** | **1,862** | **—** | **3,196** | **—** | **20,998** | **1,497** | **—** | **—** | **—** | **407** | **—** |
| **Monterubello and Companies controlled by Monterubello or its shareholders, Zegna directors or senior management** | | | | | | | | | | | | | |
| Monterubello | — | — | — | — | — | — | — | — | 10,923 | — | — | — | — |
| Agnona S.r.l. | 32 | — | — | — | 67 | — | 642 | — | — | — | — | 122 | — |
| Schneider Group | 4 | — | — | — | 4,102 | — | 12 | — | — | — | — | 516 | — |
| EZ Real Estate [4] | 69 | — | — | 41,671 | 617 | 41,635 | 238 | — | — | 44,499 | — | 1,248 | 44,039 |
| 61 West 23rd Street LLC[4] | 24 | — | — | — | — | — | 7 | — | — | — | — | — | — |
| Alan Real Estate S.A.[4] | — | — | — | 9,875 | 27 | 10,009 | 3 | — | — | 4,917 | — | — | 4,760 |
| Other companies controlled by Monterubello or its shareholders, Zegna directors or senior management[5] | 22 | — | 218 | — | 2,204 | — | 13 | — | — | — | 5,000 | 242 | — |
| **Other related parties connected to directors and shareholders** | — | — | — | — | 384 | — | 500 | — | — | — | — | 171 | — |
| **Total transactions with related parties** | **10,098** | **2,200** | **2,080** | **51,546** | **10,597** | **51,644** | **22,413** | **1,497** | **10,923** | **49,416** | **5,000** | **2,706** | **48,799** |
| **Total for Zegna Group** | **177,213** | **357,134** | **84,574** | **375,508** | **441,348** | **443,507** | **160,360** | **375,752** | **68,773** | **370,470** | **639,033** | **389,656** | **438,052** |

*(1) Includes trade payables and customer advances, employee benefits and other current liabilities.*

*(2) On December 20, 2021, the Group announced that the Zegna family decided to grant a €1,500 special gift to each employee of the Zegna Group, amounting to a total of €10,916 thousand, as a result of the Company becoming listed on a public stock exchange. The gift was paid to employees in February 2022. Monterubello agreed to reimburse the cost incurred by the Group as an equity contribution, which was received in February 2022.*

*(3) Includes non-current borrowings and other non-current financial liabilities.*

*(4) Entities disposed of as part of the Disposition, which was completed on November 1, 2021.*

*(5) Includes transactions with Fondazione Zegna, Finissaggio e Tintoria Ferraris S.p.A., PKB Privatbank AG, Achill Station Pty Ltd., and Pettinatura di Verrone S.r.l.*

The following table summarizes remuneration of and outstanding balances with Zegna directors and key executives with strategic responsibilities:

| | Key Management Personnel | | | | | | Outstanding Balance | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(Euro thousands)* | **Short-term employee benefits[1]** | **Post-employment benefits** | **Other long-term benefits** | **Share-based payments** | **Dividends** | **Financial Income** | **Employee benefits** | **Other non-current financial liabilities[2]** | **Other current liabilities** | **Non-current financial assets** |
| 2022 | 17,337 | 1,015 | 13,623 | 9,358 | — | (24) | 28,648 | 156,782 | 6,861 | 2,240 |
| 2021 | 16,853 | 4,012 | 8,702 | 14,012 | — | — | 12,865 | 135,726 | 7,990 | 2,219 |
| 2020 | 9,414 | 736 | — | (9,975) | 1,116 | — | 538 | 198,046 | 991 | — |

*(1) Includes corporate bodies fees, consultancy fees and personnel compensation.*
*(2) Primarily relates to liabilities on put contracts entered into as part of the Group's investments in Thom Browne and Lanificio.*

**40. Shared-based payments**

The Group has several equity incentive arrangements under which share-based payments have been awarded to the Chief Executive Officer ("CEO"), other members of Zegna senior management and certain other employees of the Group. The equity incentives primarily consist of performance share units ("PSUs") and retention restricted share units ("RSUs"), which each represent the right to receive one Zegna ordinary share, and are further described below.

*Long-Term Incentive Awards 2022-2025*

In 2022, the Company granted the following equity-settled share-based payments to senior management (excluding the CEO) and certain other employees of the Group:

(i) A target number of 1,461,950 PSUs (the "**2022-2024 PSUs**") that vest in 2025 based on the achievement of defined targets related to the Adjusted EBIT and the change in the adjusted net financial indebtedness/(cash surplus) compared to the previous year for the performance periods 2022, 2023 and 2024, and the recipient's continued service to the Group at the date of vesting. Each of the performance targets will be settled independently of the other target and the total number of shares to be assigned upon vesting depends on the level of achievement of the performance targets, as well as a multiplier that is based on the performance of certain environmental, social and governance indicators over the performance period. In case of over- or underachievement of the targets and/or the multiplier, the number of awards that vest will be adjusted according to predefined parameters. For the year ended December 31, 2022, the Group recognized €2,816 thousand as share-based compensation expense within personnel costs and an offsetting increase to other reserves within equity in relation to the 2022-2024 PSUs. At December 31, 2022 unrecognized compensation expense relating to the 2022-2024 PSUs amounted to €7,248 thousand and is expected to be recognized over the remaining vesting period through 2024.

(ii) Up to a maximum of 626,550 RSUs (the "**2022-2025 RSUs**") that vest in 2026 based on the recipient's continued service with the Group. For the year ended December 31, 2022, the Group recognized €1,046 thousand as share-based compensation expense within personnel costs and an offsetting increase to other reserves within equity in relation to the 2022-2025 RSUs. At December 31, 2022, unrecognized compensation expense relating to the 2022-2025 RSUs amounted to €4,019 thousand and is expected to be recognized over the remaining vesting period through 2025.

The fair value of the 2022-2024 PSUs and the 2022-2025 RSUs for accounting purposes was measured at the grant dates using a Monte Carlo Simulation model. The following table summarizes the fair value for accounting purposes at grant dates and the key assumptions used in the valuation:

| | 2022-2024 PSUs | 2022-2025 RSUs |
|---|---|---|
| Fair value | €8.68 - €9.69 | €8.62 - €9.56 |
| Grant date share price | €9.71 - €10.47 | |
| Expected volatility based on the historical and implied volatility of a group of comparable companies | 35.0% - 37.5% | |
| Dividend yield | 0.90% - 0.98% | |
| Risk-free rate | 1.96% - 4.13% | 2.07% - 4.05% |

The following table summarizes the changes in the number of the outstanding number awards under the Long-Term Incentive Awards 2022-2025, all of which were unvested:

| | 2022-2024 PSUs | 2022-2025 RSUs | Total Awards |
|---|---|---|---|
| **Outstanding at December 31, 2021** | — | — | — |
| Granted | 1,461,950 | 626,550 | 2,088,500 |
| Forfeited | (95,900) | (41,100) | (137,000) |
| **Outstanding at December 31, 2022** | **1,366,050** | **585,450** | **1,951,500** |

*CEO equity-settled share-based payments*

In February 2021 and as amended in July 2021 and August 2022, the Company granted the following equity-settled share-based payments to the CEO:

