TOD'S Group

2019 IAS/IFRS Half Year Financial Report

(Translation of the 2019 Half Year Financial Report approved in Italian solely for the convenience of international readers)

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Company's data

Registered office Parent company

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

Legal data Parent company

Share capital resolved euro 66,187,078
Share capital subscribed and paid euro 66,187,078
Fiscal Code and registration number on Company Register of Court of Marche: 01113570442
Registered with the Chamber of Commerce of Marche under n. 114030 R.E.A.

Offices and Showrooms

Munich – Domagkstrasse, 1/b, 2
Hong Kong – 35/F Lee Garden One, 33 Hysan Avenue, Causeway Bay
London – Wilder Walk, 1
Milan - Corso Venezia, 30
Milan - Via Savona, 56
Milan - Via Serbelloni, 1-4
New York - 450, West 15th Street
Paris – Rue de Faubourg Saint-Honore, 29
Paris – Rue du Général FOY, 22
Paris – Rue de L'Elysée, 22
Seoul – 11/F Pax Tower 609, Eonju-ro, Gangnam-gu
Shanghai - 1717 Nanjing West Road, Wheelock Square 45/F
Tokyo – Omotesando Building, 5-1-5 Jingumae

Group's Headquarter and main production site

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

Other production facilities

Arquata del Tronto (AP) – Zona Industriale Pescara del Tronto
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 50
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 60
Comunanza (AP) - Via S.Maria, 2-4-6
Comunanza (AP) - Via Merloni, 7
Durres (Albania) – Rr. Jakov Xoxa Prane – Nish Goma – Shkozet
Tolentino (MC) - Via Sacharov 41/43

Corporate Governance bodies

Board of directors [(1)]	Diego Della Valle	Chairman
	Andrea Della Valle	Vice - Chairman
	Luigi Abete	
	Maurizio Boscarato	
	Marilù Capparelli	
	Sveva Dalmasso	
	Emanuele Della Valle	
	Gabriele Del Torchio	
	Romina Guglielmetti	
	Umberto Macchi di Cellere	
	Emilio Macellari	
	Vincenzo Manes	
	Cinzia Oglio	
	Emanuela Prandelli	
	Pierfrancesco Saviotti	
Executive Committee	Diego Della Valle	Chairman
	Andrea Della Valle	
	Umberto Macchi di Cellere	
	Emilio Macellari	
Compensation Committee	Vincenzo Manes	Chairman
	Sveva Dalmasso	
	Luigi Abete	
Control and Risk Committee	Romina Guglielmetti	Chairman
	Maurizio Boscarato	
	Vincenzo Manes	
Independent Directors Committee	Vincenzo Manes	Chairman
	Sveva Dalmasso	
	Romina Guglielmetti	
Board of statutory [(2)] **Auditors**	Giulia Pusterla	Chairman
	Enrico Colombo	Acting stat. auditor
	Fabrizio Redaelli	Acting stat. auditor
	Myriam Amato	Substitute auditor
	Gilfredo Gaetani	Substitute auditor
Independent Auditors [(3)]	PricewaterhouseCoopers S.p.A.	
Manager charged with preparing Company's financial report	Rodolfo Ubaldi	

[(1)] Term of the office: 2018-2020 (resolution of the Shareholders' meeting as of April 19th, 2018)
[(2)] Term of the office: 2019-2021 (resolution of the Shareholders' meeting as of April 18th, 2019)
[(3)] Term of the office: 2012-2020 (resolution of the Shareholders' meeting as of April 19th, 2012)

TOD'S Group

TOD'S S.p.A.
Parent Company, owner of TOD'S, HOGAN and FAY and licensee of ROGER VIVIER brand

Del.Com. S.r.l.
Sub-holding for operation of national subsidiaries and DOS in Italy

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

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

Del.Pav S.r.l.
Company that operates DOS in Italy

Filangieri 29 S.r.l.
Company that operates DOS in Italy

Gen.del. SA
Company that operates DOS in Switzerland

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

TOD'S Deutschland Gmbh
Company that distributes and promotes products in Germany and manages DOS in Germany

TOD'S Espana SL
Company that operates DOS in Spain

TOD'S France Sas
Company that operates DOS in France

TOD'S Japan KK
Company that operates DOS in Japan

TOD'S Macau Lda
Company that operates DOS in Macao

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

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

TOD'S Retail India Private Ltd
Company that operates DOS in India

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

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

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

Webcover Ltd
Company that operates DOS in Great Britain

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

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

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

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

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

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

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

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

Holpaf B.V.
Real estate company that operates one DOS in Japan

Alban.Del Sh.p.k.
Production company

Un.Del. Kft
Production company

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

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

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

Roger Vivier Singapore Pte Ltd
Company that operates DOS in Singapore

Roger Vivier (Shanghai) Trading Co. Ltd
Company that operates in China

Roger Vivier UK Ltd
Company that operates DOS in Great Britain

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

Roger Vivier France Sas
Company that operates DOS in France

Roger Vivier Korea Inc.
Company that operates DOS in Korea and that distributes and promotes products in Korea

Roger Vivier Switzerland S.A.
Company that operates DOS in Switzerland

Roger Vivier Macau Ltd
Company that operates DOS in Macao

Roger Vivier Japan KK
Company that operates DOS in Japan

TOD'S Danmark APS
Company under liquidation

TOD'S Austria GMBH
Company that operates DOS in Austria

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

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

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

Roger Vivier Paris Sas
Company that operates DOS in France

Buena Ltd.
Company that provides services in Great Britain

Roger Vivier Deutschland GmbH
Company that operates DOS in Germany

Roger Vivier Espana SL
Company that operates DOS in Spain

Roger Vivier Australia PTY Ltd
Company that operates DOS in Australia

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

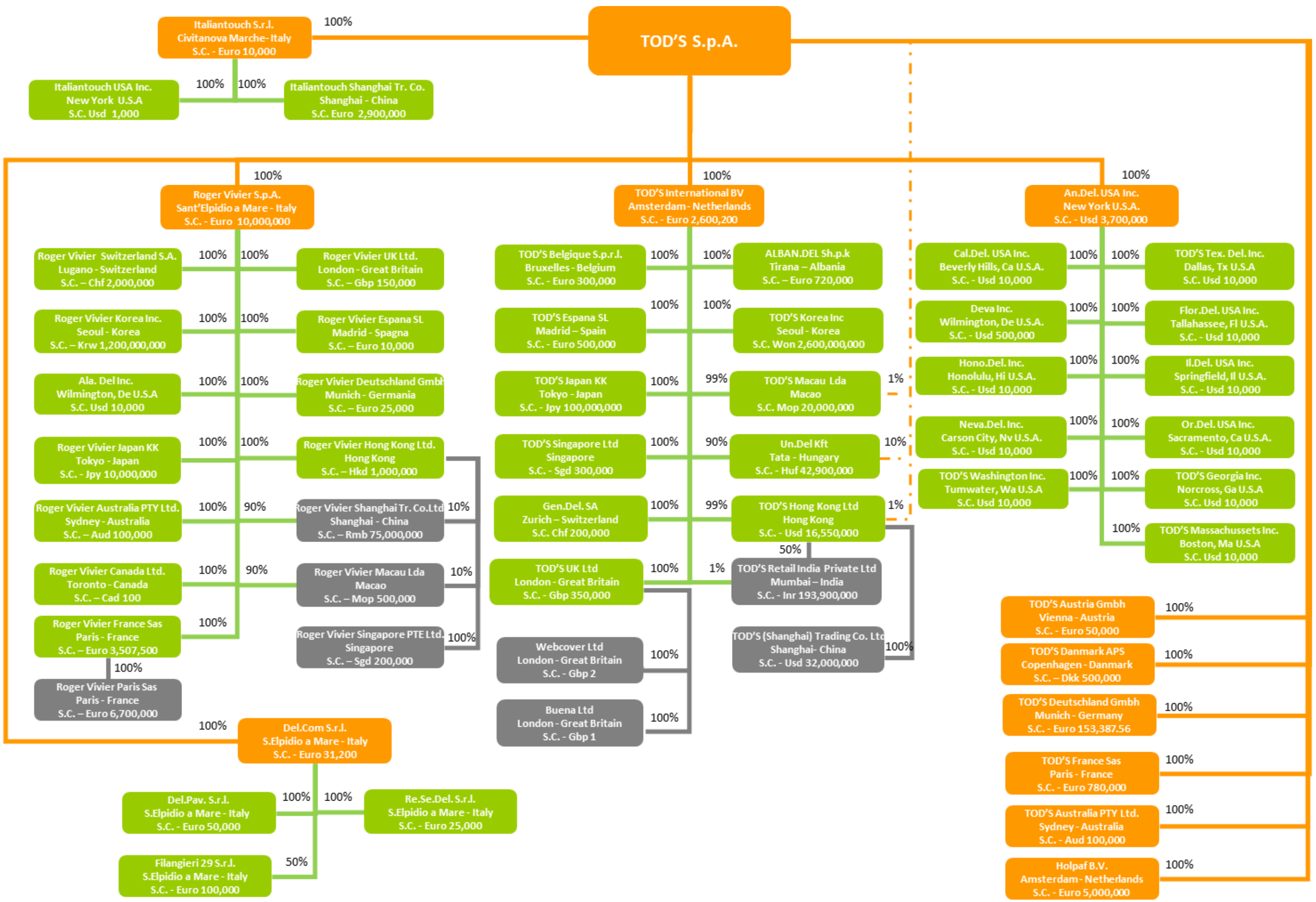
Roger Vivier Canada Ltd
Non-operating company

Italiantouch S.r.l.
Company that manages on line sales in the European market.

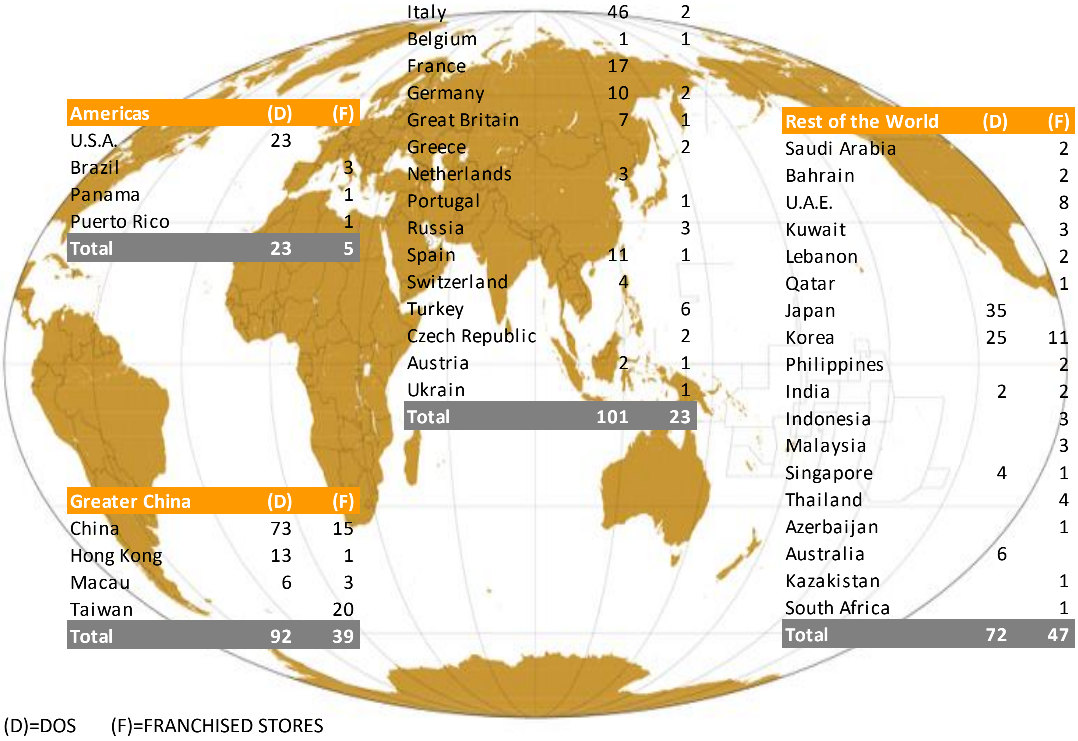
Italiantouch USA Inc.
Company that manages on line sales in the USA market.

Italiantouch Shanghai Trading Co. Ltd
Company that manages on line sales in the China market

Group's organizational chart



Distribution network as of June 30th, 2019



Europe	(D)	(F)
Italy	46	2
Belgium	1	1
France	17	
Germany	10	2
Great Britain	7	1
Greece		2
Netherlands	3	
Portugal		1
Russia		3
Spain	11	1
Switzerland	4	
Turkey		6
Czech Republic		2
Austria	2	1
Ukrain		1
Total	101	23

Americas	(D)	(F)
U.S.A.	23	
Brazil		3
Panama		1
Puerto Rico		1
Total	23	5

Rest of the World	(D)	(F)
Saudi Arabia		2
Bahrain		2
U.A.E.		8
Kuwait		3
Lebanon		2
Qatar		1
Japan	35	
Korea	25	11
Philippines		2
India	2	2
Indonesia		3
Malaysia		3
Singapore	4	1
Thailand		4
Azerbaijan		1
Australia	6	
Kazakistan		1
South Africa		1
Total	72	47

Greater China	(D)	(F)
China	73	15
Hong Kong	13	1
Macau	6	3
Taiwan		20
Total	92	39

(D)=DOS (F)=FRANCHISED STORES

DOS, 2019 new openings (*)

Europe

Barcellona	(Spain)
Paris	(France)

Greater China

Xiamen	(China)
Chengdu	(China)
Harbin	(China)
Macau	(Macau)
Hong Kong	(Hong Kong)

Rest of the World

Melbourne	(Australia)
Melbourne	(Australia)
Sidney	(Australia)
Nagoya	(Japan)
Singapore	(Singapore)
Singapore	(Singapore)

Americas

New York	(U.S.A.)

Franchised stores, 2019 new openings

Rest of the World

Busan	(South Korea)

Greater China

Shenyang	(China)

Americhe

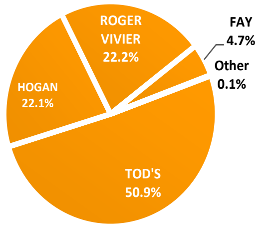
San Juan	(Puerto Rico)

(*) in order to compare the number of DOS with those of the 2018 financial year, it should be noted that, in the current period, 7 DOS were, for administrative purposes only, merged with others.

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

Key consolidated financial figures (*)

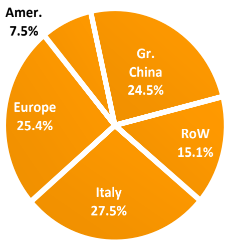
Revenue 2019 - % by Brand



P&L Key figures (euro millions)

	H1 19		H1 18		H1 17		H1 16	
Sales revenue	454.6		476.9		483.0		497.6	
EBITDA	80.4	17.7%	68.6	14.4%	75.7	15.7%	86.3	17.3%
EBIT	5.8	1.3%	46.7	9.8%	52.3	10.8%	62.0	12.5%
Profit before tax	(6.0)	-1.3%	43.4	9.1%	46.4	9.6%	54.2	10.9%
Profit for the period	(6.0)	-1.3%	33.2	7.0%	34.4	7.1%	37.1	7.5%
ADJUSTED EBITDA	30.2	6.7%	68.6	14.4%	75.7	15.7%	86.3	17.3%
ADJUSTED EBIT	6.7	1.5%	46.7	9.8%	52.3	10.8%	62.0	12.5%

Revenue 2019 - % by Region

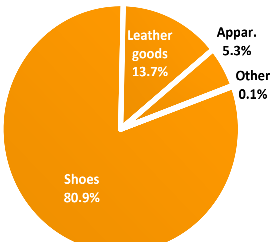


Main Balance Sheet indicators (euro millions)

	06.30.19	12.31.18	06.30.18
Net Working Capital (*)	338.3	314.4	312.3
Right of use assets	434.1	0.0	0.0
Intangible and tangible assets	797.0	808.6	804.6
Shareholders' equity	1,027.8	1,064.7	1,072.4
Net financial position	(509.3)	(75.3)	(50.2)
Capital exp. in intangible and tangible assets	22.4	44.0	20.1
Adjusted net financial position	(92.4)	(75.3)	(50.2)

(*) Trade receivable + inventories - trade payable

Revenue 2019 - % by Product

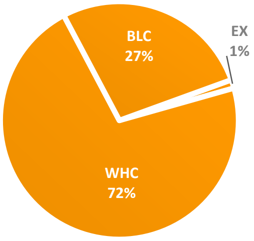


Financial key indicators (euro millions)

	H1 2019	FY 2018	H1 2018
Operating cash flow	89.5	30.6	5.8
Net operating cash flow	82.7	25.4	5.9
Cash flows generated/(used)	(4.2)	(32.4)	16.6
Adjusted net operating cash flow	37.9	25.4	5.9

(*) The main economic and balance sheet indicators of the Group in the first half of 2019 were significantly affected by the application of the new accounting standard IFRS 16, relating to the accounting treatment of lease agreements, which was applied for the first time starting from January 1st, 2019. As illustrated more in detail successively for the purpose of comparability of some performance indicators, the following "adjusted" indicators have been introduced, which do not include the impacts deriving from the application of IFRS 16: EBITDA, EBIT, Net invested capital, Net financial position and Net cash flows from operations.

