

TOD'S Group

2018 IAS/IFRS Half Year **Financial** Report

(Translation of the 2018 Half Year Financial Report approved in Italian solely for the convenience of international readers)

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<b>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 14<sup>th</sup> 1999 and further modifications and integrations. ....</b>	<b>55</b>

## 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 Fermo: 01113570442  
Registered with the Chamber of Commerce of Fermo 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  
Durrës (Albania) – Rr. Jakov Xoxa Prane – Nish Goma – Shkozë  
Tolentino (MC) - Via Sacharov 41/43

## Corporate Governance bodies

<b>Board of directors</b> <sup>(1)</sup>	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	
<b>Executive Committee</b>	Diego Della Valle	Chairman
	Andrea Della Valle	
	Umberto Macchi di Cellere	
	Emilio Macellari	
<b>Compensation Committee</b>	Vincenzo Manes	Chairman
	Sveva Dalmasso	
	Luigi Abete	
<b>Control and Risk Committee</b>	Romina Guglielmetti	Chairman
	Maurizio Boscarato	
	Vincenzo Manes	
<b>Independent Directors Committee</b>	Vincenzo Manes	Chairman
	Sveva Dalmasso	
	Romina Guglielmetti	
<b>Board of statutory Auditors</b> <sup>(2)</sup>	Giulia Pusterla	Chairman
	Enrico Colombo	Acting stat. auditor
	Fabrizio Redaelli	Acting stat. auditor
	Myriam Amato	Substitute auditor
	Gilfredo Gaetani	Substitute auditor
<b>Independent Auditors</b> <sup>(3)</sup>	PricewaterhouseCoopers S.p.A.	
<b>Manager charged with preparing Company's financial report</b>	Rodolfo Ubaldi	

<sup>(1)</sup> Term of the office: 2018-2020 (resolution of the Shareholders' meeting as of April 19<sup>th</sup>, 2018)

<sup>(2)</sup> Term of the office: 2016-2018 (resolution of the Shareholders' meeting as of April 20<sup>th</sup>, 2016)

<sup>(3)</sup> Term of the office: 2012-2020 (resolution of the Shareholders' meeting as of April 19<sup>th</sup>, 2012)

## TOD'S Group

### **TOD'S S.p.A.**

Parent Company, owner of TOD'S, HOGAN and FAY brands 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 manages 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 Ltd**

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.**

Manufacturing company

### **Un.Del. Kft**

Manufacturing company

### **Re.Se.Del. S.r.l.**

Company for services

### **Roger Vivier S.p.A.**

Company, 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 DOS 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 that operates DOS in Denmark