(i) Up to a maximum of 2,520,000 PSUs (the "**CEO 2022-2024 PSUs**") that vest in three tranches in 2023, 2024 and 2025 according to the achievement of defined targets based on the Group's Adjusted EBIT and the change in the adjusted net financial indebtedness/(cash surplus) (as defined in the related agreement) compared to the previous year for the performance periods 2022, 2023 and 2024, and the CEO's continued service to the Group at the date of vesting. Each of the performance targets will be settled independently of the other target and the total number of shares to be assigned upon vesting depends on the level of achievement of the performance targets, as well as a multiplier that is based on the performance of certain ESG indicators over the performance period. For the year ended December 31, 2022, the Group recognized €6,789 thousand as share-based compensation expense within personnel costs and an offsetting increase to other reserves within equity in relation to the CEO 2022-2024 PSUs (€6,138 thousand for the year ended December 31, 2021). At December 31, 2022, unrecognized compensation expense relating to the CEO 2022-2024 PSUs amounted to €6,108 thousand and is expected to be recognized over the remaining vesting periods through 2024 (€12,897 thousand at December 31, 2021). The fair value of the CEO 2022-2024 PSUs for accounting purposes was €7.43 to €9.13 per PSU and was measured at the grant dates using a Monte Carlo Simulation model. Key assumptions used in the valuation include the following: (i) grant date share price: €7.43 per share to €9.13 per share (ii) expected volatility: 30%-40% based on the historical and implied volatility of a group of comparable companies, (iii) risk free rate: 0%. At December 31, 2022 all of the CEO 2022-2024 PSUs were outstanding and unvested. For information relating to CEO 2022-2024 PSUs see *Note 43 — Subsequent events*.

(ii) The right to buy a maximum number of 15,832 shares of the Company (791,600 shares following the Share Split) for a purchase price of €186 per share (€3.72 per share following the Share Split) (the "**CEO Stock Options**"). In May 2021, the CEO exercised the option and purchased 15,832 shares of the Company (791,600 shares following the Share Split) for total consideration of €2,946 thousand. For the year ended December 31, 2021, the Company recognized €2,938 thousand as share-based compensation expense within personnel costs and an offsetting increase to other reserves within equity, representing the difference between the fair value of the shares sold and the consideration received.

(iii) The right to convert all or part of the CEO's fixed remuneration in shares of the Company (the "**CEO Remuneration in Shares**"), to be converted at a rate based on a multiplier of EBIT. The annual right vests each year and can be exercised directly by the CEO within 12 months after the end of each year. In June 2022, as a result of the conversion of the CEO's fixed remuneration for 2021, 459,086 shares, which were previously held in treasury, were delivered to the CEO and the CEO reimbursed Zegna for fixed remuneration previously received in cash for an amount of €3,390 thousand.

(iv) 600,000 PSUs related to the Company's public listing (the "**CEO IPO PSUs**"), of which:

- 240,000 CEO IPO PSUs vest upon the satisfaction of the following conditions: (i) a public listing of the Company's shares, and (ii) a Company share price of at least $11.50 for twenty consecutive trading days following the public listing and before December 31, 2023, and
- 360,000 CEO IPO PSUs vest upon the satisfaction of the following conditions: (i) a public listing of the Company's shares, (ii) a Company share price of at least $12.50 for twenty consecutive trading days following the public listing and before December 31, 2023, and (iii) the CEO's continued service with the Company from the award grant date until December 31, 2023.

For the year ended December 31, 2022, the Group recognized €840 thousand as share-based compensation expense within personnel costs in relation to the CEO IPO PSUs and an offsetting increase to other reserves in equity (€2,047 thousand for the year ended December 31, 2021). At December 31, 2022 unrecognized compensation expense amounted to €840 thousand and is expected to be recognized over the remaining vesting periods through 2023 (€1,680 thousand at December 31, 2021). The fair value of the CEO IPO PSUs for accounting purposes was €5.77 to €6.93 per PSU and was measured at the grant date using a Monte Carlo Simulation model. Key assumptions used in the valuation include the following: (i) grant date share price: $10.48 (ii) expected volatility: 30% based on the historical and implied volatility of a group of comparable companies, (iii) risk free rate: 0.73%. At December 31,

2022 all of the CEO IPO PSUs were outstanding and unvested. For information relating to CEO IPO PSUs see *Note 43 — Subsequent events*.

*Management IPO equity-settled share-based payments*

In December 2021, the Company granted 900,000 PSUs to Zegna directors (excluding the CEO), key executives with strategic responsibilities and other employees of the Group (the "**Management IPO PSUs**"), of which:

- 450,000 Management IPO PSUs vest upon the satisfaction of the following conditions: (i) a public listing of the Company's shares before December 31, 2021 and, (ii) a Company share price of at least $11.50 for ten consecutive trading days following the public listing and before December 31, 2023, and
- 450,000 Management IPO PSUs vest upon the satisfaction of the following conditions: (i) a public listing of the Company's shares before December 31, 2021, (ii) a Company share price of at least $12.50 for twenty consecutive trading days following the public listing and before December 31, 2023, and (iii) the recipient's continued employment with the Company from the award grant date until December 31, 2023.

For the year ended December 31, 2022, the Group recognized €1,297 thousand as share-based compensation expense within personnel costs in relation to the Management IPO PSUs (€3,349 thousand for the year ended December 31, 2021). At December 31, 2022 unrecognized compensation expense amounted to €1,297 thousand and is expected to be recognized over the remaining vesting periods through 2023 (€2,720 thousand at December 31, 2021). The fair value of the Management IPO PSUs for accounting purposes was €6.18 to €7.35 per PSU and was measured at the grant dates using a Monte Carlo Simulation model. Key assumptions used in the valuation include the following: (i) grant date share price: $10.48 (ii) expected volatility: 30% based on the historical and implied volatility of a group of comparable companies, (iii) risk free rate: 0.73%.

The following table summarizes the changes in the number of the outstanding number awards under the Management IPO equity-settled share-based payments, all of which were unvested:

| | Management IPO PSUs |
|---|---|
| **Outstanding at December 31, 2020** | — |
| Granted | 900,000 |
| **Outstanding at December 31, 2021** | **900,000** |
| Forfeited | (20,000) |
| **Outstanding at December 31, 2022** | **880,000** |

For information relating to Management IPO PSUs see *Note 43 — Subsequent events*.

As part of the Business Combination, the Company issued 800,000 private warrants to certain Zegna non-executive directors (the "**Private Warrant Awards**") and recognized €1,236 thousand as share-based compensation expense within personnel costs and an offsetting increase to other reserves within equity for the year ended December 31, 2021.

*Management stock options*

In 2021 a member of key management exercised a right to buy 16,237 shares of the Company (811,850 shares following the Share Split) for a purchase price of €137 per share (€2.74 per share following the Share Split) (the "**Management Stock Options**") for total consideration of €2,216 thousand. For the year ended December 31, 2021, the Group recognized €3,834 thousand as share-based compensation expense within personnel costs and an offsetting increase to other reserves within equity.