Employees 2019: composition



The Group's employees

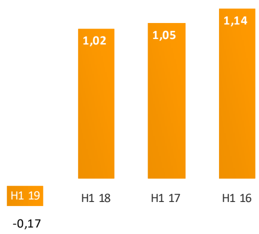
	06 30 19	12 31 18	06 30 18	06 30 17
Year to date	4,809	4,705	4,725	4,606

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

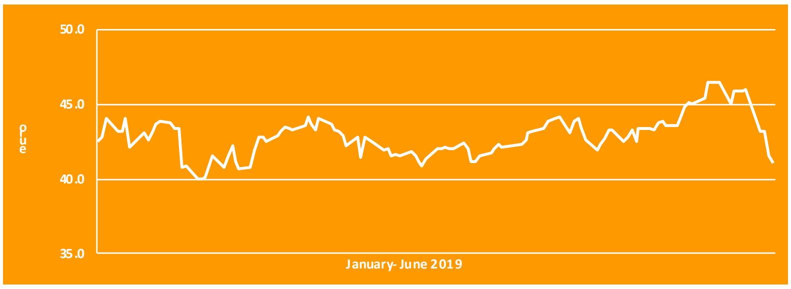
Main stock Market indicators (euro)

Share's price	
Official price at 01.02.2019	42.56
Official price at 06.28.2019	41.06
Minimum price (January - June)	40.00
Maximum price (January - June)	46.42
Market Capitalisation	
Market capitalization at 01.02.2019	1,408,461,020
Market capitalization at 06.28.2019	1,358,820,711
Dividend per share	
Dividend per share 2018	1.00
Dividend per share 2017	1.40
Ordinary shares	
Number of outstanding shares at 06.30.2019	33,093,539

Earning per share (euro)



Stock performance



Highlights of results

Revenues: revenues totalled 454.6 million euros during the period (the average change in foreign exchange rates had a positive impact of 4.8 million euros). Sales by the DOS network totalled 319.3 million euros.

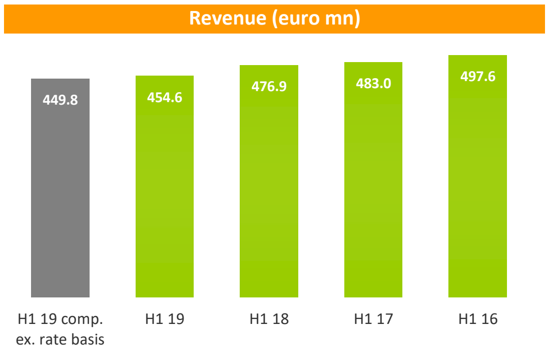
EBITDA: gross operating profit amounted to 80.4 million euros and it was equivalent to 17.7% of sales. Adjusted EBITDA amounted to 30.2 million euros (EBITDA at June 30th, 2018 was 68.6 million euros). It amounted to 79.0 million euros on a constant exchange rate basis, while adjusted EBITDA on a constant exchange rate was 30.2 million euros.

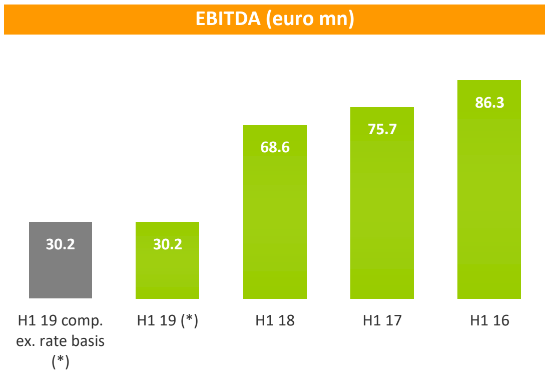
EBIT: net operating profit totalled 5.8 million euros. Adjusted EBIT amounted to 6.7 million euros (EBIT at June 30th, 2018 was 46.7 million euros). When measured on a constant exchange rate basis, EBIT totalled 6.1 million euros, while adjusted EBIT on a constant exchange rate was 7.0 million euros.

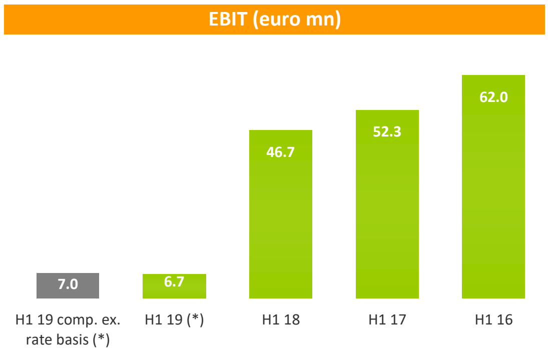
Net financial position (NFP): the Group had 188.5 million euros in liquid assets at June 30th, 2019. Adjusted net financial position was negative for 92.4 million euros at the same date (negative for 509.3 million euros including IFRS 16 lease liabilities for 416.9 million euros).

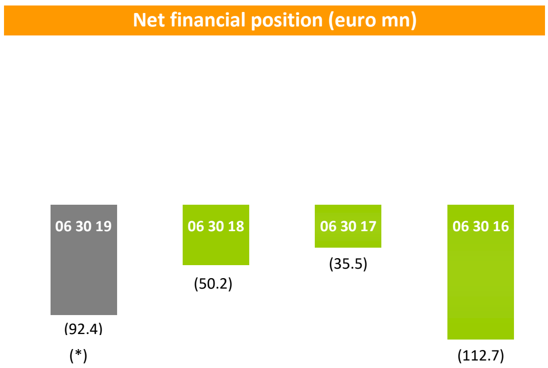
Capital expenditures: 22.4 million euros capital expenditures for tangible and intangible fixed assets were made in H1 2019, while in H1 2018 they amounted to 20.1 million euros.

Distribution network: at June 30th, 2019 the mono brand distribution network comprised 288 DOS and 114 Franchised stores.









(*) Adjusted data

TOD'S Group

Interim report on operations

Group

Group's activity

TOD'S Group operates in the luxury sector with its brands TOD'S, ROGER VIVER, HOGAN and FAY The Group actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The mission of the Group is to offer global customers top-quality products that satisfy their functional requirements and aspirations.

Organizational structure of the Group Group's organisational configuration rotates around its parent company TOD'S S.p.A., which is at the heart of Group's organisation, managing Group's production and distribution, owning TOD'S, HOGAN and FAY brands and holding the license of the ROGER VIVIER brand, the latter owned by the fully controlled subsidiary ROGER VIVIER S.p.A.
Through a series of sub-holdings, the organisation is rounded out by a series of commercial companies that are delegated complete responsibility for retail distribution through the DOS network and on-line sales. Some of them, strategically located on international markets, are assigned major roles in product distribution, marketing and promotion, and public relations processes along the "value chain", while simultaneously guaranteeing the uniform image that Group brands must have worldwide.

Production structure The Group's production structure is based on complete control of the production process, from creation of the collections to production and then distribution of the products. This approach is considered key to assuring the prestige of its brands.
Shoes and leather goods are produced in Group-owned plants, with partial outsourcing to specialized workshops. All of these outsourcers are located in areas with a strong tradition of shoe and leather good production. This preference reflects the fact that an extremely high standard of professional quality is required to make these items, with a significantly high level of added value contributed to the final product by manual work.

Distribution structure The prestige of Group's brands and the high degree of specialization necessary to offer the respective products to customers entails distribution through a network of similarly specialized stores. Accordingly, the Group relies principally on three channels: directly operated single-brand stores (DOS), franchised stores, and a series of selected, independent multibrand stores. Added to this is the e-commerce channel, which is becoming increasingly important both from a strategic point of view and in terms of values. Group's strategy has been historically focused on development of the DOS and franchising networks, given that these channels offer greater control and more faithful transmission of the individual brands. It is also clear that, in particular market situations, distribution through independent multibrand stores is more efficient, selected on the basis of their suitability to the brand's positioning, their location and the level of service offered to customers, as well as the visibility that they can provide for products (wholesale distribution).

The e-commerce channel, the development of which was started a few years ago, is assuming an increasingly central role in the evolution of the Group's distribution strategies, in line with the rapid dynamics of the sector. In this sense, the Group has embarked on a process of integration, aimed at multi-channel, which will lead to the progressive release of initiatives aimed at making the customer experience more fluid between the channels, the physical and the digital one.

Group's brands

TOD'S

The TOD'S brand is synonymous with luxury footwear and leather goods. Characterised from the outset by models that have become cult contemporary lifestyle items, in the world of luxury accessories it represents the perfect combination of tradition, high quality and modernity. Every product is made by hand with superior craftsmanship to become, after numerous steps and checks, an exclusive, recognisable, modern and functional item. Some of the designed products, such as the Driving Shoe or D-Bag, popular among celebrities and personalities worldwide, have become icons of a new style of masculine and feminine elegance. Each collection is a different take on "Contemporary Living", an iconic lifestyle imbued with Italian spirit, a value that the whole world recognises as synonymous with impeccable taste and elegance, handed down from generation to generation.

Roger Vivier
PARIS

Roger Vivier, who created the first stiletto heel in the '50s, designed extravagant and luxuriously embellished shoes that he described as "sculptures". A skilled artisan who loved feminine elegance, Vivier elevated shoes to art objects through the savoir-faire of French embroidery houses. The artistic heritage and traditional roots of the Vivier fashion house have now been given a new lease of life. Thanks to the Group's work, ROGER VIVIER's creativity and vision live on and new chapters are added to this unique story every season, going beyond footwear expertise to include bags, small leather goods, jewelry and sunglasses. Today, ROGER VIVIER's womenswear is sophisticated and elegant, yet slightly eccentric: it is designed for a woman who tries, through her clothes, to express her timeless elegance, without forgetting to add a cheeky, extravagant touch.

HOGAN

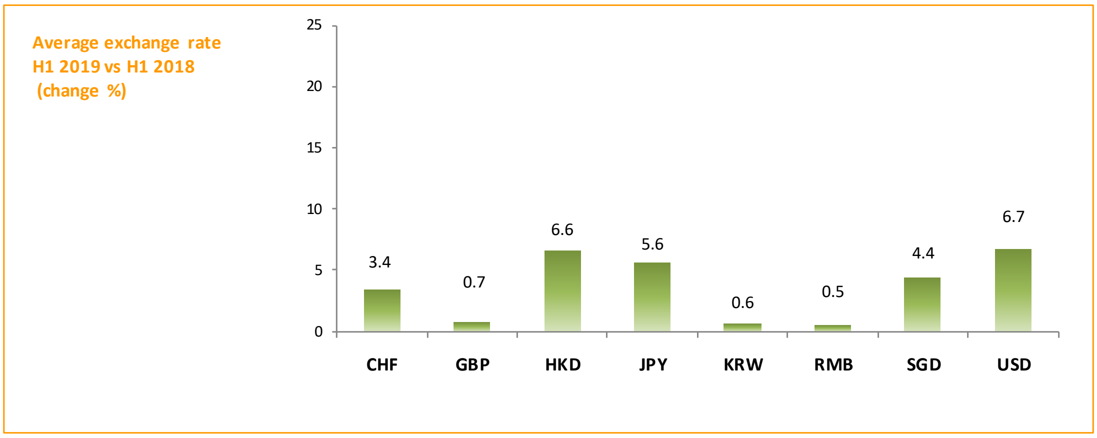
The HOGAN brand was founded in 1986 and is positioned in the luxury market, combining style, functionality and innovation. HOGAN translates the original vision of the concept of casual luxury suitable for any occasion into a contemporary lifestyle, in which quality and style are always appreciated. The brand offers footwear and accessories with a modern, essential design that perfectly balances versatility and elegance. HOGAN products, which are made from extraordinarily high-quality materials, are iconic objects designed to remain fashionable from season to season.

Fay

FAY, a brand launched in the second half of the '80s, boasts a range of high-quality clothing products distinguished by the brand's specific outerwear expertise, by the technical treatment of its fabrics and by the meticulous design and extreme functionality of its clothes, which stand out due to their excellence, comfort and durability, combining style, quality and versatility. Every season, the brand presents a menswear/womenswear collection and a junior collection consisting of both iconic garments, restyled according to current trends and technologies, and brand-new additions to all its product categories. The brand, which is strongly anchored in Italian vintage fashion, is now taking on the challenge of communicating its distinct identity to new generations, combining innovative and practical fabrics with the timeless characteristics of authentic Italian style.

Foreign currency markets

The average exchange rate trends of the first six months of 2019, compared to the same period of 2018, see a general devaluation of the Community currency compared to the main currencies with which the Group operates. The weakness of the euro, particularly evident against the US currency, was mainly influenced by the expansive monetary policy implemented by the European central bank, driven, above all, by the failed economic recovery of the Eurozone and the consequent low inflation rate. The climate of uncertainty, particularly exacerbated by the tensions that threaten international trade due to the actual and / or prospective barriers of commercial duties, also feeds the volatility of exchange rates, contributing to the general weakness of the euro.



Main events and operations during the period

The international context in which the Group operates was characterized, in the first part of 2019, by continuous political and commercial tensions on the international scene, which produced a general slowdown in the global economy, creating a climate of uncertainty in the markets.

The tension in trade relations between the US and China has led, in particular in the US market, to consequences in the general propensity to consume by local customers, but also to a significant reduction in incoming tourism by Chinese luxury shoppers and, more generally, Asians, with negative effects especially in the department store market.

The aforementioned weakness of the European currency has instead supported the tourist flows towards European countries, with a positive effect on consumptions that has only partially balanced the weakness of domestic demand.

The domestic market in China, on the other hand, shows a growth in demand, due to both the effect of lower outflows of tourist and, more generally, as consequence of government policies focused on encouraging local purchases, as well as a consequence of acceleration of the digital channel, driven by the purchases of the newest generations.

In this market context, the Group's performance shows a 4.7% reduction in sales revenues, mainly due to the weakness of the indirect channel. The sales trend of the retail channel was instead positive, supported also by the Group's investments in the development of the direct distribution network (approximately 13.7 million euros in resources invested during the period in capex in the

DOS network), in addition to the positive contribution of online sales, which recorded strong double-digit growth during the first half.
Concerning brand results, the performance of the ROGER VIVIER brand stands out which, with an increase of 11.6%, confirms, after the change in stylistic direction, its appeal to international customers belonging to the high-end luxury segment.
Furthermore, during the period, the investments aimed at implementing new business development strategies continued, aimed at increasing the visibility of the brands and the desirability of the products, in order to attract new consumers as well. In this context, a new exciting chapter is added to the T-Factory project, through the collaboration with the TOD'S brand of the eclectic and talented designer Alber Elbaz, for the realization of a capsule collection which, in the second half of the year, will be launched with the slogan Happy Moments: a hymn to good mood and joy, through the reinterpretation of some iconic products of the TOD'S brand, projected into a new generational dimension.
Still in the context of business development, in order to accelerate the process of integrating the digital channel with the physical one, it is highlighted the launching of the merger project between the parent company TOD'S S.p.A. and the subsidiary Italiantouch S.r.l., a company that sells on-line products of the four Group brands. The merger will make it possible to improve the operations and efficiency deriving from the integration of the online channel in the Group's distribution strategies, increasing the advantages and the commercial and distribution opportunities offered by the multi-channel system.
Following the direction of an ever greater interconnection between the off-line and on-line channels, the innovative TOD'S brand boutique was inaugurated in Milan, in Via Montenapoleone in the first half of the year, designed with the shops of the future in mind, reinterpreting the traditional sales store in order to make it a communication tool and customer services interconnected with the digital channel.
Finally, it is highlighted that with the regular monitoring of its distribution network, the Group has decided to move the location of the flagship store of the Tod's brand in Tokyo, from Omotesando to another area of the city which has greater traffic. It then caught the opportunity to sell the property of Omotesando in a moment that sees the Japanese real estate market at its all-time highs. On March 7th, 2019, the company Holpaf BV, a wholly-owned subsidiary of Tod's, signed a preliminary agreement concerning the sale of the property of Omotesando which hosts the Japanese flagship store of the TOD'S brand and the Group's regional offices. The price agreed for the sale of the real estate is equal to 156 million euros and the completion of the sale will result in a gross gain of around 100 million euros.
The Group will maintain the availability of the property until the date of the closing that will take place, upon indication of the Group, anyway by October 31st, 2019.