### **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 for services in Great Britain

### **Roger Vivier Deutschland GmbH**

Company that manages DOS in Germany

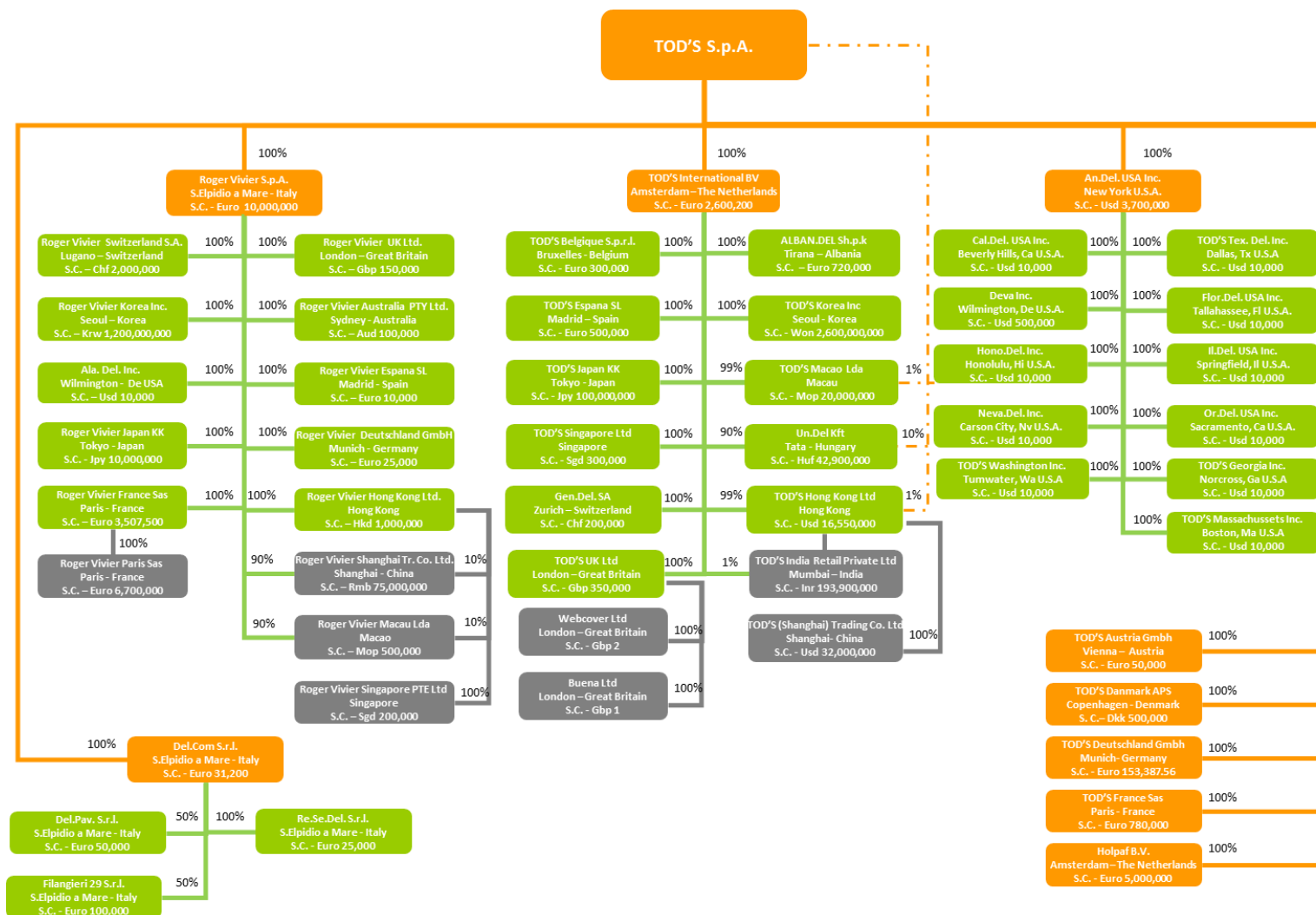
### **Roger Vivier Espana SL**

Company that manages DOS in Spain

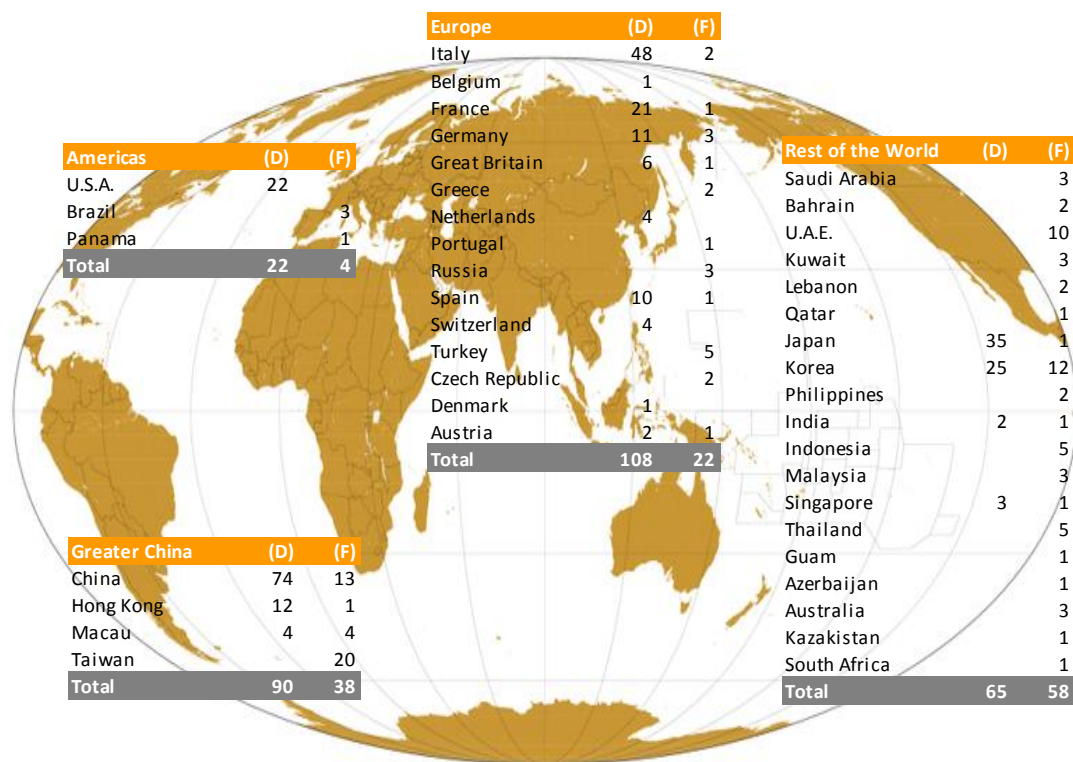
### **Roger Vivier Australia PTY Ltd**

Not operating company

## Group's organizational chart



## Distribution network as of June 30<sup>th</sup>, 2018



(D)=DOS (F)=FRANCHISED STORES

### DOS, 2018 new openings

**Europe**  
Berlin (Germany)  
Madrid (Spain)

**Greater China**  
Tianjin (China)  
Beijing (China)  
Nanjing (China)  
Xian (China)  
Xian (China)  
Xian (China)  
Xian (China)  
Xian (China)  
Changsha (China)  
Shanghai (China)

**Rest of the World**  
Busan (Korea)  
Seoul (Korea)

### Franchised stores, 2018 new openings

**Rest of the World**  
Bangkok (Thailand)  
Dubai (UAE)  
Dubai (UAE)  
Johannesburg (South Africa)  
Hyderabad (India)

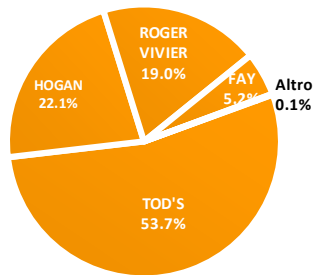
**Greater China**  
Wenzhou (China)  
Wuxi (China)  