*Non-executive directors remuneration in shares*

Under the Group's remuneration policy, non-executive directors will receive 50% of their annual base remuneration in cash and 50% in the Company's ordinary shares ("**Non-Executive Directors' Equity Compensation"**). The number of ordinary shares in the Company to be assigned to the non-executive directors is determined based on the closing share price of the Company's ordinary shares on the last trading date of the month preceding the grant date. If a non-executive director ceases to be employed by the Group within a given year, the shares will vest on a pro-rata basis until the date on which the

non-executive director provided their services. The shares will be delivered to the recipients two years following the grant date, which for the 2022 remuneration was in June. For the year ended December 31, 2022, the Group recognized €791 thousand as share-based compensation expense within personnel costs and an offsetting increase to other reserves within equity. A total of 78,460 ordinary shares of the Company were earned by the non-executive directors for 50% of their annual base remuneration for services provided in 2022 and will be delivered to the recipients in June 2024.

**41. Notes to consolidated cash flow statement**

***Operating activities***

Other non-cash expenses/(income), net in the consolidated cash flow statement primarily include:

- for the year ended December 31, 2022: non-cash share-based compensation and bonuses earned by certain members of Zegna's senior management team (which will be paid in 2024);
- for the year ended December 31, 2021: (i) €114,963 thousand relating to the excess of the fair value of Zegna ordinary shares issued as part of the Business Combination and the fair value of IIAC's identifiable net assets acquired, (ii) €37,906 thousand for the issuance of 5,031,250 Zegna ordinary shares, to be held in escrow, to the holders of IIAC class B shares, (iii) €16,290 thousand non-cash share-based compensation, and (iv) rent reductions received as a result of the COVID-19 pandemic and defined benefit obligations;
- for the year ended December 31, 2020: the effects of rent reductions received as a result of the COVID-19 pandemic.

The change in other operating assets and liabilities primarily relates to indirect taxes, accrued income and expenses, and deferred charges.

***Non-cash investing activities***

Non-cash investing activities primarily related to:

- acquisitions of right-of-use assets of €137,781 thousand in 2022 (€148,299 thousand in 2021 and €53,784 thousand in 2020);
- acquisitions of property, plant and equipment of €5,891 thousand in 2022 (€16,507 thousand in 2021 and nil in 2020); and
- acquisitions of intangible assets of €4,561 thousand in 2022 (€3,488 thousand in 2021 and nil in 2020).

**42. Business combinations**

There were no business combinations for the years ended December 31, 2022 and 2020.

On December 17, 2021, the Group completed the Business Combination between Zegna and IIAC. See *Note 1 — General information* for additional information. A summary of the Group's other business combinations for the year ended December 31, 2021 is provided below.

***Acquisition of Tessitura Ubertino***

On June 4, 2021 the Group acquired 60% of Tessitura Ubertino, a company active in the textile business. As a result of acquisition, the Group has expanded its textile activities and product offering. Details of the purchase consideration, the net assets acquired and goodwill were as follows:

| *(€ thousands)* | At acquisition date |
|---|---|
| Consideration paid | 5,880 |
| Contingent consideration | 1,170 |
| **Total consideration** | **7,050** |

The cash consideration of approximately €7,050 thousand included a €1,170 thousand earn-out payment, subject to Tessitura Ubertino achieving certain predetermined operating performance targets for the years 2021 and 2022. The operating performance targets for 2021 were achieved and 50% portion of the earn-out payment, amounting to €585 thousand, was paid by Zegna in cash in 2022. The remaining earn-out payment of €585 thousand will be paid in 2023 if Tessitura Ubertino achieves the defined operating performance targets for 2022.

| *(€ thousands)* | Fair value at acquisition date |
|---|---|
| Cash and cash equivalents | 2,366 |
| Trade receivables | 1,681 |
| Inventories | 1,564 |
| Other current assets | 626 |
| Property, plant and equipment | 641 |
| Intangible assets | 4,200 |
| Account payables | (1,872) |
| Other current liabilities | (712) |
| Employee benefits | (272) |
| Deferred tax liabilities | (1,172) |
| **Net identifiable assets acquired** | **7,050** |
| **Less: Non-controlling interests** | **(2,820)** |
| **Goodwill** | **2,820** |
| **Net assets acquired including goodwill** | **7,050** |

Goodwill arising from the acquisition of €2,820 thousand is primarily attributable to the expected synergies from combining operations of the acquiree and the acquirer. The goodwill is not deductible for tax purposes. Minor acquisition-related costs were expensed and recorded within purchased, outsourced and other costs in the consolidated statement of profit and loss. The Group elected to recognize non-controlling interests at its proportionate share of the acquired net identifiable assets. The details of the net cash outflows related to the acquisition are shown below:

| *(€ thousands)* | At acquisition date |
|---|---|
| Consideration paid | (5,880) |
| Cash and cash equivalents acquired | 2,366 |
| **Net cash outflow - Investing activities** | **(3,514)** |

Tessitura Ubertino was consolidated in Zegna's consolidated financial statements starting on June 4, 2021, and contributed revenues of €5,625 thousand and profit of €561 thousand to the Group from that date until December 31, 2021 and revenues of €10,210 thousand and profit of €938 thousand in 2022. If the acquisition had occurred on January 1, 2021, the consolidated statement of profit and loss the year ended December 31, 2021 would have included additional revenues for €3,987 thousand and profit for the year of €674 thousand.

***Contingent consideration relating to the acquisition of Gruppo Dondi S.p.A.***

In 2021 the Group paid contingent consideration of €710 thousand relating to the acquisition of Dondi, which was completed in July 2019, based on the achievement of certain predetermined performance targets by Dondi.

**43. Subsequent events**

The Group has evaluated subsequent events through April 5, 2023 which is the date the Consolidated Financial Statements were authorized for issuance, and identified the following events, all of which are non-adjusting as defined in IAS 10:

On January 25, 2023, Zegna announced an agreement with Samsung C&T Corporation ("Samsung"), pursuant to which Zegna will acquire from Samsung the Thom Browne retail business in South Korea, which consists of a network of 17 Thom Browne retail stores currently managed by Samsung under franchising arrangements. Following the acquisition, Zegna will directly operate the retail stores in South Korea (through a newly formed subsidiary) and Samsung will continue to support the Group through an innovative retail management agreement. The acquisition is expected to be completed on July 1, 2023, when the current franchise agreements expire, at which point the retail management agreement will also commence.

On February 28, 2023, Zegna completed the previously announced redemption of its outstanding public and private placement warrants to purchase ordinary shares of the Company that remained outstanding at 5:00 p.m. New York City time on February 27, 2023 (the "Redemption Date"), following which (i) 408,667 warrants were exercised by the warrant holders at an exercise price of $11.50 per ordinary share and Zegna received total cash proceeds of $4.7 million in exchange for 408,667 newly issued ordinary shares, and (ii) 19,322,846 warrants were exercised by the warrant holders on a cashless basis in exchange for 0.277 ordinary shares of the Company per warrant, with the Company issuing an aggregate of 5,761,067 newly issued ordinary shares. As a result of these transactions, approximately 98% of the outstanding warrants were exercised, of which approximately 2% were exercised for cash and approximately 96% were exercised on a cashless basis. The remaining 385,123 warrants remained unexercised on the Redemption Date and were redeemed by the Company for cash at a redemption price of $0.10 per warrant in accordance with the terms of the related warrant agreements, for a total of $38.5 thousand. Following the above transactions, there are no remaining public or private placement warrants outstanding.