It should also be noted that, during the period it has been launched the process of merger by incorporation into TOD'S S.p.A. of Holpaf B.V., a wholly-owned subsidiary which owns the property in question. This process will be completed during the second half of the current year.

Group's results in HY 2019

Premise

The main economic and balance sheet indicators of the Group in the first half of 2019 were significantly affected by the application of the new accounting standard IFRS 16, relating to the accounting treatment of lease agreements, which was applied for the first time starting from January 1st, 2019. As illustrated more in detail in the explanatory notes, the Group, by adopting the modified retrospective approach, has not restated the data of previous periods and, therefore, for the purpose of comparability of some performance indicators, the following "adjusted" indicators have been introduced, which do not include the impacts deriving from the application of IFRS 16: EBITDA, EBIT, Net invested capital, Net financial position and Net cash flows from operations.

The effects of the application of the aforementioned new principle on economic indicators are substantiated by the elimination from the income statement of the rents for the period, included in the IFRS 16 scope, which determines a significant improvement in the gross operating margin (EBITDA), replaced by the posting in the income statement of the right of use assets depreciation, which negatively impact the operating result (EBIT), and the recognition of interest on lease liabilities.

It should be noted, however, that the combined effect of both the amortization of the right of use assets in constant amounts and the use of the incremental borrowing rate, for the purpose of calculating the present value of future lease payments subject to IFRS 16, determines higher financial charges in the income statement in the first years of a lease agreement and decreasing financial charges subsequently. This non-linear trend in financial charges has, therefore, generated a temporary overall negative impact on the half-year result, compared to that which would have had with the application of the previous IAS 17 principle, which will be reabsorbed at the end of the expiry dates of the contracts subject of the new principle.

With regards to the equity indicators, net invested capital increased over the half year due to the recording of right of use assets, while the net financial position was penalized due to the recognition of lease liabilities.

Finally, with regards to cash flow, it should be noted that there are no impacts arising from the application of IFRS 16 on total cash flows, but exclusively on the different representation of cash flows in the statement of the cash flow statement. In particular, the amortization deriving from the right of use assets and the relevant financial charges, recognized on the leasing liabilities, are shown among the non-monetary items, with a consequent improvement in the cash flows from the operating activities, while the interests paid on the lease liabilities have been represented separately in the net cash flows from the operating activities.

On the other hand, the payments relating to the principal portion of the lease liabilities have been represented in the cash flows of from the financing activities.

Finally, it should be noted that the comments set out below refer to "adjusted" amounts where specifically indicated.

Results for the period

Consolidated sales were 454.6 million euros in the first half of 2019, down 4.7% from H1 2018. The effect deriving from variation in exchange rates was not significant: by using H1 2018 average exchange rates, sales would have been 449.8 million euros, down 5.7% up compared with H1 2018.

EBITDA and EBIT amounted to 80.4 and 5.8 million euros respectively and represent 17.7% and 1.3% of consolidated revenues. Exchange rates trends didn't have significant impact on both EBITDA and EBIT of the Group which, by using H1 2018 average exchange rates, would have been 79.0 and 6.1 million euros respectively, representing 17.6% and 1.4% of consolidated revenues.

Adjusted EBITDA and EBIT were equal to 30.2 million euros and 6.7 million euros respectively, representing 6.7% and 1.5% of consolidated revenues. Substantially irrelevant exchange rate effect on adjusted results: by using H1 2018 average exchange rates, adjusted EBITDA and EBIT would have been 30.2 and 7.0 million euros respectively, representing 6.7% and 1.6% of consolidated revenues.

FY 18	euro 000's Main economic indicators	H1 2019	H1 2018	Change	%
940,499	Sales revenue	454,606	476,949	(22,343)	(4.7)
118,335	EBITDA	80,408	68,584	11,824	17.2
(46,575)	Amortiz., deprec. and write-downs	(74,585)	(21,909)	(52,676)	240.4
71,760	EBIT	5,823	46,675	(40,852)	(87.5)
65,751	Profit before taxes	(5,974)	43,380	(49,354)	(113.8)
46,458	Profit for the period	(6,026)	33,198	(39,224)	(118.2)
	Foreign exchange impact on revenues	(4,801)			
	Sales revenues at constant exchange rates	449,805	476,949	(27,144)	(5.7)
	Foreign exchange impact on costs	3,418			
	EBITDA at constant exchange rates	79,024	68,584	10,441	15.2
	Foreign exchange impact on deprec.&amort.	1,677			
	EBIT at constant exchange rates	6,117	46,675	(40,558)	(86.9)
	EBITDA %	17.7	14.4		
	EBIT %	1.3	9.8		
	EBITDA at constant exchange rates %	17.6	14.4		
	EBIT at constant exchange rates %	1.4	9.8		
	Tax Rate %	(0.9)	23.5		

euro 000's Reconciliation of main economic indicators	H1 2019	%
EBITDA (a)	80,408	17.7
IFRS 16 rents (b)	50,164	
Adjusted EBITDA (c) = (a) - (b)	30,244	6.7
Amortiz., deprec. and write-downs (*) (d)	(23,520)	
Adjusted EBIT (c) + (d)	6,724	1.5

(*) Excluded depreciations of right of use assets

06.30.18	euro 000's Main Balance Sheet indicators	06.30.19	12.31.18	Change
312,302	Net Working Capital (*)	338,305	314,401	23,905
	Right of use assets	434,086		434,086
804,618	Intangible and tangible fixed assets	797,024	808,598	(11,575)
5,707	Other current assets/liabilities	(32,284)	16,951	(49,235)
1,122,626	Invested capital	1,537,131	1,139,950	397,181
(50,247)	Net financial position	(509,300)	(75,252)	(434,048)
1,072,379	Shareholders' equity	1,027,831	1,064,699	(36,867)
20,060	Capital expenditures	22,435	43,985	(21,550)
5,894	Net cash flows from operating activities	82,654	25,431	57,223
16,649	Cash flows generated/(used)	(4,224)	(32,355)	28,131

(*) Trade receivable + inventories - trade payable

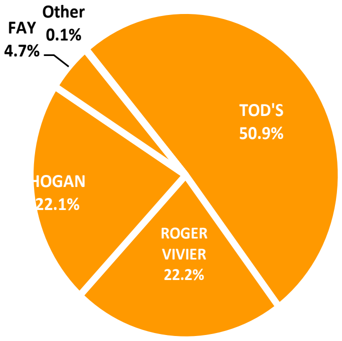
06.30.18	euro 000's Reconciliation of main balance sheet indicators	06.30.19	12.31.18	Change
1,122,626	Invested capital (a)	1,537,131	1,139,950	397,181
	Right of use assets (b)	434,086		434,086
1,122,626	Adjusted invested capital (a) - (b)	1,103,045	1,139,950	(36,905)
(50,247)	Net financial position (a)	(509,300)	(75,252)	(434,048)
	Non-current lease liabilities	(324,083)		(324,083)
	Current lease liabilities	(92,786)		(92,786)
	Total lease liabilities (b)	(416,869)		(416,869)
(50,247)	Adjusted Net financial position (a) - (b)	(92,431)	(75,252)	(17,180)

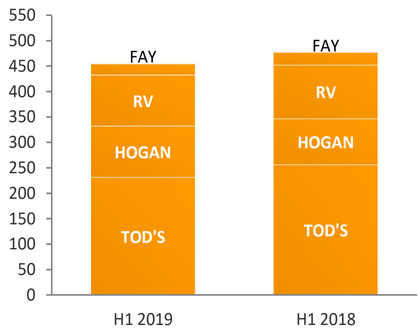
Revenue In the first half of 2019, consolidated sales were 454.6 million euros, down 4.7% from H1 2018. In the current period, currency fluctuations gave a positive contribution, particularly to the TOD'S and ROGER VIVIER brands, which have the greatest presence abroad. At constant exchange rates, meaning by using the average exchange rates of the first six months of 2018, including the related effects of hedging contracts, sales would have been 449.8 million Euros.

As usual, we remind that analyzing quarterly figures is not fully meaningful, due to the discrepancies in the flow of industrial revenues on a monthly basis. Furthermore, in the current period, the comparison by distribution channel is influenced by the acquisition of Italiantouch

(starting from October 1st, 2018, the relative portion of e-commerce revenues is accounted for in retail revenues, and no longer in the wholesale channel).
TOD'S sales totaled 231.2 million euros in the first half of 2019; the results of the retail channel are positive.
HOGAN sales were 100.5 million euros; the decrease is mainly due to the weakness of the Italian market. The brand registered positive results abroad, and a double-digit growth in China.
Revenues of ROGER VIVIER totaled 101 million euros, up 11.6% from H1 2018. All the regions posted positive results, with the exception of the US.

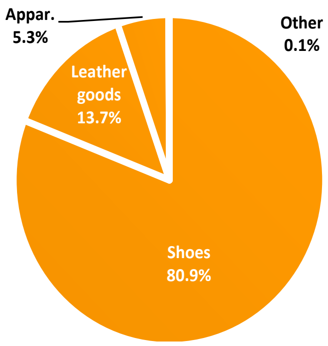
(euro mn)	H1 2019	%	H1 2018	%	% current exch. rates	H1 2019 constant rates	% constant exch. rates
TOD'S	231.2	50.9	256.2	53.7	(9.7)	228.1	(11.0)
ROGER VIVIER	101.0	22.2	90.4	19.0	11.6	99.5	10.1
HOGAN	100.5	22.1	105.2	22.3	(4.5)	100.3	(4.7)
FAY	21.5	4.7	24.7	5.2	(12.8)	21.5	(12.9)
Other	0.4	0.1	0.4	0.1	n.s.	0.4	n.s.
Total	**454.6**	**100.0**	**476.9**	**100.0**	**(4.7)**	**449.8**	**(5.7)**

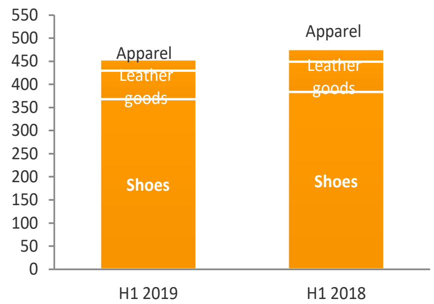




Finally, sales of FAY were 21.5 million euros; the decrease, as compared to H1 2018, is entirely due to the weakness of the wholesale channel.

(euro mn)	H1 2019	%	H1 2018	%	% current exch. rates	H1 2019 constant rates	% constant exch. rates
Shoes	367.8	80.9	383.7	80.5	(4.2)	364.1	(5.1)
Leather goods	62.3	13.7	65.5	13.7	(4.9)	61.2	(6.6)
Apparel	24.1	5.3	27.3	5.7	(11.7)	24.1	(11.8)
Other	0.4	0.1	0.4	0.1	n.s.	0.4	n.s.
Total	**454.6**	**100.0**	**476.9**	**100.0**	**(4.7)**	**449.8**	**(5.7)**





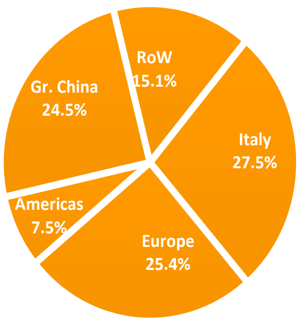
Revenues from shoes were 367.8 million euros in the first half of 2019; the decrease, as compared to the same period of 2018, is mainly due to the wholesale channel.
Sales of leather goods and accessories totaled 62.3 million euros. The improvement registered in the second quarter confirms the strong results of the new families of the TOD'S brand.
Finally, sales of apparel were 24.1 million euros; the performance broadly reflects the trend registered by the FAY brand.

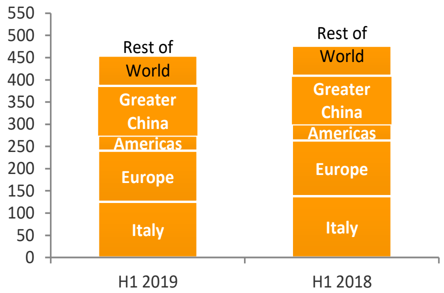
In the first half of 2019, domestic sales were 125.2 million euros; the decrease, compared to the same period of 2018, is entirely due to the weakness of the wholesale channel, while the results in the retail channel are positive.

In the rest of Europe, the Group's revenues totaled 115.3 million euros; also in this region, the performances are divergent in the two distribution channels.

In the Americas sales amounted to 34 million euros, down 7% from H1 2018. As already commented by other industry players, in the last few months the market experienced a significant slowdown in demand, even on local customers.

(euro mn)	H1 2019	%	H1 2018	%	% current exch. rates	H1 2019 constant rates	% constant exch. rates
Italy	125.2	27.5	138.4	29.0	(9.6)	125.2	(9.6)
Europe	115.3	25.4	124.9	26.2	(7.7)	115.2	(7.8)
Americas	34.0	7.5	36.5	7.7	(7.0)	32.5	(11.2)
Greater China	111.6	24.5	109.1	22.9	2.3	109.7	0.6
Rest of World	68.5	15.1	68.0	14.3	0.8	67.2	(1.1)
Total	**454.6**	**100.0**	**476.9**	**100.0**	**(4.7)**	**449.8**	**(5.7)**





The Group's sales in Greater China totaled 111.6 million euros, up 2.3% from H1 2018. Positive results in mainland China, which represents more than 60% of this region, with an acceleration of the growth in the second quarter, despite the price cuts made in April to reflect the reduction in duties. On the contrary, the performance in Hong Kong worsened, due to the known political tensions.

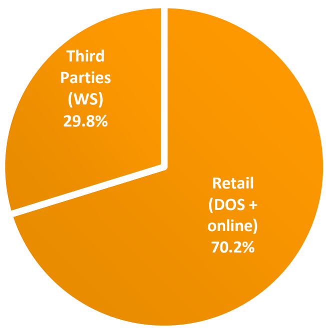
Finally, in the area "Rest of the World" the Group's revenues were 68.5 million euros, slightly higher than H1 2018. The DOS channel grew, with particularly strong results in Japan and in Korea.

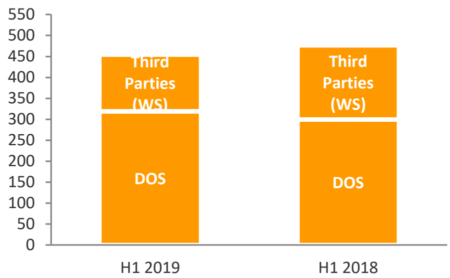
In the first half of 2019, retail revenues totalled 319.2 million euros and represent approx. 70% of the Group's turnover. The 6.5% growth, as compared to the same period of 2018, was driven by the sound double-digit growth of e-commerce (included in the retail channel starting from October 1st, 2018 with the acquisition of Italiantouch). The contribution of the new openings is also positive, while the organic growth figure remains negative

The Same Store Sales Growth (SSSG) rate, calculated at constant exchange rates as the worldwide average of sales growth rates registered by the DOS network, is -4.5% in the first half of the year (from January 1st to June 30th, 2019). At reported rates, the value is more than 100 bps higher.

As of June 30th, 2019 the Group's distribution network was composed by 288 DOS and 114 franchised stores, compared to 285 DOS and 122 franchised stores as of June 30th, 2018 (in order to compare the number of DOS with those at June 30th, 2018, it should be noted that, in the current period, 7 DOS were, for administrative purposes only, merged with others).

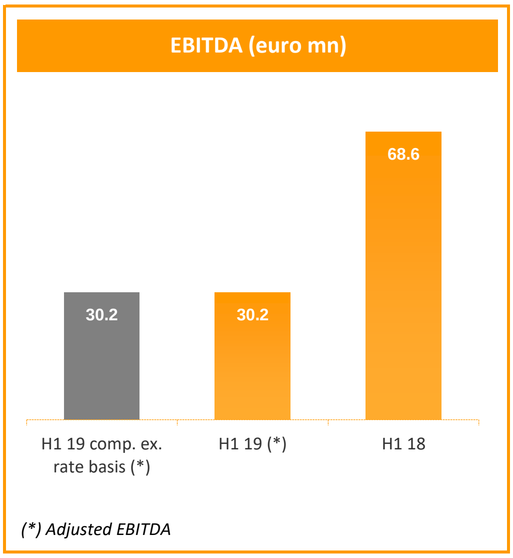
(euro mn)	H1 2019	%	H1 2018	%	% current exch. rates	H1 2019 constant rates	% constant exch. rates
Retail (DOS + online)	319.2	70.2	299.7	62.8	6.5	315.1	5.1
Third Parties (WS)	135.4	29.8	177.2	37.2	(23.6)	134.7	(24.0)
Total	**454.6**	**100.0**	**476.9**	**100.0**	**(4.7)**	**449.8**	**(5.7)**





Revenues to third parties totaled 135.4 million euros; net of the impact of the acquisition of Italiantouch and the conversion into DOS of the Australian franchised stores, the weakness of the channel remains, especially in the domestic and European markets.