Tianjin (China)  
Taipei (Taiwan)

**Americas**  
Rio de Janeiro (Brazil)

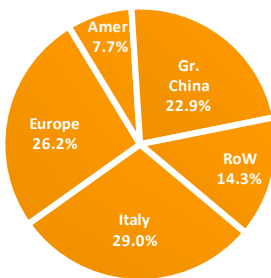
For a complete list of retail outlets operated by the DOS and franchising network, reference should be made to the corporate web site: [www.todsgroup.com](http://www.todsgroup.com).

## Key consolidated financial figures

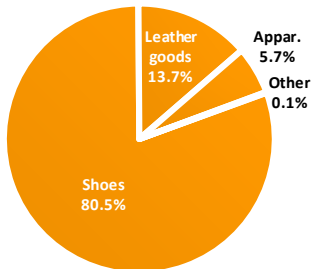
Revenue 2018 - % by Brand



Revenue 2018 - % by Region



Revenue 2018 - % by Product



P&L Key figures (euro millions)

	H1 18	H1 17	H1 16	H1 15
Sales revenue	476.9	483.0	497.6	515.3
EBITDA	68.6 14.4%	75.7 15.7%	86.3 17.3%	103.0 20.0%
EBIT	46.7 9.8%	52.3 10.8%	62.0 12.5%	77.5 15.0%
Profit before tax	43.4 9.1%	46.4 9.6%	54.2 10.9%	74.0 14.4%
Profit for the period	33.2 7.0%	34.4 7.1%	37.1 7.5%	49.9 9.7%

Main Balance Sheet indicators (euro millions)

	06.30.18	12.31.17	06.30.17
Net Working Capital (*)	312.3	261.3	265.7
Intangible and tangible assets	804.6	802.9	811.1
Shareholders' equity	1,072.4	1,087.2	1,061.0
Net financial position	(50.2)	9.3	(35.5)
Capital expenditures	20.1	36.6	16.4