On March 14, 2023, the release conditions relating to 70% of the Escrow Shares, representing 3,521,875 ordinary shares of the Company, were satisfied.

On March 31, 2023, Zegna completed the acquisition of a 25% minority stake interest in Canadian technical trail-running shoe company Norda Run for consideration of $7.1 million, with the option to gradually increase its stake over the next nine years. The luxury outdoor space continues to be an area of focus for the Group, and Norda Run, which uses the finest materials on the planet to produce the world's best-performing all-weather footwear, aligns perfectly with Zegna's values of creating the best products from the best materials. The agreement secures the possibility of accelerating the brand's growth through a strong industrial and commercial partnership. The acquisition was executed through a newly incorporated, fully owned subsidiary of the Group in Canada.

On April 5, 2023, the Board of Directors determined the level of achievement of the performance conditions applicable to the awards under the CEO 2022-2024 LTIP in relation to the 2022 performance period. As a result of such determination, 588,000 ordinary shares vested and will be delivered to the Chairman and CEO in due course.

On April 5, 2023, the Board of Directors verified the achievement of the vesting conditions applicable to the first tranche of awards under the IPO Performance Bonus plan related to the execution of a public listing of the Company's shares (which was completed in December 2021) and the achievement of predefined targets relating to the Company's share price. As a result of such determination, 240,000 CEO IPO PSUs and 450,000 Management IPO PSUs vested and the same number of Ordinary Shares held in treasury will be delivered to the CEO and to members of management, respectively, in the second quarter of 2023. For additional information relating to the CEO IPO PSUs and the Management IPO PSUs, see *Note 40 — Shared-based payments*.

On April 5, 2023, the Board of Directors of Zegna proposed to make a dividend distribution of €0.10 per share to holders of the Company's ordinary shares, corresponding to a total dividend distribution of approximately €25 million. The dividend proposal is subject to the finalization and adoption of the annual statutory accounts of the Company (provided that the distribution is permitted under Dutch law) and to the approval of the Company's shareholders at the 2023 annual general meeting, which is expected to be held on June 27, 2023.

**Exhibit 2.5**

**DESCRIPTION OF SECURITIES**
**REGISTERED UNDER SECTION 12 OF THE EXCHANGE ACT**

As of December 31, 2022 Zegna had the following securities registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"):

| Title of each class | Trading Symbol(s) | Name of each exchange on which registered |
|---|---|---|
| **Ordinary Shares, nominal value €0.02 per share** | **ZGN** | **New York Stock Exchange** |
| **Warrants, each whole warrant exercisable for one Ordinary Share at an exercise price of $11.50 per share** | **ZGN WS** | **New York Stock Exchange** |

On January 26, 2023, the Company announced a redemption of all Warrants, following which 19,322,846 Warrants were exercised on a cashless basis and 408,667 Warrants were exercised for cash, resulting in the issuance of an aggregate of 5,761,067 Ordinary Shares. The 385,123 remaining outstanding Warrants were redeemed on February 27, 2023. Following completion of the Warrant Redemption, there were no Warrants outstanding.

Capitalized terms used but not defined herein have the meanings given to them in Zegna's annual report on Form 20-F for the year ended December 31, 2022.

The following is a summary of material terms of Zegna's securities. It includes information relating to Zegna's securities, the Zegna Articles of Association, the Terms and Conditions of the Zegna Special Voting Shares, the Warrant Agreement and applicable Dutch law in effect at the date Zegna's annual report on Form 20-F for the year ended December 31, 2022. The summaries of the Zegna Articles of Association and the Terms and Conditions of the Zegna Special Voting Shares as set forth herein are qualified in their entirety by reference to the full text of the Zegna Articles of Association and the Terms and Conditions of the Zegna Special Voting Shares.

## ORDINARY SHARES

### General

As of December 31, 2022 there were 242,802,746 Ordinary Shares issued and outstanding, par value €0.02 per share. Our Ordinary Shares are listed and traded on the NYSE (trading symbol "ZGN"). As a result of the Warrant Redemption, as of March 28, 2023, there were 248,563,813 Ordinary Shares issued and outstanding and no Warrants outstanding.

As of December 31, 2022, Zegna's authorized share capital amounted to €18,700,000, divided into 400,000,000 Ordinary Shares, with a nominal value of €0.02 each, 200,000,000 Zegna Special Voting Shares A, with a nominal value of €0.02 each, 50,000,000 Zegna Special Voting Shares B, with a nominal value of €0.08 each and 15,000,000 Zegna Special Voting Shares C, with a nominal value of €0.18 each. In order to facilitate Zegna's loyalty voting structure, the Zegna Articles of Association provide for transitional provisions to increase the authorized share capital when the Zegna Board makes the required filings with the Dutch Trade Register. All issued Ordinary Shares have been fully paid up.

As of December 31, 2022, 54,140,913 Ordinary Shares were held by Zegna in treasury.

All issued and outstanding Ordinary Shares and Zegna Special Voting Shares are held in registered form. No share certificates may be issued.

**Issuance of Shares**

The Zegna Articles of Association provide that Ordinary Shares and Zegna Special Voting Shares may be issued or rights to subscribe for shares may be granted pursuant to a resolution adopted by the Zegna General Meeting at the proposal of the Zegna Board, or alternatively, by the Zegna Board if so designated by the Zegna General Meeting. Designation by resolution of the Zegna General Meeting cannot be withdrawn unless determined otherwise at the time of designation. The scope and duration of the Zegna Board's authority to issue shares or grant rights to subscribe for shares (such as granting stock options) will be determined by a resolution of the Zegna General Meeting and relates, at the most, to all unissued shares in Zegna's authorized capital on the date on which the Zegna Board resolves to issue shares or grant rights to subscribe for shares. The duration of this authority may not exceed a period of five years. Designation of the Zegna Board as the body authorized to issue shares or grant rights to subscribe for shares may be extended by a resolution of the Zegna General Meeting for a period not exceeding five years in each case. The maximum number of shares or rights to subscribe for shares that may be issued or granted by the Zegna Board is determined at the time of designation by the Zegna General Meeting.

No resolution of the Zegna General Meeting or resolution of the Zegna Board is required to issue shares pursuant to the exercise of a previously granted right to subscribe for shares.

The Zegna General Meeting adopted a resolution prior to the Closing pursuant to which the Zegna Board is authorized, for a period of five years from the date of the Closing, to issue Ordinary Shares and grant rights to subscribe for Ordinary Shares up to the authorized share capital from time to time.

**Pre-Emptive Rights**

Under Dutch law and the Zegna Articles of Association, each shareholder has a pre-emptive right in proportion to the aggregate number of its Ordinary Shares upon the issuance of new Ordinary Shares or the granting of rights to subscribe for Ordinary Shares. Exceptions to this pre-emptive right include the issuance of new Ordinary Shares or the granting of rights to subscribe for Ordinary Shares: (i) to employees of Zegna or another company of its group; (ii) against payment other than in cash; and (iii) to persons exercising a previously granted right to subscribe for Ordinary Shares. Holders of Zegna Special Voting Shares will not have pre-emptive rights to acquire newly issued Ordinary Shares or Zegna Special Voting Shares and no pre-emptive rights will exist with respect to the issue of Zegna Special Voting Shares. In accordance with Dutch law, pre-emptive rights may be exercised during a period of at least two weeks after the announcement of an issuance of new Ordinary Shares or a grant of rights to subscribe for Ordinary Shares in the Dutch State Gazette.