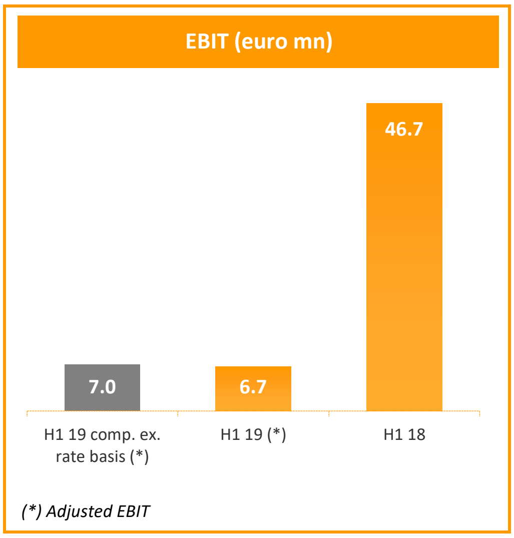
Operating results. Adjusted EBITDA in H1 2019 totalled 30.2 million euros (68.6 million euros in H1 2018) and it is equivalent to 6.7% of consolidated revenue (H1 2018: 14.4%). Not significant the effect of exchange rates: adjusted EBITDA at constant exchange rate confirmed at 30.2 million euros. Strengthened the profitability at a gross margin level, thus confirming the excellent position of the Group brands in the highest end of the luxury markets, sustained by the positive result of the retail channel. Despite this positive trend, the operating result for the period was strongly affected by the significant increase in operating costs, necessary to sustain and consolidate, in a fiercely competitive landscape, the positioning of the Group's brands and of the costs of developing the distribution network, necessary elements for the return to growth through the implementation of the Group's business strategies.



In particular, communication-related activities grew significantly, with a significant increase in the resources allocated, in order to increase the Group's brands awareness and increase the visibility of the new collections.
The cost incurred for the use of third-party assets increased (rents and royalties), which stood at 78.2 million euros (excluding the effects of IFRS 16), while it was equal to 69.7 million euros at June 30th of the previous year, mainly due to the expansion of the direct distribution network (10 more stores at June 30th, 2019 compared to June 30th, 2018).
The personnel costs increased and totalled 107.4 million euros in the first half of year 2019, compared with 99.7 million euros in the first six months of the previous year.
The change is mainly connected with the increase in headcount, mainly due to the expansion of the direct distribution network and the strengthening of corporate functions, also by the hiring of new Managers with many years of experience in the industry, in addition to the effect of the integration of digital channel, which took place during the final part of the previous year. At June 30th, 2019 Group employees were 4,809, 104 and 84 more in respect to December 31st, 2018 and

June 30th, 2018 respectively. At June 30th, 2019 employee costs equalled 23.6% of Group revenue (the same at constant exchange rates), as compared with 20.9% in the first six months of 2018.

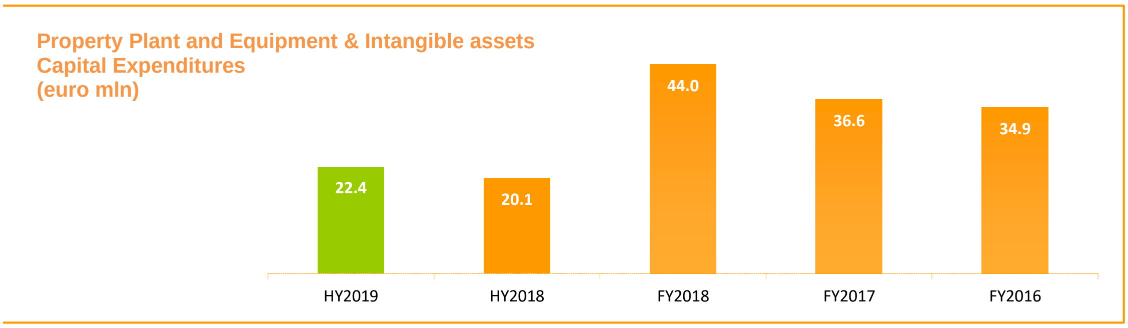
The costs for depreciation, amortization and impairment, excluding those related to the right of use assets for 51.1 million euros, amounted to 22.1 in H1 2019 (21.1 million euros in H1 2018); the ratio on revenue is 4.9%, excluding the depreciation and amortization of the right of use assets, (increased in respect to the first half of 2018 when it was 4.4%). Net of additional operating provisions of 1.4 million euros, adjusted EBIT in H1 2019 totalled 6.7 million euros (46.7 million euros at June 30th, 2018), representing 1.5% of consolidated revenues (9.8% at June 30th, 2018).



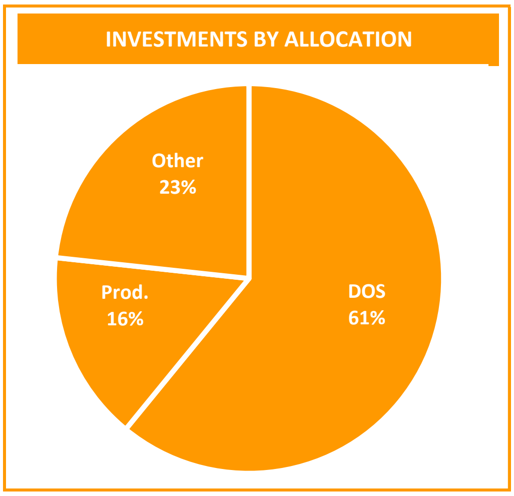
The balance of financial income and expenses posted a negative value of 4.5 million euros, excluding the effects of the IFRS 16 adoption, it was affected by the performance of cross rates of some currencies with which the Group operates. The balance include also both financial interests on long term loans for 0.6 million euros. Including even the effects of the IFRS 16 adoption (financial charges on lease liabilities) for 7.3 million euros, the balance of the financial income and expenses is negative for 11.8 million euros. The negative impact generated by the financial charges deriving from the application of IFRS 16 occurs over the duration of the lease contracts in a decreasing manner over time, therefore the first half of 2019 represents the period in which these charges weigh more than what will happen in subsequent periods.

At June 30th, 2019, the profit for the period, net of income and deferred taxes, is negative and equal to 6 million euros, while in the first half of 2018 it was positive for 33.2 million euros.

Capital expenditures of intangible and tangible fixed assets. Capital expenditure in H1 2019 totalled 22.4 million euros, increased in respect of the first half 2018 while they were 20.1 million euros.



Capital expenditures during the period for the DOS network totalled about 13,7 million euro (11.1 million euros in the first half 2018), primarily used for both new DOS fitting out, among which it is highlighted for strategic importance the TOD'S boutique in Milan, Via Montenapoleone and for renovation activities of the existing stores. The remaining investment quota in the period regarded not only the normal processes of modernising the structures and industrial equipment (mainly lasts and moulds), but also the development of the digital channel, further to the company management software.



Net financial position (NFP). At June 30th, 2019 net financial position was negative for 509.3 million euros and it includes lease liabilities related to the application of IFRS 16 for 416.9 million euros; net of the latter, the NFP would have been negative for 92.4 million euros (it was negative for 75.3 million euros at December 31st, 2018, and at June 30th, 2018 it was negative for 50.2 million euros). Liquid assets (cash and bank deposits) amounts to 188.6 million euros while liabilities are equal to 697.8 million euros, including lease liabilities for 416.9 million euros.

Net financial position (euro 000's) 06.30.18		06.30.19	12.31.18	Change
Current financial assets				
238,781	Cash and cash equivalents	188,546	191,268	(2,722)
238,781	**Cash**	**188,546**	**191,268**	**(2,722)**
Current financial liabilities				
(16,433)	Current account overdrafts	(19,426)	(17,924)	(1,502)
(174,586)	Current share of medium-long term financing	(132,773)	(170,792)	38,019
	Current lease liabilities	(92,786)		(92,786)
(191,019)	**Current financial liabilities**	**(244,984)**	**(188,715)**	**(56,269)**
47,762	**Current net financial position**	**(56,438)**	**2,553**	**(58,991)**
Non-current financial liabilities				
(98,008)	Medium-long term financing	(128,778)	(77,804)	(50,974)
	Non-current lease liabilities	(324,083)		(324,083)
(98,008)	**Non-current financial liabilities**	**(452,862)**	**(77,804)**	**(375,057)**
(50,247)	**Net financial position**	**(509,300)**	**(75,252)**	**(434,048)**

Adjusted Net financial position (euro 000's)		06.30.19	12.31.18	Change
	Net financial position (a)	**(509,300)**	**(75,252)**	**(434,048)**
	Current lease liabilities	(92,786)		(92,786)
	Non-current lease liabilities	(324,083)		(324,083)
	Total lease liabilities (b)	**(416,869)**		**(416,869)**
	Adjusted Net financial position (a) - (b)	**(92,431)**	**(75,252)**	**(17,180)**

euro 000's Statement of cash flows	H1 2019	H1 2018
Net Cash and cash equivalents at the beginning of the period	**173,344**	**205,699**
Cash flows from operating activities	89,513	5,770
Interests and taxes collected/(paid)	(6,858)	125
Net cash flows from operating activities	**82,654**	**5,894**
Cash flow generated (used) in investing activities	**(21,858)**	**(19,781)**
Cash flow generated (used) in financing activities	**(64,826)**	**29,267**
Translation differences	(194)	1,268
Net Cash and cash equivalents at the end of the period	**169,120**	**222,348**

euro 000's Statement of cash flows	H1 2019	H1 2018
Net cash flows from operating activities (a)	**82,654**	**5,894**
Repayments of lease liabilities (b)	(44,730)	
Adjusted net cash flows from operating activities (a)+(b)	**37,925**	**5,894**

Cash flows generated in the period from operating activities was mainly absorbed by the increase in operating working capital, mainly linked to production of finished products of the next autumn/winter season, further to the fisiological increase related to the development of the

direct distribution network. The adjusted net cash flow from operating activities amounted to 38.0 million euros (5.9 million euros at June 30th, 2018) and it benefited of the collection of the deposit in connection with the sale of Omotesando building.
Cash flows deriving from financing activities in the first half of 2019 includes, in addition to the distribution of dividends during the period for 33.1 million euros, even the repayments and proceeds of medium / long-term loans and the payment of principal amount of lease liabilities for 44.3 million euros.

With regard to the loans raised during the period, it should be noted that these were disbursed at economic conditions substantially in line with the same already expired, confirming the Group's consolidated ability to access financial resources.

Items or transactions resulting from unusual and/or exceptional transactions

There were no items or transactions resulting from unusual and/or exceptional transactions during the first half.

Business Outlook

Half-year results reflect a policy of investments made to increase and consolidate the positioning and visibility of the Group's brands, in a fiercely competitive landscape, necessary elements to attract even the new generations of international shoppers. Continuing on this path, which also passes through results that are negatively influenced by these investments, it will be possible, thanks to the implementation of the strategies thought for the business and the team of managers, prepared to meet these new challenges, to return to turnover and margins growth in the medium term, while enhancing the Group's brands.

Milan, August 7th, 2019

The Chairman of the Board of Directors
Diego Della Valle

2019 Half-Year Condensed Financial Statements

Consolidated Income Statement

euro 000's	Note	H1 19	H1 18	FY 18
Revenue				
Sales revenue		454,606	476,949	940,499
Other income		4,032	4,392	10,850
Total revenue and income		**458,638**	**481,340**	**951,349**
Operating Costs				
Change in inventories of work in progress and finished goods		19,816	32,116	47,033
Cost of raw materials, supplies and materials for consumption		(123,220)	(142,853)	(272,656)
Costs for services		(121,643)	(117,024)	(234,680)
Costs of use of third party assets		(27,993)	(69,695)	(142,141)
Personnel costs		(107,450)	(99,666)	(198,368)
Other operating charges		(17,741)	(15,637)	(32,201)
Total operating costs		**(378,230)**	**(412,757)**	**(833,014)**
EBITDA		**80,408**	**68,584**	**118,335**
Amortisation, depreciation and write-downs				
Amortisation of intangible assets		(4,597)	(4,244)	(9,073)
Depreciation of tangible assets		(17,527)	(16,875)	(34,001)
Depreciation of right of use assets		(51,066)		
Other adjustment				(1,402)
Total amortisation, depreciation and write-downs		**(73,190)**	**(21,119)**	**(44,475)**
Provisions		(1,395)	(790)	(2,100)
EBIT		**5,823**	**46,675**	**71,760**
Financial income and expenses				
Financial income	17	10,537	7,352	21,818
Financial expenses	17	(22,334)	(10,643)	(27,827)
Total financial income (expenses)		**(11,797)**	**(3,290)**	**(6,009)**
Income (losses) from equity investments			(4)	
Profit before taxes		**(5,974)**	**43,380**	**65,751**
Income taxes		(52)	(10,182)	(19,293)
Profit/(loss) for the period		**(6,026)**	**33,198**	**46,458**
Non-controlling interests		297	455	688
Profit/(loss) of the Group		**(5,729)**	**33,653**	**47,146**
EPS in (euro)	18	(0.17)	1.02	1.42
EPS diluted in (euro)	18	(0.17)	1.02	1.42

Consolidated Statement of Comprehensive Income

euro 000's	H1 19	H1 18
Profit (loss) for the period (A)	**(6,026)**	**33,198**
Other comprehensive income that will be reclassified subsequently to profit and loss:		
Gain/(Losses) on derivative financial instruments (cash flow hedge)	401	(700)
Gain/(Losses) on currency translation of foreign subsidiaries	1,840	4,305
Gains/(Losses) on net investments in foreign operations		(568)
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)	**2,240**	**3,037**
Other comprehensive income that will not be reclassified subsequently to profit and loss:		
Cumulated actuarial gains/(losses) on defined benefit plans		
Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)		
Total Comprehensive Income (A) + (B) + (C)	**(3,786)**	**36,234**
Of which:		
Attributable to Shareholders of the Parent company	(3,489)	36,689
Attributable to non-controlling interests	(297)	(455)

Consolidated Statement of Financial Position

euro 000's	Note	06.30.19	12.31.18	06.30.18
Non current assets				
Right of use assets				
Right of use assets	9	434,086		
Total Right of use assets		**434,086**		
Intangible fixed assets				
Assets with indefinite useful life	11	566,642	565,934	565,934
Key money	11		13,510	13,494
Other intangible assets	11	23,893	25,264	22,858
Total Intangible fixed assets		**590,535**	**604,708**	**602,285**
Tangible fixed assets				
Buildings and land	11	56,042	112,587	111,411
Plant and machinery	11	11,650	12,169	12,726
Equipment	11	11,697	11,498	10,808
Leasehold improvement	11	36,452	33,867	35,091
Others	11	33,477	33,769	32,296
Total Tangible fixed assets		**149,317**	**203,890**	**202,332**
Other assets				
Investment properties		17	18	20
Equity investments				
Deferred tax assets		63,399	56,151	56,969
Others		20,532	19,598	18,501
Total other assets		**83,947**	**75,767**	**75,489**
Total non current assets		**1,257,885**	**884,364**	**880,107**
Current assets				
Inventories	12	385,653	362,168	350,928
Trade receivables		98,078	101,222	106,940
Tax receivables		7,791	11,577	12,158
Derivative financial instruments	13	2,178	1,998	1,789
Others		63,583	64,326	51,859
Cash and cash equivalents	16	188,546	191,268	238,781
Total current assets		**745,828**	**732,559**	**762,455**
Non-current assets held for sale	10	57,172		
Total assets		**2,060,885**	**1,616,923**	**1,642,562**