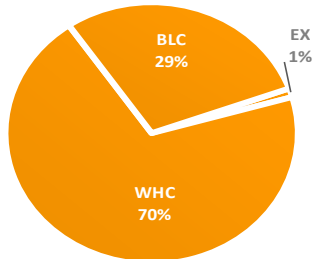
(\*) Trade receivable + inventories - trade payable

Financial key indicators (euro millions)

	H1 2018	FY 2017	H1 2017
Operating cash flow	5.8	165.8	83.0
Net operating cash flow	5.9	148.2	79.6
Cash flows generated/(used)	16.6	(6.3)	(25.6)



#### Employees 2018: composition



#### The Group's employees

	06.30.18	12.31.17	06.30.17	06.30.16
Year to date	4,725	4,627	4,606	4,531

Key:

EX = executives

WHC = white collar employees

BLC = blue collar employees

#### Main stock Market indicators (euro)

##### Share's price

Official price at 01.02.2018	59.90
Official price at 06.29.2018	53.35
Minimum price (January - June)	52.85
Maximum price (January - June)	64.30

##### Market Capitalisation

Market capitalization at 01.02.2018	1,982,302,986
Market capitalization at 06.29.2018	1,765,540,306

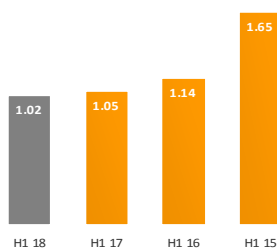
##### Dividend per share

Dividend per share 2017	1.40
Dividend per share 2016	1.70

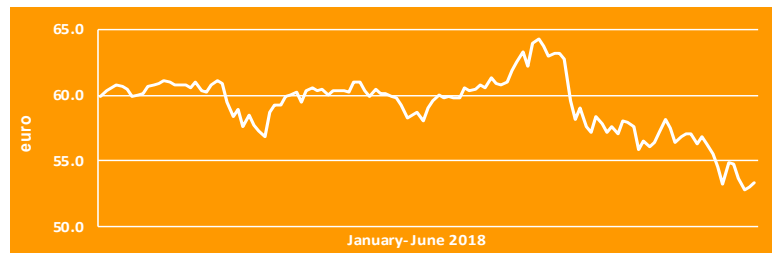
##### Ordinary shares

Number of outstanding shares at 06.30.2018	33,093,539
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#### Earning per share (euro)



#### Stock performance



## Highlights of results

**Revenues:** revenues totalled 476.9 million euros during the period (the average change in foreign exchange rates had a negative impact of 15 million euros). Sales by the DOS network totalled 299.7 million euros.

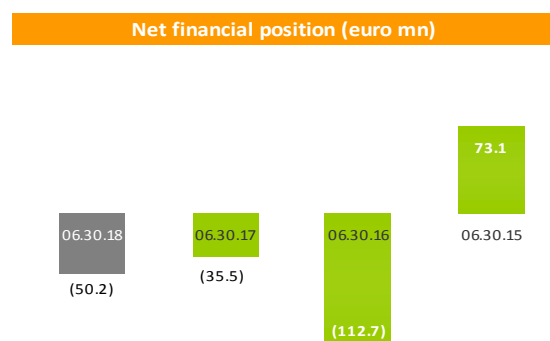
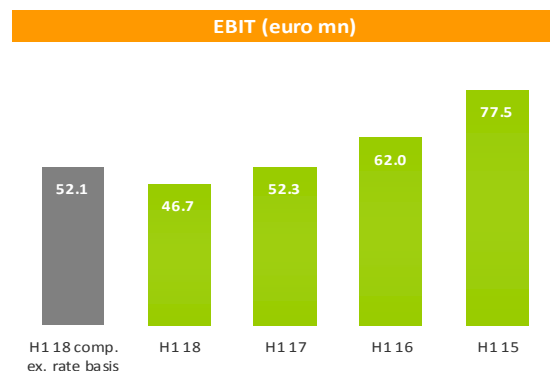
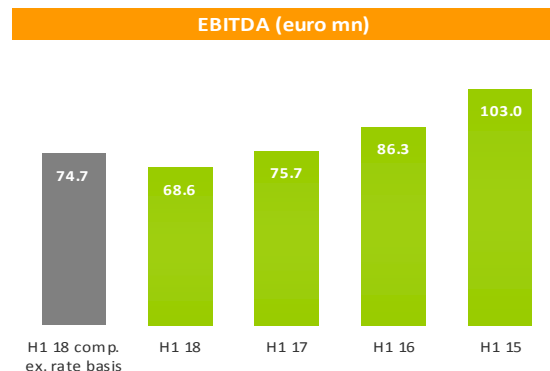
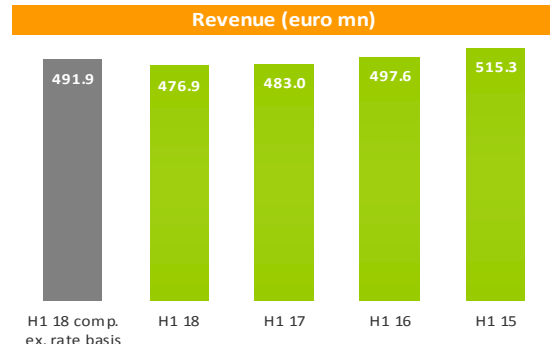
**EBITDA:** gross operating profit amounted to 68.6 million euros, (75.7 million euros at June 30<sup>th</sup>, 2017) and it was equivalent to 14.4% of sales. It amounted to 74.7 million euros on a constant exchange rate basis.