The Zegna General Meeting at the proposal of the Zegna Board, or alternatively the Zegna Board if it has been designated to do so by the Zegna General Meeting, has the authority to resolve on the limitation or exclusion of pre-emptive rights upon an issuance of Ordinary Shares or a grant of rights to subscribe for Ordinary Shares. A resolution of the Zegna General Meeting to limit or exclude pre-emptive rights or to authorize the Zegna Board to do so requires a two-thirds majority of the votes cast if less than half of the issued share capital is represented at a Zegna General Meeting. If half or more of the issued share capital is represented at the meeting, this resolution is adopted with a simple majority of the votes cast.

Pursuant to Dutch law, the Zegna Board may be designated as the competent body to limit or exclude pre-emption rights for a specified period of time not exceeding five years, but only if the Zegna Board has also been authorized or is simultaneously authorized to issue Ordinary Shares. If a proposal is made by the Zegna Board to the Zegna General Meeting to limit or exclude pre-emptive rights, the reasons for the proposal and the choice of the intended price of issue must be explained in writing.

The Zegna General Meeting adopted a resolution prior to the Closing pursuant to which the Zegna Board is authorized, for a period of five years from the Closing Date, to limit or exclude pre-emptive rights in connection with an issuance of Ordinary Shares or grant of rights to subscribe for Ordinary Shares.

**Transfer of Shares**

Pursuant to Dutch law and the Zegna Articles of Association, the transfer of Ordinary Shares or Zegna Special Voting Shares (in each case, other than in book-entry form) or the creation of a right in rem on such shares requires a deed intended for that purpose and, save when Zegna is a party to the deed, written acknowledgment by Zegna of the transfer or the creation.
Pursuant to the Zegna Articles of Association, for as long as Ordinary Shares are listed on a regulated foreign stock exchange, the Zegna Board may resolve, in accordance with applicable Dutch law, that the preceding paragraph shall not apply to the Ordinary Shares that are registered in the part of the shareholders register which is kept outside the Netherlands by a registrar appointed by the Zegna Board for the purpose of the listing on such foreign stock exchange and that the property law aspects of such shares shall be governed by the law of the state of establishment of such stock exchange or by the law of the state in which deliveries and other legal acts under property law relating to the Ordinary Shares can or must be made with the consent of such stock exchange.

Pursuant to Dutch law and the Zegna Articles of Association, the Ordinary Shares are freely transferable. The Ordinary Shares which are registered in the Loyalty Register to participate in Zegna's loyalty voting structure are subject to transfer restrictions.

For additional information on the Zegna Special Voting Shares, see Zegna's annual report on Form 20-F for the year ended December 31, 2021 under "Item 10.B—*Memorandum and Articles of Association — Loyalty Voting Program—Terms and Conditions of the Special Voting Shares*".

Concurrently with the Closing, the Zegna Initial Shareholders, the IIAC Sponsor and the IIAC Initial Shareholders entered into the Zegna Shareholders Lock-Up Agreement and the IIAC Sponsor Lock-Up Agreement, as applicable, with Zegna. Pursuant to the Zegna Shareholders Lock-Up Agreement, the Zegna Initial Shareholders have agreed, among other things, not to sell, transfer or otherwise dispose of any Ordinary Shares owned by them (excluding any shares acquired in the PIPE Financing) until the earlier of (a) the date that is 18 months from the Closing Date and (b) the last trading day on which the volume weighted average share price of the Ordinary Shares equals or exceeds $12.50 per share for at least 20 trading days within any period of 30 consecutive trading days, commencing at least 180 days after the Closing Date. Pursuant to the IIAC Sponsor Lock-Up Agreement, subject to certain exceptions, the IIAC Sponsor and the IIAC Initial Shareholders agreed, among other things, not to sell, transfer or otherwise dispose of any Ordinary Shares or Warrants acquired in connection with the Business Combination in exchange for Class B Shares, Class A Shares subscribed for pursuant to the Forward Purchase Agreement and IIAC Private Placement Warrants, as applicable (excluding any shares acquired in the PIPE Financing), for a period of 180 days following the Closing Date, which expired on June 15, 2022; provided that, subject to certain adjustments: (i) the IIAC Sponsor (together with any other IIAC affiliates) will maintain beneficial ownership of a number of Ordinary Shares representing at least (a) 80% of the IIAC Sponsor's initial stake immediately following the Closing (excluding, for the avoidance of doubt, Ordinary Shares acquired in the PIPE Financing) for a period of at least 18 months following the Closing Date, and (b) 40% of the IIAC Sponsor's initial stake immediately following the Closing (excluding, for the avoidance of doubt, Ordinary Shares acquired in the PIPE Financing) for a period of at least 36 months following the Closing Date.

In addition, the PIPE Subscription Agreements for the Insider PIPE Subscribers contained certain restrictions on transfer with respect to the shares issued pursuant to such PIPE Subscription Agreements, which expired on December 17, 2022.

**Dividends and Other Distributions**

Pursuant to Dutch law and the Zegna Articles of Association, the distribution of dividends will take place following the adoption of the annual accounts, from which Zegna will determine whether such distribution is

permitted. Zegna may make distributions to its shareholders, whether from profits or from Zegna's freely distributable reserves, only insofar as Zegna's shareholders' equity exceeds the sum of the paid-up and called-up share capital plus any reserves to be maintained by Dutch law or the Zegna Articles of Association.

The Zegna Board may resolve to reserve the profits or part of the profits. Any profits remaining after the reservation referred to in the previous sentence by the Zegna Board will first be applied to allocate and add to the dividend reserve for each class of Zegna Special Voting Shares an amount equal to 1% of the aggregate nominal value of all issued and outstanding Zegna Special Voting Shares of that class. The profits remaining after application of the preceding sentence will be at the disposal of the Zegna General Meeting, which may resolve to add the remaining profits to the reserves or distribute them to the holders of Ordinary Shares. Distributions of dividends will be made to Zegna's shareholders in proportion to the nominal value of their Ordinary Shares.

Pursuant to Dutch law and the Zegna Articles of Association, the Zegna Board or the Zegna General Meeting at the proposal of the Zegna Board are allowed to resolve upon interim distributions on Ordinary Shares. For this purpose, the Zegna Board must prepare an interim statement of assets and liabilities. Such interim statement shall show Zegna's financial position not earlier than on the first day of the third month before the month in which the resolution to make the interim distribution is announced. An interim dividend can only be paid if (i) an interim statement of assets and liabilities is drawn up showing that the funds available for distribution are sufficient, and (ii) Zegna's shareholders' equity exceeds the sum of the paid-up and called-up share capital and any reserves to be maintained by Dutch law or the Zegna Articles of Association. Interim distributions may be made in cash and in kind (such as in the form of Ordinary Shares).