To be continued

euro 000's (continuing)	Note	06.30.19	12.31.18	06.30.18
Equity				
Share capital	14	66,187	66,187	66,187
Capital reserves	14	416,588	416,588	416,588
Hedging and translation reserves	14	13,589	11,348	9,396
Other reserves	14	537,946	523,882	546,130
Profit/(loss) attributable to the Group	14	(5,729)	47,146	33,653
Total Equity attributable to the Group		**1,028,580**	**1,065,151**	**1,071,954**
Non-controlling interest				
Share capital and reserves		(452)	236	880
Profit/(loss) attributable to non-controlling interests		(297)	(688)	(455)
Total Equity attributable to non-controlling interests		**(748)**	**(452)**	**425**
Total Equity		**1,027,831**	**1,064,699**	**1,072,379**
Non-current liabilities				
Provisions for risks	15	10,912	5,476	5,129
Deferred tax liabilities		50,251	47,740	40,893
Employee benefits		15,333	14,189	13,888
Derivative financial instruments	13	570	672	996
Bank borrowings	16	128,778	77,804	98,008
Non-current lease liabilities	9	324,083		
Others		13,789	14,569	15,198
Total non-current liabilities		**543,716**	**160,450**	**174,112**
Current liabilities				
Trade payables		145,425	148,989	145,566
Tax payables		2,556	5,851	8,626
Derivative financial instruments	13	2,973	3,170	3,915
Others		91,827	43,850	45,708
Banks	16	152,199	188,715	191,019
Current lease liabilities	9	92,786		
Provisions for risks	15	1,571	1,200	1,235
Total current liabilities		**489,337**	**391,774**	**396,070**
Total Equity and liabilities		**2,060,885**	**1,616,923**	**1,642,562**

Consolidated Statement of Cash Flows

euro 000's	Jan. - Jun. 19	Jan. - Jun. 18
Profit/(Loss) for the period	**(6,026)**	**33,198**
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:		
Amortizat., deprec., revaluat., and write-downs	74,587	26,769
Other non monetary expenses/(income)	8,583	(6,084)
Income taxes for the period	52	10,182
Changes in operating assets and liabilities:		
Trade receivables	3,595	(119)
Inventories	(25,332)	(43,665)
Tax receivables and tax payables	(3,575)	(5,516)
Trade payables	(3,563)	(12,822)
Other assets and liabilities	40,048	3,094
Change in reserve for employee	1,144	731
Cash flows from operating activities	**89,513**	**5,770**
Interests (paid)/collected	(654)	(709)
Interests (paid) on lease liabilities	(5,482)	
Income taxes (paid)/refunded	(722)	834
Net cash flows from operating activities (A)	**82,654**	**5,894**
Net investments in intangible and tangible assets	(21,858)	(19,781)
Reduction (increase) of other non-current assets		
Other changes in fixed assets		
Cash flows generated (used) in investing activities (B)	**(21,858)**	**(19,781)**
Dividends paid	(33,094)	(46,331)
Other changes in Equity		
Repayments of lease liabilities	(44,730)	
Repayments of financial liabilities	(182,003)	(24,402)
Proceeds from financial liabilities	195,000	100,000
Cash flows generated (used) in financing (C)	**(64,826)**	**29,267**
Translation differences (D)	(194)	1,268
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)	**(4,224)**	**16,649**
Cash flow from assets held for sale (F)		
Cash flows generated (used) (G)=(E)+(F)	**(4,224)**	**16,649**
Net cash and cash equivalents at the beginning of the period	173,344	205,699
Net cash and cash equivalents at the end of the period	169,120	222,348
Change in net cash and cash equivalents	**(4,224)**	**16,649**

Consolidated Statement of Changes in Equity

January - June 2019 euro 000's	Share capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non-controlling interests	Total
Balances as of 01.01.19	**66,187**	**416,588**	**11,348**	**571,027**	**1,065,150**	**(452)**	**1,064,699**
Profit & Loss account				(5,729)	(5,729)	(297)	(6,026)
Direct in Equity			2,240		2,240		2,240
Total Comprehensive Income			**2,240**	**(5,729)**	**(3,489)**	**(297)**	**(3,786)**
Dividend paid				(33,094)	(33,094)		(33,094)
Capital increase							
Share based payments							
Other				13	13		13
Balances as of 06.30.19	**66,187**	**416,588**	**13,589**	**532,217**	**1,028,580**	**(748)**	**1,027,831**

January - June 2018 euro 000's	Share capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non-controlling interests	Total
Balances as of 01.01.18	**66,187**	**416,588**	**6,360**	**597,137**	**1,086,272**	**880**	**1,087,152**
Changes in accounting standards (IFRS 15)				(4,566)	(4,566)		(4,566)
Balances as of 01.01.18	**66,187**	**416,588**	**6,360**	**592,571**	**1,081,706**	**880**	**1,082,586**
Profit & Loss account				33,653	33,653	(455)	33,198
Direct in Equity			3,037		3,037		3,037
Total Comprehensive Income			**3,037**	**33,654**	**36,689**	**(455)**	**36,234**
Dividend paid				(46,331)	(46,331)		(46,331)
Capital increase							
Share based payments							
Other				(110)	(110)		(110)
Balances as of 06.30.18	**66,187**	**416,588**	**9,396**	**579,783**	**1,071,954**	**425**	**1,072,379**

Explanatory notes to the half-year Condensed Financial Statements

1. General notes

TOD'S Group operates in the luxury sector under its proprietary brands (TOD'S, HOGAN, FAY and ROGER VIVIER). It actively creates, produces and distributes shoes, leather goods and accessories, and apparel. The mission is to offer global customers top-quality products that satisfy their functional requirements and aspirations.

The parent company TOD'S S.p.A., registered office in Sant'Elpidio a Mare (Fermo) at Via Filippo Della Valle 1, is listed on Mercato Telematico Azionario (MTA) of Borsa Italiana S.p.A.

At June 30th, 2019 TOD'S S.p.A. share capital is owned by DI.VI. FINANZIARIA of DIEGO DELLA VALLE & C. S.r.l. for 50.291%.

The half-year condensed financial statements at June 30th, 2019 was approved by the Board of Directors of TOD'S S.p.A. on August 7th, 2019. It was audited (limited review) by the independent auditor PricewaterhouseCoopers S.p.A..

2. Basis of preparation

The half-year Financial Report, which includes the half-year condensed financial statements of TOD'S Group at June 30th, 2019, has been prepared in accordance with Article 154 ter (2, 3 and 4) of the Consolidated Law on Financial Intermediation ("TUF"), introduced by Legislative Decree 195/2007 in implementation of Directive 2004/109/EC (the "Transparency" directive) as amended by Legislative Decree 25/2016 in implementation of Directive 2013/50/UE. The half-year condensed financial statements complies with IAS 34 – Interim Financial Reporting, adopted according to the procedure envisaged in Article 6 of EC Regulation no. 1606/2002. Consequently, it does not include all the information required for the annual report and must be read together with the annual report prepared for the financial year at December 31st, 2018.

The half-year condensed financial statements includes the half-year condensed financial statements of TOD'S S.p.A. and its Italian and foreign subsidiaries, together identified as TOD'S Group, drafted with the reference date of June 30th, 2019 (January 1st – June 30th).

The half-year condensed financial statements (profit and loss account, comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, and consolidated statement of changes in equity) were drafted in the long form and are the same as those used for the consolidated financial statements at December 31st, 2018.

It should be noted that, following the application of the IFRS 16 accounting standard from January 1st, 2019, the consolidated statement of financial position has been modified by inserting a new line item related to the right of use assets in the non-current assets section of the balance sheet, separated from intangible and tangible fixed assets.

On the other hand, within the non-current liabilities a new line item has been inserted, specific and separate from the others, relating to non-current lease liabilities, as well as in the current liabilities section a new line item of balance sheet, specific and separate from the others, relating to current lease liabilities.

With regard to the consolidated cash flow statement, it should be noted that the reduction in financial liabilities relating to financial charges on leased assets were shown explicitly in the section of net cash flows from operating activities; in addition, in the section of cash flows from financing activities, the payments of the principal amount of the lease liabilities were explicitly shown.

As envisaged in IAS 34, the notes to the financial statements were drafted in summary form and refer only to the components of the profit and loss account, statement of financial position, and statement of cash flows, whose composition or change in amount or nature was significant. Thus, they illustrate additional information for accurate comprehension of Group's financial position at June 30th, 2019.

Following art. 3 of Consob resolution n.18079 dated January 20th, 2012 we inform you that the Company adopt the waiver provided by art. 70 (8) and art. 71 (1-bis) of Consob regulation n. 11971/99 (and following modifications and integrations) with regard to the documents made available to the public at the registered office and concerning mergers, demergers, capital increases, acquisitions and disposals. If it proves necessary or appropriate to amend items in the half-year Financial Report as a result of the application of a new accounting standard, a change in the nature of a transaction or an accounts review, in order to provide reliable and more relevant information for the users of the half-year Financial Report, the comparative data are reclassified accordingly in order to improve the comparability of the information between one financial year and another. In this case, if the changes are significant, they are suitably disclosed in the explanatory notes.

In this regard, it should be noted that following the application of IFRS 16, in addition to the changes made to the financial statements described above, some income statement items have been reclassified in order to better represent the nature of costs and revenues referred to lease contracts.

For the purposes of correct comparability and intelligibility of information, the corresponding figures for the first half of 2018 have consequently been reclassified. Furthermore, it is recalled that in the consolidated statement of financial position, in order to improve the clarity of presentation of the balance sheet data, the receivables relating to value added tax have been classified starting from the financial statements for the year ended December 31st, 2018 in the item Other current assets instead of the item Tax receivables.

Consequently, the comparative figures of consolidated balance sheet and consolidated cash flow statement, relating to June 30th, 2018, have been reclassified for the purpose of correct comparability of information.

Finally, it should be noted that the accounting standard IFRS 16 was adopted by the TOD'S Group, starting from January 1st, 2019, opting for the modified retrospective approach, therefore the comparative figures have not been modified.

3. Accounting standards

The accounting standards and principles of consolidation applied to the preparation of these Condensed Consolidated Half-Year Financial Statements are consistent with those applied to the preparation of the Consolidated Financial Statements at December 31st, 2018, except for the new standards or interpretations endorsed by the European Union and applicable from January 1st, 2019.

Accounting standards, amendments and interpretations endorsed by the European Union, which are applicable from January 1st, 2019 and which were first adopted in the TOD'S Group's Condensed Consolidated Half-Year Financial Statements at June 30th, 2019.

- IFRS 16: Leases. In January 2016 the IASB published a document for the initial recognition, measurement, presentation and disclosure of lease agreements for both the parties to a contract, aimed at replacing IAS 17 Leasing. The document is not applicable to service contracts but only to lease agreements or to the leasing components of other contracts. The standard defines the lease as an agreement that transfers the right of use of an asset to the customer (lessee) for a certain period of time and in exchange for a consideration. The new standard eliminates the distinction based on finance and operating leases and introduces a single accounting method that provides for the recognition of assets and liabilities for all the leases with a term of more than 12 months and the separate recognition of amortisation, depreciation and interest expense through profit or loss. As regards the lessor, no significant changes were made to the accounting method with respect to the provisions that are currently set out under IAS 17. The impacts arising from the adoption of this standard are summarised in Note 9.

- IFRIC 23: Uncertainty over Income Tax Treatments. On June 7th, 2017 the IASB issued IFRIC 23 "Uncertainty over Income Tax Treatments", providing instructions to account for (current and/or deferred) tax assets and liabilities relating to income tax as a result of uncertainties in the application of tax regulations. The adoption of this standard had no significant impact on the Group's financial statements.

- Amendments to IFRS 9: Financial Instruments on Prepayment features with negative compensation. On October 12th, 2017 the IASB issued Amendments to IFRS 9 to clarify the classification of certain financial assets, whose early repayment is permitted when IFRS 9 applies. Specifically, if the financial asset contains a contractual clause that might change the timing or amount of contractual cash flows, the entity must determine whether the contractual cash flows that might arise during the life of the instrument under said clause exclusively consist of payments of principal and interest accrued on the capital amount to be repaid. The IASB has set the date of first-time adoption of the amendments at January 1st, 2019, with early adoption permitted. After having consulted the European Financial Reporting Advisory Group (EFRAG), the Commission has concluded that the amendments to IFRS 9 meet the adoption requirements set out in Article 3.2 of Regulation (EC) 1606/2002. The European Union endorsed these amendments by Regulation (EU) 2018/498 of 22 March of 2018, which makes amendments to Regulation (EC) 1126/2008. The adoption of these amendments had no impact on the Group's financial statements.

- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures. On October 12th, 2017 the IASB issued Amendments to IAS 28 to clarify the application of IFRS 9 "Financial Instruments" for long-term interests in subsidiaries or joint ventures included in investments in these entities for which the equity method is not applied. The adoption of these amendments had no significant impact on the Group's financial statements.

- Amendments to IAS19: Employee benefits'- Plan amendment, Curtailment or settlement. On February 7th, 2018 the IASB issued these amendments to clarify how to calculate pension costs when there is a change in defined-benefit plans. The provisions of Amendments to IAS 19 were endorsed by the European Union on March 13th, 2019. The adoption of these amendments had no significant impact on the Group's financial statements.

- "Annual improvements to IFRSs 2015-2017 cycle". In December 2017 the IASB published these improvements, which included the major amendments to IFRSs:

  a) IAS 12 Income Taxes: the proposed amendments clarify that an entity should recognise any and all tax effects (tributary relative) concerning the distribution of dividends;
  b) IAS 23 Borrowing Costs: the proposed amendments clarify that if the specific loans required for the purchase and/or construction of an asset remain outstanding even after that the asset is ready for use or sale, these loans cease to be regarded as specific and therefore are included in the entity's general financing items for the purposes of determining the capitalisation rate of loans;

c) IAS 28 "Investments in Associates and joint ventures – Long-term interests in an associate or joint venture". The proposed amendments clarify that IFRS 9 "Financial Instruments", including impairment requirements, also applies to other financial instruments held for a long period of time and issued to an associate or joint venture.

These amendments were endorsed by the European Union on March 14th, 2019. The adoption of these amendments had no significant impact on the Group's financial statements.

Accounting standards, amendments and interpretations published by the IASB but not yet endorsed by the European Union and not adopted in the preparation of these financial statements.

- IFRS 17: Insurance Contracts. On May 18th, 2017 the IASB issued IFRS 17 "Insurance contracts", which sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts included in the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts, in order to give a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. On June 21st, 2018 the IASB provided clarifications concerning the standard in order for the related interpretation to reflect the decisions made by the Board. The board has accepted to clarify some issues concerning the contracts subject to variable rates and issues correlated to IFRS 3 "Business combinations". The provisions of IFRS 17 will become effective from periods beginning on or after January 1st, 2021. Based on a preliminary analysis, the possible future adoption of this standard should not have any impact on the Group's financial statements.
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Asset between an Investor and its Associate or Joint Venture. On September 11th, 2014 the IASB published these amendments, firstly setting the effective date at January 1st, 2016, and subsequently postponing the date of first-time adoption to a date to be determined. These amendments were issued to resolve a conflict existing between the provisions laid down under IFRS 10 and those under IAS 28. Furthermore, the IASB and the interpretations committee have concluded that it is necessary to recognise a full gain or loss arising from the loss of control over an entity, regardless of whether the entity is hosted in a subsidiary company or not. Based on a preliminary analysis, the possible future adoption of these amendments should not have any significant impact on the Group's financial statements.
- Amendments to IAS 1 and IAS 8: Definition of materiality. The amendment was published by the IASB on October 31st, 2018 and provides for a different definition of "material", i.e.: "Information is material if omitting, misstating or obscuring it could reasonably be expected

to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments will be effective for annual periods commencing on or after January 1st, 2020, with early adoption permitted. Based on a preliminary analysis, the possible future adoption of these amendments should not have any significant impact on the Group's financial statements.

- Amendments to IFRS 3: Business combinations. On October 22nd, 2018 the IASB issued the document on the "Definition of a Business (Amendments to IFRS 3)", aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments are effective for business combinations for which the acquisition date falls on or after January 1st, 2020, with early adoption permitted. Based on a preliminary analysis, the possible future adoption of these amendments should not have any significant impact on the Group's financial statements.
- On March 29th, 2018 the IASB published the revised version of the "Conceptual Framework for Financial Reporting." The main amendments to the 2010 version include: i) a new chapter on measurement; ii) improved definitions and guidance, in particular with reference to the definition of a liability; iii) clarifications in important areas, such as stewardship, prudence and measurement uncertainty. A document was also published which updated the references to the previously applicable Conceptual Framework reported in the IFRS. Where they are effective updates, the amendments will be effective for annual periods commencing on or after January 1st, 2020. Based on a preliminary analysis, the possible future adoption of these amendments should not have any significant impact on the Group's financial statements.

The standards listed in this paragraph are not applicable since they have not been endorsed by the European Union, which could adopt these standards only partially or not adopt them at all during the endorsement process.