**EBIT:** net operating profit totalled 46.7 million euros, (52.3 million euros at June 30<sup>th</sup>, 2017). When measured on a constant exchange rate basis, EBIT totalled 52.1 million euros.

**Net financial position (NFP):** the Group had 238.8 million euros in liquid assets at June 30<sup>th</sup>, 2018. Its net financial position was negative for 50.2 million euros at the same date.

**Capital expenditures:** 20.1 million euros in capital expenditures were made in H1 2018, while in H1 2017 they amounted to 16.4 million euros.

**Distribution network:** at June 30<sup>th</sup>, 2018 the mono brand distribution network comprised 285 DOS and 122 Franchised stores.



TOD

TOD'S Group

D'S Group

Interim report on operations

## Group's activity

TOD'S Group operates in the luxury sector with its brands TOD'S, HOGAN, FAY and ROGER VIVIER. The Group 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.

**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. Certain 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. 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).

Furthermore, the e-commerce channel is becoming increasingly important, the development of which, 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 started 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 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.



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, 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.

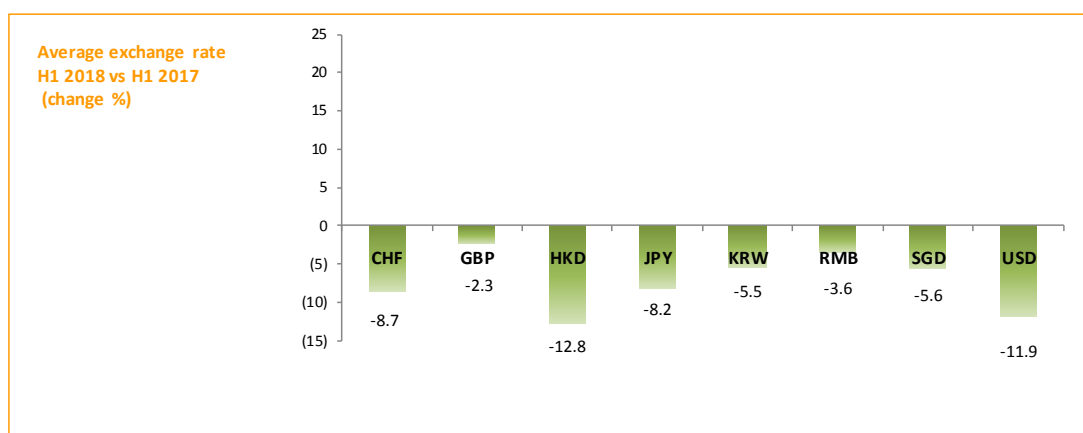
The brand, which is strongly anchored in Italian vintage fashion, is now taking on the challenge of communicating its distinct identity to new generations, combining innovative and practical fabrics with the timeless characteristics of authentic Italian style.