Holders of Zegna Special Voting Shares will not receive any dividends in respect of the Zegna Special Voting Shares; however, Zegna will maintain a separate dividend reserve for each class of Zegna Special Voting Shares for the sole purpose of the allocation of the mandatory minimal profits that accrue to the Zegna Special Voting Shares (as further described in Zegna's annual report on Form 20-F for the year ended December 31, 2021 under "Item 10.B—*Memorandum and Articles of Association —Loyalty Voting Structure.*"). Any distribution out of a special voting shares dividend reserve or the partial or full release of any such reserve will require a prior proposal from the Zegna Board and a resolution of the meeting of holders of the relevant class of Zegna Special Voting Shares, and will be made exclusively to the holders of the relevant class of Zegna Special Voting Shares in proportion to the aggregate nominal value of such relevant class of Zegna Special Voting Shares.

Distributions are payable on the day determined by the Zegna Board. Distributions will lapse if the distributions are not claimed within five years and one day following the date when they became payable.

**Voting Rights and Quorum at Zegna General Meetings**

Each Ordinary Share and each Zegna Special Voting Share A confers the right to cast one vote, each Zegna Special Voting Share B confers the right to cast four votes and each Zegna Special Voting Share C confers the right to cast nine votes in a Zegna General Meeting. No votes may be cast at a Zegna General Meeting on shares held by Zegna or Zegna's subsidiaries. Nonetheless, the holders of a right of usufruct in respect of Ordinary Shares are not excluded from the right to vote on such shares, if the right of usufruct or the right of pledge was granted prior to the time such share was acquired by Zegna or any of Zegna's subsidiaries. Zegna may not cast votes on shares in respect of which Zegna or a subsidiary holds a right of usufruct or a right of pledge. Ordinary Shares which are not entitled to voting rights pursuant to the preceding sentences will not be taken into account for the purpose of determining the number of shares on which votes may be cast, or the amount of the share capital that is present or represented at a Zegna General Meeting. Unless Dutch law or the Zegna Articles of Association state otherwise, all resolutions adopted at the Zegna General Meeting are adopted with a simple majority of the votes cast.

No quorum requirements apply.

Pursuant to Dutch law, when determining the extent to which shareholders vote, are present or represented, or the extent to which the share capital is present or represented, no account shall be taken of shares in respect of which the law or the Zegna Articles of Association provide that no votes may be cast.

**Election and Removal of Directors**

Zegna Directors are appointed by the Zegna General Meeting on a binding nomination by the Zegna Board, provided that one Zegna Non-Executive Director is appointed on a binding nomination by the IIAC Sponsor if at the time of the convocation of the relevant Zegna General Meeting the Sponsor Group satisfies the Minimum Holding Requirement. The nomination of the Sponsor Nominee by the IIAC Sponsor is subject to the approval of the Zegna Board in its discretion if he or she has not previously served as Zegna Director.

The IIAC Sponsor's right to make a nomination for one Zegna Non-Executive Director will lapse with immediate effect if the Sponsor Group fails to satisfy the Minimum Holding Requirement, provided that if such failure is not caused by a sale or transfer of Ordinary Shares by any member of the Sponsor Group, the IIAC Sponsor's nomination right will lapse if such failure continues for a period of 20 trading days from the date on which any member of the Sponsor Group had knowledge of such failure. Upon the termination of the nomination right, the Sponsor Nominee (or any temporary Zegna Director replacing a Sponsor Nominee) shall resign from the Zegna Board with immediate effect at the request of Zegna.

The Zegna General Meeting will at all times be allowed to overrule a binding nomination for the appointment of a Zegna Director by a simple majority of the votes cast, representing more than one-third of Zegna's issued share capital. If a majority of the votes are cast in favor of overruling the binding nomination, but that majority does not represent more than one third of Zegna's issued share capital, a new Zegna General Meeting may be convened at which the resolution to overrule the binding nomination may be adopted by a simple majority of the votes cast, regardless of Zegna's issued share capital represented by that majority.

In the event the binding nomination for the appointment of any Zegna Director other than the Sponsor Nominee is overruled, the Zegna Board is allowed to make a new binding nomination to fill the vacancy. In the event that also this binding nomination is overruled, the Zegna General Meeting shall be free to appoint a Zegna Director to fill the vacancy. In the event the binding nomination for the appointment of the Sponsor Nominee is overruled, the IIAC Sponsor may make a new binding nomination to fill the vacancy, provided that at the time of the convocation of the relevant Zegna General Meeting, the Sponsor Group satisfies the Minimum Holding Requirement.

Each Zegna Director is appointed for a term ending at the close of the first annual Zegna General Meeting following his or her appointment. Each Zegna Director may be reappointed.

The Zegna General Meeting may at all times suspend or dismiss a Zegna Director. Such resolution will require a majority of at least two-thirds of the votes cast, representing more than half of Zegna's issued share capital, or, if such resolution is proposed by the Zegna Board, by a simple majority of the votes cast, representing more than half of Zegna's issued share capital.

**Liquidation Rights**

Zegna may only be dissolved by a resolution of the Zegna General Meeting at the proposal of the Zegna Board. If Zegna is dissolved and liquidated, whatever remains of Zegna's equity after all its debts have been satisfied will be divided. Firstly, the balance of the dividend reserve for each class of Zegna Special Voting Shares will be for the benefit of the holders of Zegna Special Voting Shares of that class in proportion to the aggregate nominal value of the class of their Zegna Special Voting Shares. Any balance remaining will be for the benefit of the holders of Ordinary Shares in proportion to the aggregate nominal value of Ordinary Shares held by each of them.

**No Liability to Further Capital Calls**

All issued Ordinary Shares have been fully paid up.

**Discriminating Provisions**

There are no provisions in the Zegna Articles of Association that discriminate against a shareholder because of its ownership of a certain number of shares.

**Amendments to the Zegna Articles of Association**

A resolution of the Zegna General Meeting to amend the Zegna Articles of Association may only be adopted by the Zegna General Meeting at the proposal of the Zegna Board, which proposal requires the affirmative vote of the Sponsor Nominee if any amendment adversely affects the rights of the IIAC Sponsor specifically, as described in Zegna's annual report on Form 20-F for the year ended December 31, 2021 under "Item 10.B—*Memorandum and Articles of Association* —Affirmative Vote of the Sponsor Nominee." A resolution regarding the amendment of the Zegna Articles of Association will require a simple majority of the votes cast.

**Exchange Controls**

Under Dutch law, there are no exchange control restrictions on investments in, or payments on, the Ordinary Shares. There are no special restrictions in the Zegna Articles of Association or Dutch law that limit the right of shareholders who are not citizens or residents of the Netherlands to hold or vote the Ordinary Shares.