Estimates and assumptions. Preparation of the financial figures reported on the half-year condensed financial statements entails making estimates and assumptions based on the management's best valuation. Estimates and assumptions are reviewed regularly. If these estimates and assumptions should change in future from the actual circumstances, they will obviously be modified for the period in which those circumstances changed.
Specifically with regard to determination of eventual impairment losses affecting fixed assets, complete tests are performed only when the annual report is prepared, when all information as might be necessary are available, unless there are indications that require immediate valuation of eventual impairment losses or the occurrence of events that required reiteration of the

procedure. The analyses carried out at this reporting date have not revealed any impairment indicators.

Presentation of financial statements drafted in foreign currency. The rates applied for translation of the financial statements of subsidiaries using a functional currency other than the currency used for consolidation, are illustrated in the following table and compared with those used in the previous period:

	Jun. 2019	Jan. - Jun. 2019	Jun. 2018	Jan. - Jun. 2018
	Exch. rates as of end of period	Average exch. rate	Exch. rates as of end of period	Average exch. rate
U.S. dollar	1.14	1.13	1.17	1.21
British pound	0.90	0.87	0.89	0.88
Swiss franc	1.11	1.13	1.16	1.17
Hong Kong dollar	8.89	8.86	9.15	9.49
Japanese yen	122.60	124.28	129.04	131.61
Hungarian forint	323.39	320.42	329.77	314.11
Singapor dollar	1.54	1.54	1.59	1.61
Korean won	1,315.35	1,295.20	1,296.72	1,302.38
Macao pataca	9.15	9.13	9.42	9.77
Chinese renminbi	7.82	7.67	7.72	7.71
Indian rupee	78.52	79.12	79.81	79.49
Albanian lek	122.63	123.88	126.59	129.99
Australian dollar	1.62	1.60	1.58	1.57

4. Seasonal or cyclical nature of interim transactions

TOD'S Group engages in a business that, despite the fact that it is not perfectly homogeneous in the various months of the year in the flow of revenues and costs arising from industrial activity, it does not show any profound seasonal or cyclical variations in overall annual sales.

5. Alternative indicators of performances

In order to strip the results of the first six months of 2019 from the effects of exchange rates fluctuations, compared to the average values for the six months of 2018, the typical economic indicators (Revenues, EBITDA, EBIT) have been restated by applying the average exchange rates for the six months of 2018, thus making them fully comparable with those of the previous comparison period.
These criteria for measuring business performance must not be considered alternative to those established by IFRS.

Furthermore – as it has already been mentioned in the preceding paragraph, the Group's revenues and costs flows is uneven from quarter to quarter, largely on account of its industrial activity. Consequently, the analysis of interim results and financial statement indicators (EBITDA, EBIT, financial position and working capital) cannot be considered fully representative, and it would thus be improper to consider the indicators for the reference period to be in proportion to the results for the entire financial year.

6. Scope of consolidation

The scope of consolidation at June 30th, 2019 changed in respect to June 30th, 2018 as explained below:

- On June 27th, 2018, effective from July 1st, 2018, Del.Com. S.r.l., 100% owned by the parent company TOD'S S.p.A., acquired, from third parties, the further 50% of the quotas representing the share capital of Del.Pav. S.r.l., obtaining the control over 100% of its share capital;
- On July 25th, 2018 TOD'S Australia PTY Ltd. has been incorporated. It is 100% owned by TOD'S S.p.A.;
- On September 27th, 2018, effective from October 1st, 2018, TOD'S S.p.A. acquired 100% of quotas representing the share capital of the company Italiantouch S.r.l. which holds 100% of both companies Italiantouch USA Inc. and Italiantouch Shanghai Trading Co. Ltd.;
- On October 10th, 2018 Roger Vivier Canada Ltd. has been incorporated. It is 100% owned by Roger Vivier S.p.A.

There are no changes in the consolidation scope in respect of December 31st, 2018.
With respect to companies in which the Group does not hold more than 50% of the capital and consequently has the same percentage of the voting rights exercisable at the Shareholders' Meeting, control is assumed to reflect the fact that the Group has i) power, that is the ability to direct significant activities that have a significant impact on the returns; ii) it is exposed to the variability of the benefits deriving from the involvement with it and, therefore, iii) exercises the power to gain benefits from its business, as defined by IFRS 10 - Consolidated Financial Statements.

The following list illustrates the entire consolidation scope at June 30th, 2019:

Parent Company
TOD'S S.p.A. S.Elpidio a Mare - Italy Share Capital (S.C.) - euro 66,187,078

Direct Subsidiaries

TOD'S Deutsch. Gmbh Munich - Germany S.C. - euro 153,387.56 % held: 100%	**TOD'S France Sas** Paris - France S.C. - euro 780,000 % held: 100%	**An.Del. USA Inc.** New York - U.S.A S.C. - Usd 3,700,000 % held: 100%	**TOD'S International BV** Amsterdam – Netherlands S.C. - euro 2,600,200 % held: 100%
Del.Com S.r.l. S.Elpidio a Mare - Italy S.C. - euro 31,200 % held: 100%	**Holpaf B.V.** Amsterdam – Netherlands S.C. - euro 5,000,000 % held: 100%	**Roger Vivier S.p.A.** S.Elpidio a Mare – Italy S.C. – euro 10,000,000 % held: 100%	**TOD'S Danmark APS** Copenhagen - Denmark S.C. – Dkk 500,000 % held: 100%
TOD'S Austria Gmbh Vienna - Austria S.C. – euro 50,000 % held: 100%	**TOD'S Australia PTY Ltd.** Sydney – Australia S.C. – Aud 3,300,000 % held: 100%	**Italiantouch S.r.l.** Civitanova Marche – Italy S.C. – euro 10,000 % held: 100%	

Indirect subsidiaries

Cal.Del. USA Inc. Beverly Hills, Ca - U.S.A. S.C. - Usd 10,000 % held: 100%	**TOD'S Tex Del USA Inc.** Dallas, Tx - U.S.A S.C. - Usd 10,000 % held: 100%	**Deva Inc.** Wilmington, De – U.S.A. S.C. - Usd 500,000 % held: 100%	**Flor.Del. USA Inc.** Tallahassee, Fl - U.S.A. S.C. - Usd 10,000 % held: 100%
Hono.Del. Inc. Honolulu, Hi - U.S.A. S.C. - Usd 10,000 % held: 100%	**Il.Del. USA Inc.** Springfield, Il - U.S.A. S.C. - Usd 10,000 % held: 100%	**Neva.Del. Inc.** Carson City, Nv - U.S.A. S.C. - Usd 10,000 % held: 100%	**Or.Del. USA Inc.** Sacramento, Ca - U.S.A. S.C. - Usd 10,000 % held: 100%
Gen.Del SA Zurich - Switzerland S.C. - Chf 200,000 % held: 100%	**TOD'S Belgique S.p.r.l.** Bruxelles - Belgium S.C. - euro 300,000 % held: 100%	**TOD'S Espana SL** Madrid – Spain S.C. - euro 500,000 % held: 100%	**Buena Ltd** London – Great Britain S.C. – Gbp 1 % held: 100%
TOD'S Hong Kong Ltd Hong Kong S.C. - Usd 16,550,000 % held: 100%	**TOD'S Japan KK** Tokyo - Japan S.C. - Jpy 100,000,000 % held: 100%	**Alban.Del Sh.p.k.** Tirana - Albania S.C. - euro 720,000 % held: 100%	**TOD'S Retail India Pte Ltd** Mumbai - India S.C. - Inr 193,900,000 % held: 51%
TOD'S Singapore Pte Ltd Singapore S.C. - Sgd 300,000 % held: 100%	**Un.Del Kft** Tata - Hungary S.C. - Huf 42,900,000 % held: 100%	**TOD'S UK Ltd** London - Great Britain S.C. - Gbp 350,000.00 % held: 100%	**Webcover Ltd** London - Great Britain S.C.- Gbp 2 % held: 100%
Roger Vivier Paris Sas Paris - France S.C. - euro 6,700,000 % held: 100%	**TOD'S Korea Inc.** Seoul - Korea S.C. - Won 2,600,000,000 % held: 100%	**TOD'S Macau Ltd** Macau S.C. - Mop 20,000,000 % held: 100%	**TOD'S (Shanghai) Tr. Co.** Shanghai - China S.C. - Usd 32,000,000 % held: 100%
Re.Se.Del. S.r.l. S.Elpidio a Mare - Italy S.C. - euro 25,000 % held: 100%	**Del.Pav. S.r.l.** S.Elpidio a Mare - Italy S.C. - euro 50,000 % held: 100%	**Filangieri 29 S.r.l.** S.Elpidio a Mare - Italy S.C. - euro 100,000 % held: 50%	**Roger Vivier Japan KK** Tokyo – Japan S.C. – Jpy 10,000,000 % held: 100%
Roger Vivier Hong Kong Ltd Hong Kong S.C. – Hkd 1,000,000 % held: 100%%	**Roger Vivier Sing. PTE Ltd** Singapore S.C. – Sgd 200,000 % held: 100%	**Roger Vivier (Shan.) Tr.Co.** Shanghai – China S.C. – Rmb 75,000,000 % held: 100%	**Roger Vivier UK Ltd** London – Great Britain S.C. – Gbp 150,000 % held: 100%
TOD'S Georgia Inc. Norcross, GA – USA S.C. – Usd 10,000 % held: 100%	**Roger Vivier France SaS** Paris – France S.C. – euro 3,507,500 % held: 100%	**Roger Vivier Korea Inc.** Seoul – Korea S.C. – Won 1,200,000,000 % held: 100%	**Roger Vivier Switzerland** Lugano – Switzerland S.C. – Chf 2,000,000 % held: 100%

Indirect subsidiaries			
Roger Vivier Macau Lda Macau S.C. – Mop 500,000 % held: 100%	**TOD'S Washington Inc.** Tumwater, Wa – U.S.A. S.C. – Usd 10,000 % held: 100%	**Ala. Del. Inc.** Wilmington, De – U.S.A. S.C. – Usd 10,000 % held: 100%	**Tod's Massachusetts Inc** Boston, Ma – U.S.A. S.C. – Usd 10,000 % held: 100%
Italiantouch USA Inc. New York – USA S.C. – Usd 1,000 % held: 100%	**Italiantouch Shanghai Tr.** Shanghai – China S.C. – euro 2,900,000 % held: 100%	**Roger Vivier Espana SL** Madrid – Spain S.C. – euro 10,000 % held: 100%	**Roger Vivier Deutsch.** Munich – Germany S.C. – euro 25,000 % held: 100%
Roger Vivier Australia Sydney – Australia S.C. – Aud 100,000 % held: 100%	**Roger Vivier Canada Ltd.** Toronto – Canada S.C. – Cad 100 % held: 100%		

7. Segment reporting

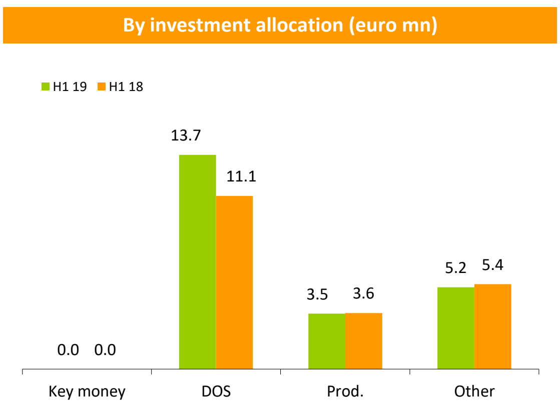
The search for higher levels of operating efficiency has identified as key element for maximising profitability via the sharing of a significant portion of service activities (first and foremost production), both at the central and peripheral levels; on the contrary, possible aggressive segmentation of the business appears uneconomical, under current circumstances.

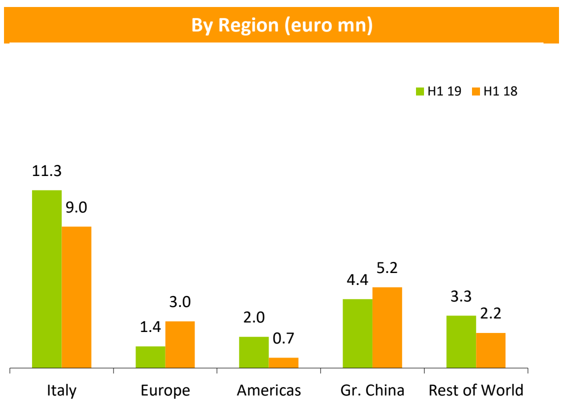
At the operating level, the Group's organisation is based on an articulated matrix structure according to the different functions/activities in the value chain, alternatively according to brand, product, channel and geographical area. The overall organisation envisages a unified strategic vision of the business.

This type of organisation is reflected in the ways in which management monitors and strategically focuses the Group's activities.

The economic disclosure set out in the Interim Report on operations includes operating information, including a break-down of consolidated revenues by BRAND, CHANNEL, PRODUCT TYPE and REGION. Below are provided some further details for completion:

Capital expenditures at June 30th,2019



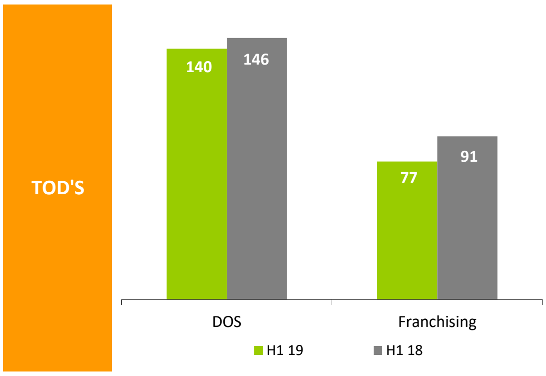


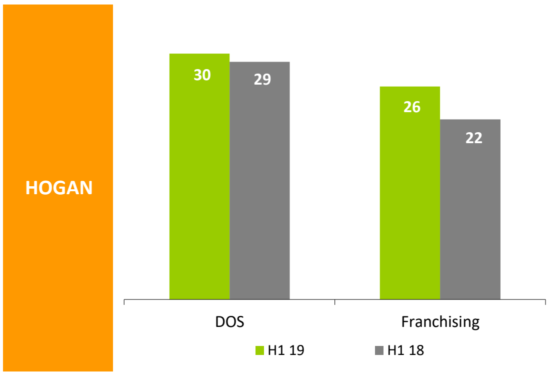
Distribution network

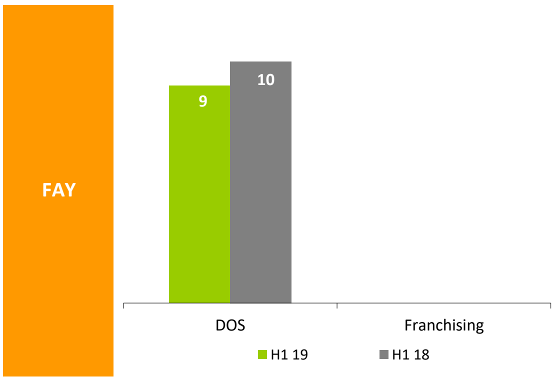
TOD'S GROUP - Distribution channel		06.30.19	06.30.18
Italy	DOS	46	48
	FRANCHISED STORES	2	2
Europe	DOS	55	60
	FRANCHISED STORES	21	20
Americas	DOS	23	22
	FRANCHISED STORES	5	4
Greater China	DOS	92	90
	FRANCHISED STORES	39	38
RoW	DOS	72	65
	FRANCHISED STORES	47	58
Total DOS		**288**	**285**
Totale Franchised stores		**114**	**122**

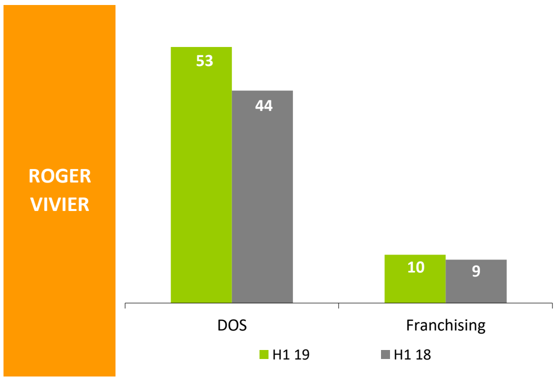
The table below, which shows the breakdown of the distribution network by brand, doesn't include the DOS which sell products of more than one brand of the Group.

It should be noted that, in order to compare the number of DOS with those of the 2018 financial year, in the current period, 7 DOS were, for administrative purposes only, merged with others.









8. Management of financial risks

The TOD'S Group has implemented a system for monitoring its financial risks in accordance with the guidelines set out in the Corporate Governance Code of Listed Companies. As part of this policy, the Group constantly monitors the financial risks connected with its operations, in order to assess their potential negative impact and undertake appropriate action to mitigate them.