**Shareholders Agreement**

Concurrently with the Closing, Zegna, Monterubello, Ermenegildo Zegna and the IIAC Sponsor entered into the Shareholders Agreement, pursuant to which, among other things, for so long as the Sponsor Group satisfies the Minimum Holding Requirement, (i) the parties thereto will, and will cause their respective controlled affiliates to, exercise their rights and powers such that the Sponsor Nominee will only be (a) suspended as a Zegna Director if so requested in writing by the IIAC Sponsor unless the Zegna Board reasonably determined that not suspending the Sponsor Nominee would be in breach of the Zegna Board's fiduciary duties and (b) dismissed as a Zegna Director if so requested in writing by the IIAC Sponsor or in the case of fraud or willful misconduct in the performance of the Sponsor Nominee's office as a Zegna Non-Executive Director, (ii) Zegna will offer the Sponsor Nominee the opportunity to be proposed to the Zegna Board for appointment to serve on the Audit Committee and/or the Compensation Committee and (iii) the IIAC Sponsor will have the right to participate in certain capital raises of Zegna on the terms and subject to the exceptions contained in the Shareholders Agreement.

For so long as the Sponsor Group satisfies the Minimum Holding Requirement and subject to the conditions contained in the Shareholders Agreement, Zegna will also (i) consult with the IIAC Sponsor and solicit and consider its views in good faith before (a) entering into any major, transformative acquisition involving a merger with a similarly situated fashion or luxury goods company or (b) determining to pay an extraordinary cash dividend, and (ii) provide access to senior representatives of the IIAC Sponsor to interact with (a) the Chief Financial Officer and Chief Operating Officer of Zegna monthly and (b) the Chief Executive Officer of Zegna quarterly, in each case to ask questions about the affairs of Zegna, provided that, in each case, neither Zegna nor its senior representatives shall be under any obligation to disclose any confidential or non-public information.

**Reduction of Share Capital**

The Zegna General Meeting may resolve to reduce Zegna's issued share capital by a cancellation of shares or by reducing the nominal value of the shares by amending the Zegna Articles of Association. A resolution to cancel shares may only relate to shares held by Zegna itself or all issued shares of any class of Zegna Special Voting Shares. A resolution to cancel all issued shares of any class of Zegna Special Voting Shares will be subject to approval of the meeting of holders of such class of Zegna Special Voting Shares. Cancellation of a class of Zegna Special Voting Shares will take place without the repayment of the nominal value of the class of Zegna Special Voting Shares, which nominal value will be added to the special capital reserve.

Any reduction of the nominal value of the Ordinary Shares or a class of Zegna Special Voting Shares without repayment must be made pro rata on all such shares. Any reduction of the nominal value of the Zegna Special Voting Shares will take place without repayment.

A resolution of the Zegna General Meeting to reduce the share capital requires a majority of at least two-thirds of the votes cast at a Zegna General Meeting if less than half of the issued share capital is represented at the meeting. If half or more of the issued share capital is represented at the meeting, such resolution is adopted with a simple majority of the votes cast.

In addition, Dutch law contains detailed provisions regarding the reduction of share capital. A resolution to reduce the issued share capital shall not take effect before a two-month creditor opposition period has lapsed.

**Squeeze Out**

Pursuant to article 2:92a of the Dutch Civil Code, a shareholder who, for his or her own account, holds at least 95% of Zegna's issued and outstanding share capital may initiate proceedings against the other shareholders jointly for the transfer of their shares to the claimant. The proceedings are held before the Dutch Enterprise Chamber (*Ondernemingskamer*) and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Dutch Enterprise Chamber may grant the claim for the squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one to three expert(s) who will offer an opinion to the Dutch Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Dutch Enterprise Chamber, the person acquiring the shares must give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him or her. Unless the addresses of all of them are known to the acquiring person, such person is required to publish the same in a Dutch national daily newspaper.

**WARRANTS**

As of December 31, 2022 there were 13,416,636 Public Warrants outstanding, each whole warrant exercisable for one Ordinary Share at an exercise price of $11.50 per share. 6,700,000 Private Placement Warrants were also outstanding. As a result of the Warrant Redemption, there are no Warrants outstanding. Until February 27, 2023, our Public Warrants were listed on the NYSE (trading symbol "ZGN WS").

The Public Warrants were governed by the Warrant Agreement.

This summary of certain provisions of the Public Warrants does not purport to be complete and is qualified in its entirety by reference to the Warrant Agreement.

Each whole Public Warrant entitled the holder thereof to purchase one (1) Ordinary Share at a price of $11.50 per share, subject to adjustment as described in Section 4 of the Warrant Agreement. The Public Warrants were set to expire at 5:00 p.m., New York City time, on December 17, 2026 or earlier upon redemption or liquidation.

Public Warrants did not entitle the holder to any of the rights of the Zegna shareholders, including, without limitation, the right to receive dividends, the right to vote or the right to receive notice as shareholders in respect of the meetings of shareholders or the election of Zegna Directors.

Under the terms of the Warrant Agreement, the Company was entitled to redeem the Public Warrants (i) in whole and not in part, (ii) at a price of $0.10 per warrant upon a minimum of 30 days' prior written notice of redemption provided that warrant holders would be able to exercise their warrants on a cashless basis prior to redemption and receive a specified number of Ordinary Shares based on the redemption date and the "fair market value" of the Ordinary Shares, (iii) if, and only if, the last reported sale price of the Ordinary Shares equaled or exceeded $10.00 per share for any 20 trading days within a 30-trading day period ending three trading days before

sending the notice of redemption to each warrant holder, and (iv) if the last reported sale price of the Ordinary Shares was less than $18.00 per share for any 20 trading days within a 30-trading day period ending three trading days before sending the notice of redemption to each warrant holder, the Private Placement Warrants were also concurrently called for redemption on the same terms as the outstanding Public Warrants. For purposes of the foregoing, "fair market value" of the Ordinary Shares means the volume weighted average price of Ordinary Shares during the 10 trading days immediately following the date on which the notice of redemption is sent to the holders of warrants. The Company was required to provide the warrant holders with the final fair market value no later than one business day after the end of the 10 trading day period described above.

On January 26, 2023, at the direction of the Company, the warrant agent delivered a notice of redemption to the registered holders of all of the outstanding Public Warrants and Private Placement Warrants, indicating that Zegna would redeem all Warrants that remained outstanding at 5:00 p.m. New York City time on February 27, 2023, at a redemption price of $0.10 per Warrant. At and after such time on the redemption date, any Warrants that would remain unexercised would be void and no longer exercisable, and holders of such Warrants would have no further rights except to receive the redemption price for such Warrants. On February 10, 2023, at the direction of the Company, the warrant agent delivered a notice to the registered holders of all of the outstanding Public Warrants and Private Placement Warrants, indicating that the fair market value of the Ordinary Shares was $11.8471, and that, based on such fair market value and on the number of months to the expiration of the Warrants, the number of Ordinary Shares to be issued for each Warrant surrendered pursuant to a cashless exercise would be 0.277 Ordinary Shares.

Following delivery of the notice of redemption as described above, 19,322,846 Warrants were exercised on a cashless basis and 408,667 Warrants were exercised for cash, resulting in the issuance of an aggregate of 5,761,067 Ordinary Shares; and the 385,123 remaining outstanding Warrants were redeemed on February 27, 2023 for a total redemption price of $38,512.3. Following completion of the Warrant Redemption, there are no Warrants outstanding.