The following analysis of risks faced by the TOD'S Group highlights the Group's level of exposure:

i. Credit risk. This represents the exposure of TOD'S Group to potential losses stemming from default on the obligations assumed by commercial counterparties. For sales to third party customers, the Group adopts a policy aimed at optimizing credit management and reducing associated risk. In particular, it is the policy of the Group, in granting credit limits to customers, to periodically analyse the creditworthiness of all customers, both consolidated and potential, in order to monitor and prevent potential solvency crises.

ii. Liquidity risk. The liquidity risk represents the risk stemming from the unavailability of financial resources as necessary to meet the short-term commitments assumed by the Group and its own financial requirements.

The main factors that determine the Group's degree of liquidity are the resources generated or used by operating and investment activities and, on the other hand, the due dates or renewal dates of its payables or the liquidity of its financial investments and market conditions.

This risk is limited by taking actions aimed at ensuring a balanced structure of the Group's capital and by maintaining such a level of cash and cash equivalents as is required to meet its financial debt requirements at the relevant maturity dates in an adequate manner.

Furthermore, it should be noted that, TOD'S S.p.A., in order to borrow the liquid funds needed to meet any possible requirement connected with ordinary business activities and general corporate operations, entered into the following loan agreements, which are related to medium/long-term revolving credit facilities which have not been used at June 30th, 2019:

i) Banco BPM S.p.A. signed on January 26th, 2018 for a maximum amount of 100 million euros with expiring date on January 26th, 2022;

ii) Crédit Agricole Corporate and Investment Bank and Cassa di Risparmio di Parma e Piacenza S.p.A. (Crédit Agricole Group), signed on January 27th, 2016, and renewed on December 5th, 2018, for a maximum amount of 100 million euros, with expiring date on December 5th, 2021;

iii) Unicredit S.p.A., signed on November 9th 2016, and renewed on November 7th, 2018, for a maximum amount of 100 million euros, with expiring date on November 8th, 2021;

iv) B.N.L. S.p.A., signed on November 28th 2016, and renewed on December 21st, 2018, for a maximum amount of 100 million euros, with expiring date on November 28th, 2021;

v) Intesa Sanpaolo S.p.A. signed on December 21st, 2018 for a maximum amount of 50 million euros, with expiring date on December 31st, 2021.

Particular attention is paid to the definition of the credit counterparty that is considered to be suitable for cash operations and that is identified according to increasingly selective liquidity, security and yield criteria and in line with the Management's instructions.
Considering the Group capacity to generate cash and its available credit facilities, it is reasonable to believe that liquidity risk is not significant.

Finally, as regards financial assets, the Group's policy is to continue to invest all of its available liquid funds in sight bank deposits or in short-term liquidity, without making use of financial instruments, including those of the money market, and dividing its deposits among an adequate number of banks, which are carefully selected by taking account the level of remuneration offered, in addition to the financial soundness and reliability.
iii.Market risk. IFRS 7 includes in this category all risks that are directly or indirectly connected with the fluctuation in prices on physical and financial markets to which the company is exposed:

- – exchange rate risk;
- – interest rate risk;
- – commodity risk, which is tied to the volatility of prices for the raw materials used in the production process.

Concerning the above mentioned risks, TOD'S Group is exposed to exchange rate and interest rate risk, since there is no physical market subject to actual fluctuations in the purchase prices for raw materials used in the production process.
Exchange rate risk. Due to its commercial operations, the Group is exposed to fluctuations in the exchange rates for currencies in which some of its commercial transactions are denominated (particularly USD, GBP, CHF and Far East countries), against a cost structure that is concentrated principally in the eurozone. The TOD'S Group realises greater revenues than costs in all these currencies; therefore, changes in the exchange rate between the euro and the aforementioned currencies can impact the Group's results.
Moreover, due to the geographical composition of the Group structure, which is formed by subsidiaries with different currencies, the Group is exposed to exchange rate risk related to intercompany financial flows (mainly dividends, loans, transactions on share capital).
Finally, the Group is exposed to "translation risk". This risk stems from the fact that the assets and liabilities of consolidated companies whose functional currency is different from the euro can have different countervalues in euros according to changes in foreign exchange rates. The measured amount of this risk is recognised in the "translation reserve" in equity.
The Group monitors the changes of such exposure. No hedges of this risk existed at the reporting date. Governance of individual foreign currency operations by the Group's subsidiaries is highly simplified by the fact that they are wholly owned by the parent company.

The main goal of Group's risk management policy is to minimize the economic and transactional exchange rate risk which is achieved converting in euro the collections from sales in foreign currencies, for each season, net of related costs, using an average exchange rate in line with the related exchange rates used for the pricing list; in addition to the promptly conversion in euro of future financial cash flows in foreign currencies (i.e. bank loans, intercompany loans etc.) using market exchange rates. The Group pursues these aims by entering into forward contracts for each individual currency to hedge a specific percentage of the expected revenue (and cost) volumes in the individual currencies other than the functional currency. These positions are not hedged for speculative or trading purposes, consistently with the strategic policies adopted for prudent management of cash flows.

The Group defines its commercial hedging activities, for each single season, in accordance with the progress of sales and costs budgeting process in foreign currencies.

The process of hedging exchange rate risk inside the Group is broken down into a series of activities that can be grouped into the following distinct phases:

- definition of operating limits;
- identification and quantification of exposure;
- define hedging activities and related executions on the market;
- monitoring of position and alert procedures;

In connection with the exchange rate risk on financial intercompany transactions, the Group monitors the risk underlying outstanding transactions (loans) and forecast transactions (dividends and capital increases), in view of guaranteeing that no material operating and financial impact for the entities involved results from these transactions in relation to fluctuations in exchange rates. These goals are pursued by the Group through monitoring the foreign exchange rate trends related to outstanding or expected capital transactions and entering into forward contracts if they will have material contingent effects. These forward contracts are made to hedge the individual transactions, and not for speculation or trading. This is consistent with the strategic policies focused on prudent management of cash flows.

Interest rate risk. TOD'S Group is exposed to interest rate fluctuations, limited to its variable-rate debt instruments. Interest rate risk is managed in conformity to long-established practice with the aim of cutting down the risk of interest rate volatility, at the same time pursuing the goal of reducing the financial costs involved to a minimum.

The parent company TOD'S S.p.A. has the following outstanding loans:

- syndicated loan signed with Mediobanca and Crédite Agricole with variable interest rate equal to EURIBOR 3M + 55 basis points;

- loan signed on December 21st, 2018 with BNL S.p.A. (BNP Paribas Group) for an amount of 25 million euros, refundable in 16 instalments quarterly payables in arrears, expiring on December 21st, 2022. The agreed interest rate is the EURIBOR 3M + 0.7% (Note 16);

- loan signed on December 21st, 2018 with Intesa SanPaolo S.p.A. for an amount of 125 million euros, refundable in 6 instalments half yearly payables in arrears, expiring on December 31st, 2021. The agreed interest rate is the EURIBOR 6M + 0.7% (Note 16);

To hedge the risk of possible changes in the interest rates on the syndicated loan signed with Mediobanca and Crédite Agricole, two derivative contracts (interest rate swaps - IRSs), have been signed for a notional amount equal to the amount drawn for the loan (Note 13). These derivatives protect the Group from the risk of a generalised rise in interest rates, swapping the variable rate on the loan for a contractually fixed rate (a quarterly rate of 0.748%).

Moreover, in order to hedge the risk of possible changes in the interest rates on the loan signed with BNL S.p.A., a derivative contract (interest rate swap - IRS), has been signed for a notional amount equal to the amount drawn for the loan (Note 13). This derivative protects the Group from the risk of a generalised rise in interest rates, swapping the variable rate on the loan for a contractually fixed rate (a quarterly rate of 0.7%).

The above mentioned hedging transactions have been recognised in accordance with cash flow hedge methodology provided by IFRS 9.

Given the performance of the financial markets, and the related reference rates, in addition to the duration of the loan stipulated with Intesa SanPaolo S.p.A. the Group considered the interest rate risk on this latter loan not significant. It should be remembered that the Group constantly monitors the interest rate risk and, where it is deemed that the risk of potential significant effects deriving from the loan contract is high, in compliance with the practice established over time by the Group, the definition of adequate hedging instruments.

8.1 Categories of measurement at fair value

The fair value of derivative financial instruments outstanding at June 30th, 2019 is classified as Level 2 and has been determined using exchange rate that are quoted in active markets.

Note that during the first half 2019 there have not been any transfers between fair value levels indicated by the IFRS 13.

9. IFRS 16

On January 13th, 2016, the IASB (International Accounting Standard Board) published IFRS 16 Leasing, which replaces IAS 17; this document was adopted by the European Union on November 9th, 2017.

IFRS 16 defines the principles for the recognition, measurement, presentation and disclosure of leases (contracts that give the right to use third-party assets) and requires lessees to account for all lease agreements in accordance with the methodology envisaged for financial leases by the old accounting standard IAS 17, effectively eliminating the previous dichotomy between operating and financial leases.

TOD'S Group has adopted the new standard starting from January 1st, 2019 adopting the modified retrospective approach, therefore the comparative data have not been modified with respect to that already published in the half-year financial report of June 30th, 2018.

The application of IFRS 16 at January 1st, 2019 has had a significant impact on the half-year consolidated financial statements of the TOD'S Group as a consequence of the operational activity linked to the retail distribution network which represents the main part of the business. In fact, TOD'S Group is the lessee of a series of lease contracts that have been analyzed for the purpose of applying the new IFRS 16 principle and which mainly concern the directly operate stores (DOS) warehouses, production facilities, offices and showrooms, company cars, office and electronic machinery and equipment. The leases of DOS represent the main category, representing approximately 90% of the total lease liabilities.

From an accounting point of view, the application of IFRS 16 entailed the recognition of an asset for right of use on the assets covered by the lease contracts and a liability for leased assets in relation to the fixed rents still to be paid. The activity for the right of use leased assets is initially valued at cost, and subsequently amortized over the duration of the leases defined in the analysis. The cost of assets for the right of use, includes the initially recognized value of the liability for the lease, the direct initial costs incurred, the estimate of any restoration costs to be incurred at the end of the contract and the advance payments relating to the lease made on the date of the first transition net of leasing incentives received. The liability for leasing is valued at the current value of payments due for fixed installments not yet paid at the transition date discounted using the interest rate as defined below.

The liability for leased assets is subsequently increased by the interest that accrues on this liability and decreased in correlation with the payments of the lease installments.

The impacts resulting from the application of the aforementioned principle are summarized below, both in the balance sheet and in the income statement:

euro 000's	Effects of IFRS 16 transition at January 1st, 2019
Non current assets	
Right of use assets	
Right of use assets	448,366
Total Right of use assets	**448,366**
Total non current assets	**448,366**
Total assets	**448,366**
Non-current liabilities	
Non-current lease liabilities	349,325
Provisions for risks and charges	5,116
Total non-current liabilities	**354,441**
Current liabilities	
Current lease liabilities	87,640
Others	6,285
Total current liabilities	**93,925**
Total liabilities	**448,366**

The main assumptions that have been adopted by the TOD'S Group for the first application of IFRS 16 are summarized below:

- In adopting IFRS 16, the Group availed itself of the exemption granted in relation to short-term leases (ie contracts expiring within 12 months or less) and for lease contracts for which the underlying asset is configures as a low-value asset. For these contracts for which the exemption was used, the introduction of IFRS 16 did not entail the recognition of the financial liability of the lease and of the related right of use, therefore the accounting records did not change with respect to the previous period;
- Significant initial direct costs that had a positive net carrying amount in the balance sheet at the transition date were included in the measurement of the right of use as of January 1st, 2019;
- The duration of the lease contracts, with particular reference to the exercise of renewal and early closure options, was determined based on the information existing at the transition date;
- The discount rate (IBR Incremental Borrowing Rate) used for the estimates relating to the discounting of future payments of rents was determined by taking into account the free risk interest rates in force in the individual countries in which TOD'S Group companies operate involved in the application of IFRS 16, plus an average spread calculated taking into account the

current cost of debt of Group companies. The average weighted IBR applied during the transition was 3.47%;

- The variable rents, which do not depend on an index or rate, but which mainly depend on the volume of sales, continue to be accounted for in the income statement under costs for third-party assets;

Following the initial recognition, for 448.4 million euros, the right of use assets increased in the half year, following new lease agreements stipulated in the first half of the year and lease modifications to the existing contracts, for 23,5 million euros and decreased by 51.1 million euros following the normal amortization process for the period. Furthermore, it should be noted that following the application of the new accounting standard IFRS 16, goodwill with a defined useful life relating to so-called "key money" was subject to reclassification within the right of use assets.

In addition to the information provided above it is noted that:

- Lease payments included in the definition of the short term leases envisaged by IFRS 16 amounted to 7.3 million euros at June 30th, 2019;
- Lease payments relating to those assets included in the definition of low value assets envisaged by IFRS 16 amounted to 0.1 million euros at June 30th, 2019;
- The rents relating to those contracts which provide for a variable fee and which therefore were not included in the valuation of the lease liability amounted to 16.8 million euros at June 30th, 2019.

10. Non-current assets held for sale

Consistently with the regular monitoring of its distribution network, the Group has decided to move the location of the flagship store of the Tod's brand in Tokyo, from Omotesando to another area of the city which has greater traffic. It then caught the opportunity to sell the property of Omotesando in a moment that sees the Japanese real estate market at its all-time highs. On March 7th, 2019, the company Holpaf BV, a wholly-owned subsidiary of Tod's, signed a preliminary agreement concerning the sale of the property of Omotesando which hosts the Japanese flagship store of the Tod's brand and the Group's regional offices. The price agreed for the sale of the real estate is equal to 156 million euros, of which one third was cashed in at the signing of the preliminary, as a deposit and advanced payment, and the remaining two thirds at the time of the closing, with the definitive transfer of the real estate. The carrying amount of Omotesando building at June 30th, 2019 was equal to 57 million euros, using the exchange rate EUR/JPY at the latter date.

The completion of the sale will result in a gross gain of around 99 million euros, compared to the book value accounted in the financial statements at the current exchange rates.
The Group will maintain the availability of the property until the date of the closing that will take place, upon indication of the Group, when it will have available both the new store and the new offices, anyway by October 31st, 2019.

11. Intangible and Tangible fixed assets

Intangible assets with undefined useful life include the values of the Group own brands, for about 553.6 million euros (unchanged in respect to December 31st, 2018) and value of goodwill, for about 13 million euros (12.3 million euros on December 31st, 2018), related to acquisitions of controlled companies and they have been determined in accordance with the acquisition method (IFRS 3). The increase of goodwill is related to the business of two franchised stores took over by the Group subsidiary TOD'S Australia PTY Ltd..
Key money, which include the amounts paid for this purpose by the Group to take over certain leases of commercial spaces where some DOS operate, have been reclassified within the new line item "right of use assets" (IFRS 16) starting from January 1st, 2019.
Other intangible assets with definite useful life include long-term amounts to protect the brands owned by the Group, software and other intangible assets. This item includes the net book value related to the agreement signed by the holding TOD'S S.p.A. for financing the restoration work on the Coliseum, amounting to 5.6 million euros.
The increase in the period, relating to intangible assets, amounted to 2.8 million euros, mainly referring to the development activities of the digital channel and company management systems (software).
Tangible assets capital expenditure in H1 2019 totalled 19.6 million euros, of which 13.7 million euros invested in the DOS network for both new DOS openings and for renovation activities of the existing stores. The remaining investment quota in the period regarded the normal processes of modernising the structures and industrial equipment (mainly lasts and moulds).

Although the results for the period show a decrease in margins compared to the same period of the previous year, in consideration of the investments made during the period, described in the Report on operations, whose positive effects will be visible in the short-medium term, it is considered that there are not impairment indicators at the date of preparation of this half-year financial report. Moreover, even from the analysis of market parameters, such as market capitalization, which is higher than the value of the consolidated shareholders' equity of the Group, there are no further critical issues.

12. Inventories

They totalled 385,653 thousand euros at June 30th, 2019 (362,168 thousand euros at December 31th, 2018). The increase is mainly related to the production of finished products of the following Autumn / Winter season further to the physiological increase due to the development of direct distribution network.