**Exhibit 8.1**

| Company | Jurisdiction | Ownership interest |
|---|---|---|
| *Companies Consolidated Line-by-line* | | |
| In.co. S.p.A. | Italy | 100 |
| Lanificio Ermenegildo Zegna e Figli S.p.A. | Italy | 100 |
| Ezi S.p.A. | Italy | 100 |
| EZ Service S.r.l. | Italy | 100 |
| Bonotto S.p.A. | Italy | 60 |
| Cappellificio Cervo S.r.l. | Italy | 51 |
| Thom Browne Services Italy S.r.l. | Italy | 90 |
| Thom Browne Retail Italy S.r.l. | Italy | 90 |
| Gruppo Dondi S.p.A. | Italy | 65 |
| Tessitura Ubertino S.r.l. | Italy | 60 |
| Ezesa Argentina S.A. | Argentina | 100 |
| Ermenegildo Zegna Australia PTY LTD | Australia | 100 |
| Ermenegildo Zegna H.m.b.H. | Austria | 100 |
| Ezesa Brasil Participacoes LTDA | Brazil | 100 |
| Ermenegildo Zegna Canada Inc. | Canada | 100 |
| Thom Browne Canada | Canada | 90 |
| EZ CA Holding Corp. | Canada | 100 |
| Investindustrial Acquisition Corp. | Cayman Islands | 100 |
| Thom Browne (China) Co., Ltd.* | China | 90 |
| Ermenegildo Zegna (China) Co., LTD | China | 100 |
| Zegna (China) Enterprise Management Co., Ltd. | China | 100 |
| Ermenegildo Zegna Czech S.r.o. | Czech Republic | 100 |
| EZ US Holding Inc. | Delaware, United States | 100 |
| Thom Browne Inc. | Delaware, United States | 90 |
| Zegna Denmark ApS | Denmark | 100 |
| Fantasia (London) Limited | England and Wales | 100 |
| Thom Browne UK Limited | England and Wales | 90 |
| Société de Textiles Astrum France S.à.r.l. | France | 100 |
| Thom Browne France Services | France | 90 |
| Thom Browne Eyewear France SAS | France | 90 |
| Ermenegildo Zegna GmbH | Germany | 100 |
| E.Zegna Attica Single Member Societé Anonyme | Greece | 100 |
| Ermenegildo Zegna Hong Kong LTD | Hong Kong | 100 |
| Ermenegildo Zegna (Macau) LTD | Hong Kong | 100 |
| E.Z. Trading (Hong Kong) LTD | Hong Kong | 100 |
| Thom Browne (Macau) Limited | Hong Kong | 90 |
| Thom Browne Hong Kong Limited | Hong Kong | 90 |
| Zegna South Asia Private LTD | India | 51 |
| Thom Browne Japan Inc. | Japan | 90 |
| Zegna Japan Co., LTD | Japan | 100 |
| Thom Browne Korea Ltd. | Korea | 90 |

| Company | Jurisdiction | Ownership interest |
|---|---|---|
| Ermenegildo Zegna Malaysia Sdn. Bhd. | Malaysia | 100 |
| Ermenegildo Zegna S.A. de C.V. | Mexico | 100 |
| Ermenegildo Zegna Maroc S.A.R.L.A.U. | Morocco | 100 |
| Ermenegildo Zegna Corporation | New York, United States | 100 |
| E. Z. New Zealand LTD | New Zealand | 100 |
| Ezeti Portugal. S.A. | Portugal | 100 |
| Ermenegildo Zegna Far-East Pte LTD | Singapore | 100 |
| Ermenegildo Zegna Madrid S.A. | Spain | 70 |
| Ezeti S.L. | Spain | 100 |
| Italco S.A. | Spain | 100 |
| Consitex S.A. | Switzerland | 100 |
| Co.Ti. Service S.A. | Switzerland | 100 |
| Thom Browne Trading SA | Switzerland | 90 |
| Thom Browne Eyewear (T.B.E.) SA | Switzerland | 90 |
| E. Z. Thai Holding Ltd | Thailand | 49 |
| The Italian Fashion Co. LTD | Thailand | 65 |
| Ismaco Amsterdam B.V. | The Netherlands | 100 |
| Ermenegildo Zegna Giyim Sanayi ve Tic. A.S. | Turkey | 100 |
| ISMACO TEKSTİL LİMİTED ŞİRKETİ | Turkey | 100 |
| Ermenegildo Zegna Vietnam LLC | Vietnam | 90 |
| Zegna Gulf Trading LLC | United Arab Emirates | 49 |
| Zegna for Retail of Readymade and Novelty Clothes W.L.L. | Kuwait | 49 |
| | | |
| *Investments at fair value* | | |
| Acquedotto Piancone S.r.l. | Italy | 67 |

* Formerly known as Tailoring Luxury Co., Ltd.

**Exhibit 12.1**

**ERMENEGILDO ZEGNA N.V.**
**SECTION 302 CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER**

I, Ermenegildo Zegna di Monte Rubello, Chairperson and Chief Executive Officer of Ermenegildo Zegna N.V. (the "Company"), certify that:

1. I have reviewed this annual report on Form 20-F of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 6, 2023

/s/ Ermenegildo Zegna di Monte Rubello

Ermenegildo Zegna di Monte Rubello
Chairperson and Chief Executive Officer

**Exhibit 12.2**

**ERMENEGILDO ZEGNA N.V.**
**SECTION 302 CERTIFICATION OF THE CHIEF FINANCIAL OFFICER**

I, Gianluca Ambrogio Tagliabue, Chief Operating Officer and Chief Financial Officer of Ermenegildo Zegna N.V. (the "Company"), certify that:

1. I have reviewed this annual report on Form 20-F of the Company;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

4. The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

5. The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: April 6, 2023

/s/ Gianluca Ambrogio Tagliabue

Gianluca Ambrogio Tagliabue
Chief Operating Officer and Chief Financial Officer

**Exhibit 13.1**

**ERMENEGILDO ZEGNA N.V.**
**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Ermenegildo Zegna di Monte Rubello, Chairperson and Chief Executive Officer of Ermenegildo Zegna N.V. (the "Company"), hereby certify pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge

1. the Company's Annual Report on Form 20-F for the year ended December 31, 2022, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 6, 2023

/s/ Ermenegildo Zegna di Monte Rubello

Ermenegildo Zegna di Monte Rubello
Chairperson and Chief Executive Officer

**Exhibit 13.2**

**ERMENGILDO ZEGNA N.V.**

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Gianluca Ambrogio Tagliabue, Chief Operating Officer and Chief Financial Officer of Ermenegildo Zegna N.V. (the "Company"), hereby certify pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

1. the Company's Annual Report on Form 20-F for the year ended December 31, 2022, to which this statement is furnished as an exhibit (the "Report"), fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: April 6, 2023

/s/ Gianluca Ambrogio Tagliabue

Gianluca Ambrogio Tagliabue
Chief Operating Officer and Chief Financial Officer

**Exhibit 15.1**

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement No. 333-262976 on Form S-8 of our reports dated April 6, 2023, relating to the financial statements of Ermenegildo Zegna N.V. and the effectiveness of Ermenegildo Zegna N.V.'s internal control over financial reporting appearing in this Annual Report on Form 20-F for the year ended December 31, 2022.

/s/ DELOITTE & TOUCHE S.p.A.

Turin, Italy
April 6, 2023