The allowance for inventory write-downs reasonably reflects the technical and stylistic obsolescence of the Group's inventories at June 30th, 2019.

euro/000	06.30.19	12.31.18
Opening balance	**56,441**	**53,706**
Increase	3,832	7,679
Utilization	(1,990)	(4,941)
Reversal		
Exchange rate effects	5	(3)
Closing balance	**58,288**	**56,441**

13. Derivative financial instruments

The TOD'S Group is exposed to both exchange rate risk, mainly for revenues denominated in currencies other than the euro (see Note 8), and interest rate risk limited to its variable-rate debt instruments. In order to realise the objectives envisaged by the Risk Management policy, the Group enters in derivative contracts for the hedging of the above mentioned risks; in particular, in connection with exchange rate risk, the Group entered in sell and/or buy foreign currency contracts (forward), while for the hedging of a variable interest rate risk, the Group entered in interest rate swaps agreements. Furthermore, due to the geographical composition of the Group structure, the Group is exposed to the exchange rate risk related to inter-company financial flows (Note 8), which is managed by monitoring the exchange rate trends of the currencies relating to outstanding or expected capital operations, and by putting in place, where there are potential significant effects, forward contracts to hedge individual transactions.

At the closing date of the half-year condensed financial statements, the notional amount of the derivative financial instruments for the hedging of exchange rate risk (sale and purchase) (Note 8) entered into by the Group are summarized as follows:

Currency 000's	Sales		Purchases	
	Notional in currency	Notional in euro	Notional in currency	Notional in euro
US dollar	59,600	52,373		
HK dollar	552,600	62,184		
Japanese yen	2,810,000	22,920	3,370,000	27,488
British pound	28,400	31,677		
Swiss franc	6,750	6,078		
Chinese renmimbi	572,250	73,192		
Singapore dollar	7,510	4,878		
Euro	1,000	1,000	10,030	10,030
Canadian dollar	5,750	3,861		
Australian dollar	6,380	3,928		
Total		**262,090**		**37,518**

At June 30th, 2019 the net fair value of derivatives used to hedge exchange risks reported is negative, on the whole, for 145 thousand euros, i.e. the balance of assets of 2,178 thousand euros (compared to 1,998 thousand euros at December 31st, 2018) and liabilities of 2,032 thousand euros (compared to 3,842 thousand euros at December 31st, 2018).

At June 30th, 2019 the reserve for derivatives used to hedge forecast transactions on currencies (i.e. cash flow hedge) was positive for 2,933 thousand euros, net of related tax effect, and it concerns, for 600 thousand euros, hedging of business transactions and, for 2,333 thousand euros, hedging of intercompany financial transactions.

Cash flow hedge reserve related to forward derivatives for the hedging of exchange rate risk, includes even the effects on some intercompany transactions, negative for 91 thousand euros (positive for 261 thousand euros at December 31st, 2018), net of tax effect, for which derivatives have been expired at June 30th, 2019, that will be transferred to the income statement when sales versus third customers or when forecast transactions will be realized.

As regards derivatives for the hedging of business transactions, which were closed in the period from January to June 2019, the transfer of the effect of the hedging transactions to the income statement was negative for 468 thousand euros, of which 537 thousand euros were entered as an decrease in revenues and 69 thousand euros as a decrease of costs.

At June 30th, 2019 the fair value of the three derivative contracts (interest rate swaps - IRSs) put in place for the hedging of the risk associated with variable interest rates on the already commented outstanding loans (Note 8) was overall negative for 1,511 thousand euros (negative for 1,687 thousand euros at December 31st, 2018) and it has been represented for 570 thousand euros in the non-current liabilities, while for 941 thousand euros in the current liabilities, in accordance with the period on which the effects will be generated. The amount recognised in the financial expenses at June 30th, 2019 was 539 thousand euros, while the related cash flow hedge reserve, net of tax effect, was negative for 1,010 thousand euros.

14. Equity

14.1 Share Capital

At June 30th, 2019, the parent company share capital totalled 66,187,078 euros, and was divided into 33,093,539 shares, fully subscribed and paid in.
The Group did not own treasury shares in the parent TOD'S S.p.A., and it did not execute any transactions on those shares during the period.

14.2 Dividends

Pursuant to a resolution by the Shareholders' Meeting of April 18th, 2019, the parent company TOD'S S.p.A. paid its shareholders dividends in May for the net profit realised in FY 2018. The aggregate value of dividends paid amounted to 33,093,539 euros, at the rate of 1 euro for each share (ex-dividend date May 20th, 2019).

15. Provisions for risks and charges

They include the estimate of liabilities, with uncertain maturity date or amount, on which the Group might incur in case of a legal or constructive obligation in connection with a past event. The figure mainly includes provisions related to both legal and tax lawsuits, risks and costs for employees and reinstatement costs.
Below it is showed the variation of the provision for risks and charges:

euro 000's	06.30.19	12.31.18
Provisions for risks and charges - non current		
Opening balance	**5,476**	**5,385**
Increase	40	437
Utilization	(203)	(337)
Reversal		
Exchange rate effects	16	11
Other	5,583	(20)
Closing balance	**10,912**	**5,476**
Provisions for risks and charges - current		
Opening balance	**1,200**	**4,626**
Increase	741	565
Utilization	(370)	(4,011)
Reversal		
Exchange rate effects		
Other		20
Closing balance	**1,571**	**1,200**

The other movements recorded in the period refer to the recalculation of the estimate of the provisions referring to restoration costs, on lease contracts, made on the first adoption of IFRS 16.

16. Net Financial Position

At June 30th, 2019, net financial position was negative for 509.3 million euros (was negative for 75.3 million euros at December 31st, 2018 and negative for 50.2 million euros at June 30th, 2018 respectively) and it includes cash and cash equivalents for 188.6 million euros and financial liabilities for 697.8 million euros, of which 452.9 million euros as non-current financial liabilities. In is noted that the net financial position include both non-current and current lease liabilities for 416.9 million euros (Note 9).

Net financial position (euro 000's)				
06.30.18		06.30.19	12.31.18	Change
Current financial assets				
238,781	Cash and cash equivalents	188,546	191,268	(2,722)
238,781	**Cash**	**188,546**	**191,268**	**(2,722)**
Current financial liabilities				
(16,433)	Current account overdrafts	(19,426)	(17,924)	(1,502)
(174,586)	Current share of medium-long term financing	(132,773)	(170,792)	38,019
	Current lease liabilities	(92,786)		(92,786)
(191,019)	**Current financial liabilities**	**(244,984)**	**(188,715)**	**(56,269)**
47,762	**Current net financial position**	**(56,438)**	**2,553**	**(58,991)**
Non-current financial liabilities				
(98,008)	Medium-long term financing	(128,778)	(77,804)	(50,974)
	Non-current lease liabilities	(324,083)		(324,083)
(98,008)	**Non-current financial liabilities**	**(452,862)**	**(77,804)**	**(375,057)**
(50,247)	**Net financial position**	**(509,300)**	**(75,252)**	**(434,048)**

Adjusted Net financial position (euro 000's)	06.30.19	12.31.18	Change
Net financial position (a)	**(509,300)**	**(75,252)**	**(434,048)**
Current lease liabilities	(92,786)		(92,786)
Non-current lease liabilities	(324,083)		(324,083)
Total lease liabilities (b)	**(416,869)**		**(416,869)**
Adjusted Net financial position (a) - (b)	**(92,431)**	**(75,252)**	**(17,180)**

The breakdown of current and non-current financial liabilities at June 30th, 2019 is shown below (net of Current account overdraft):

Currency 000's Type	Counterpart	Currency	Maturity	Res. debt in currency	Res. debt in euro
Medium and long term bank pool loan	Mediobanca - Crédit Agricole	Eur	2021	89,611	89,611
Medium and long term loan	B.N.L. S.p.A.	Eur	2022	21,876	21,876
Medium and long term loan	Intesa SanPaolo S.p.A.	Eur	2021	104,171	104,171
Short term loan	Unicredit S.p.A.	Eur	2019	45,000	45,000
Total financing					**260,658**
Other financial liabilities		Inr	n.a.		879
Other financial liabilities		Eur	2021		14
Total financing and other financial liabilities					**261,551**

The short-term loan refers to a loan entered with Unicredit S.p.A. on June 26th, 2019, to be repaid in a single payment on December 27th, 2019, with a fixed interests rate equal to 0.18%.

In addition to the syndicated loan signed with Mediobanca and Crédite Agricole, it is noted that during 2019 the following loans, already signed on December 2018, have been utilized:

- loan signed on December 21st, 2018 with BNL S.p.A. (BNP Paribas Group) for an amount of 25 million euros, refundable in 16 instalments quarterly payables in arrears, expiring on December 21st, 2022. The agreed interest rate is the EURIBOR 3M + 0.7%. Such loan substituted the loan signed with B.N.L. S.p.A. for 25 million euros expired on May 4th, 2019;
- loan signed on December 21st, 2018 with Intesa SanPaolo S.p.A. for an amount of 125 million euros, refundable in 6 instalments half-yearly payables in arrears, expiring on December 31st, 2021. The agreed interest rate is the EURIBOR 6M + 0.7%. Such loan substituted the following two loans: a loan signed with Intesa SanPaolo S.p.A. for 100 million euros expired on January 29th, 2019, and a loan signed with Intesa SanPaolo S.p.A. for 25 million euros expired on April 27th, 2019.

The above mentioned three medium and long term loans contain, among others obligations, specific financial covenants; in particular, it is requested to respect the following parameters computed at a Group level, to be calculated in accordance with their respective agreements without considering the impacts of IFRS 16 accounting standards:

Bank	Financial covenants	Parameters
Banca Nazionale del lavoro S.p.A.	Net financial liabilities/EBITDA	≤ 3.0
Intesa SanPaolo S.p.A.	Net financial liabilities/EBITDA	≤ 3.0
Mediobanca/Crédit Agricole	Net financial liabilities/EBITDA	≤ 3.5

The parameters indicated above are constantly monitored by the Group and all financial covenants are fulfilled at June 30th, 2019.

17. Financial income and expenses

The breakdown of financial income and expenses are illustrated below:

euro 000's	H1 19	H1 18	Change
Income			
Interest income on current account	218	209	8
Foreign exchange gains	10,303	7,120	3,183
Other	16	22	(6)
Total income	**10,537**	**7,352**	**3,185**
Expenses			
Interest on medium-long term financing	(562)	(481)	(81)
Interest on short term borrowings	(119)	(63)	(56)
Foreign exchange losses	(12,960)	(8,675)	(4,285)
Other	(1,390)	(1,423)	33
Financial charges from leasing	(7,303)		(7,303)
Total expenses	**(22,334)**	**(10,643)**	**(11,691)**
Total net income and expenses	**(11,797)**	**(3,290)**	**(8,506)**

18. Earnings per share

The calculation of base and diluted earnings per share is based on the followings:

i. Reference profit

euro 000's For continuing and discontinued operations	H1 2019	H1 2018
Profit used to determine basic earning per share	(5,729)	33,653
Dilution effects		
Profit used to determine diluted earning per share	**(5,729)**	**33,653**

euro 000's For continuing operations	H1 2019	H1 2018
Profit for the period	(5,729)	33,653
Income (Loss) from discontinued operations		
Profit used to determine basic earning per share	**(5,729)**	**33,653**
Dilution effects		
Profit used to determine diluted earning per share	**(5,729)**	**33,653**

In both periods, first half 2019 and 2018, there were no dilutions of net consolidated earnings, partly as a result of activities that were discontinued during the periods in question.

ii. Reference number of shares

	H1 2019	H1 2018
Weighted average number of shares to determine basic earning per share	33,093,539	33,093,539
Share Options		
Weighted average number of shares to determine diluted earning per share	33,093,539	33,093,539

19. Transactions with related parties

The Group's related parties transactions were executed in compliance with the procedural sequence and implementing procedures set out in the Related Parties Transactions Procedure approved by the TOD'S S.p.A. Board of Directors in implementation of the Related Parties Regulation adopted by CONSOB with Resolution no. 17221 of March 12th, 2010, as subsequently amended. In accordance with market best practices, significant related party transactions are subject to an in-depth review involving, inter alia:
(i) complete, prompt transmission of material information to the delegated Board of Directors committees (the Control and Risk Committee and the Independent Directors Committee, each within the ambit of their delegated responsibilities, where the majority or all members of these committees are independent directors), who in the performance of their functions also avail themselves of the assistance of independent experts;
(ii) the issuance of an opinion (either binding or non-binding, as applicable) before approval of the transaction by the Board of Directors (or, if appropriate, by the body delegated to resolve on the transaction). All transactions – which are connected with the normal operations of TOD'S Group companies – were executed solely on behalf of the Group by applying contractual conditions consistent with those that can theoretically be obtained on an arm's length basis.

Most significant transactions concluded during the period.

There are no transactions with related parties concluded in the period.

Related party transactions at June 30th, 2019.

In continuation of contractual relationship already existing in 2018, during the first half of 2019, TOD'S Group continued to maintain a series of contractual relationship with related parties (directors/controlling or significant shareholders). The main objects of the transactions were the sale of products, lease of sales spaces, show rooms and offices.

i. Commercial transactions with related parties – Revenue

euro 000's	Sales of Product	Rendering of services	Royalties	Operating lease	Other operations
June 30th, 2019					
Parent Company (*)	16	6		5	
Total	**16**	**6**	**-**	**5**	**-**
June 30th, 2018					
Parent Company (*)	10,132	19		5	
Total	**10,132**	**19**	**-**	**5**	**-**

ii. Commercial transactions with related parties – Costs

euro 000's	Purchases of product	Rendering of services	Royalties	Operating lease	Other operations
June 30th, 2019					
Parent Company (*)		156		3,211	4
Total	**-**	**156**	**-**	**3,211**	**4**
June 30th, 2018					
Parent Company (*)	272	185		2,527	
Total	**272**	**185**	**-**	**2,527**	**-**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle.

iii. Commercial transactions with related parties – Receivables and payables

	06.30.19				06.30.18			
	Asset		Liabilities		Asset		Liabilities	
euro 000's	Right of use	Trade receivables	Leasing liability	Trade Payables	Right of use	Trade receivables	Leasing liability	Trade Payables
Parent Company (*)	22,488	4	22,623	160		4,407		344
Total	**22,488**	**4**	**22,623**	**160**	**-**	**4,407**	**-**	**344**

(*) Companies directly or indirectly controlled by Chairman of the Board of Directors Diego Della Valle.

Note that the figure Assets with indefinite useful life includes, for 415 million euros, the carrying amount of ROGER VIVIER brand, purchased by Roger Vivier S.p.A. from the related party Gousson Consultadoria e Marketing S.r.l., a company controlled by the President of the board of directors, Mr. Diego Della Valle.

Transactions between Group companies included in the scope of consolidation have been eliminated from the half-year condensed financial statements. Consequently, they have not been highlighted in these notes.

Compensation of Directors, Statutory Auditors and General Managers

Compensation of Directors and Executives with strategic responsibilities of TOD's S.p.A. have been determined in accordance with the Compensation Policy adopted by TOD'S S.p.A. Board of Directors resolution at November 11th, 2011 as lastly amended on March 13th, 2018. For the first half of 2019 (including compensation for the activities performed at subsidiaries) compensation amount to respectively 2.7 million euros and 1.0 million euros.

Compensation for Statutory Auditors of TOD'S S.p.A. at June 30th, 2019 amount to 0.1 million of euro.

20. Significant non-recurring transactions and events

The Group did not carry out any significant non-recurring transactions in the first half of year 2019.

21. Significant events occurred after the reporting period

No significant events occurred after the reporting period.

Attestation of the Half-Year condensed financial statements of TOD'S Group pursuant article 154 bis of D.LGS. 58/98 and of article 81-ter of Consob Regulation n. 11971 of May 14th 1999 and further modifications and integrations.

1. The undersigned Umberto Macchi Di Cellere, Chief Executive Officer of TOD'S S.p.A., and Rodolfo Ubaldi, manager responsible for the drawing up of the financial reports of TOD'S S.p.A. certify, in accordance with the provisions of Article 154-bis, subsections 3 and 4, of Legislative Decree no. 58 of February 24th, 1998:

• the adequacy in terms of the company's characteristics and

• effective application

of administrative and accounting procedures for preparation of the 2019 Half Year condensed financial statements during the period January 1st to June 30th, 2019.

2. They also certify that Half-Year condensed financial statements:

a) have been prepared in accordance with International Financial Reporting Standards, as endorsed by the European Union through Regulation (EC) 1606/2002 of the European Parliament and Counsel, dated July 19th, 2002;

b) correspond with the account book and ledger entries;

c) give a true and fair view of the assets, liabilities, income and financial position of the issuer and entities included in the scope of consolidation.

3. Interim report on operations provides a reliable analysis of the significant events for the first six months of the current fiscal year and the impact of such events on the Half year condensed financial statements as well as a description of the main risks and uncertainties for the second half of the year in addition to a reliable analysis of the information on the significant related party transactions.

Milan, August 7th, 2019

Chief Executive Officer
Umberto Macchi Di Cellere

Manager responsible for drawing up of the financial report
Rodolfo Ubaldi