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, jewellery 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.

### Foreign currency markets

The trends in the average exchange rates of the first six months of 2018, compared to the same period of 2017, see a general devaluation of the main currencies with which the Group operates with respect to the European currency. The devaluation recorded by the US dollar was particularly significant, equal to around 12% during the first half of 2018.



### Main events and operations during the period

The international context characterising the first part of this year featured new political and commercial tensions generated by global issues such as duties, trade alliances between States and Brexit, which triggered a climate of monetary and geopolitical uncertainty, with direct impacts on the markets. In particular, these factors had a relevant impact on trends in the main international currencies which impacted the consumption linked to tourism as well as the sector's economic performance. In this uncertain scenario, Group sales trends were positive in the first six months of 2018. Without the negative currency impact, sales would have risen by 1.8% compared to the first half of last year (-1.3% at current exchange rates).

The market overview confirms the very positive trend of the mainland China performance, where, already in the previous year, sales resumed growth after years of declines. In this market, the strong double digit growth of the HOGAN brand is particularly significant, marking the result of years of investments in support of the internationalisation strategy. More generally, the performance of that brand at Group level was very positive, as it is capable of interpreting casual luxury, currently one of the main macro-trends in the sector which will continue to play a significant role for all of the main players.

As regards the Group's other brands, during the first half foreign exchange trends had a negative impact on the revenues of TOD'S and ROGER VIVIER, which are the most present in international markets.

With respect to business development, the search for innovation as well as style and product research, is characterised by new distribution and communication strategies. In this regard, investments continue to be made in the digital realm, which on one hand represents a sales channel undergoing considerable development for the Group, with online revenue that has almost more than doubled in the first half of the year, and on the other hand allows for innovative communication methods characterised by interaction and continuously updated content, in line with the expectations of international customers who increasingly rely on social media and brand

websites as their main information channels. Digital integration within the Group's distribution strategies also takes shape in the multi-channel project which, through the integration of offline and online sales channels, will make it possible to improve the shopping experience, making it integrated and more effective. In particular, precisely so as to maximise the business opportunities deriving from the digital channel and its integration within the Group's strategies, the Board of Directors of the parent company TOD'S S.p.A., held today, resolved to approve the acquisition of the related company Italiantouch S.r.l., an e-commerce company, which, by the end of 2012, through its technological platform, sells online the products of the four Group brands.

### Group's results in HY 2018

Consolidated sales were 476.9 million euros in the first half of 2018, down 1.3% from H1 2017. The effect deriving from variation in exchange rates was significant: by using H1 2017 average exchange rates, sales would have been 491.9 million euros, 1.8% up compared with H1 2017.

EBITDA and EBIT amounted to 68.6 and 46.7 million euros respectively, and represent 14.4% and 9.8% of consolidated revenues. Exchange rates trends negatively impact both EBITDA and EBIT of the Group which, by using H1 2017 average exchange rates, would have been 74.7 and 52.1 million euros respectively, showing a ratio on sales revenues of 15.2% and 10.6%.

euro 000's					
FY 17	Main economic indicators	H1 2018	H1 2017	Change	%
963,287	Sales revenue	476,949	483,043	(6,095)	(1.3)
160,492	EBITDA	68,584	75,686	(7,102)	(9.4)
(48,732)	Amortiz., deprec. and write-downs	(21,909)	(23,369)	1,460	(6.2)
111,760	EBIT	46,675	52,317	(5,643)	(10.8)
101,897	Profit before taxes	43,380	46,436	(3,056)	(6.6)
69,362	Profit for the period	33,198	34,450	(1,252)	(3.6)
	Foreign exchange impact on revenues	14,940			
	Adjusted Sales revenues	491,889	483,043	8,845	1.8
	Foreign exchange impact on costs	(8,851)			
	Adjusted EBITDA	74,672	75,686	(1,014)	(1.3)
	Foreign exchange impact on deprec.&amort	(617)			
	Adjusted EBIT	52,146	52,317	(171)	(0.3)
	EBITDA %	14.4	15.7		
	EBIT %	9.8	10.8		
	Adjusted EBITDA %	15.2	15.7		
	Adjusted EBIT %	10.6	10.8		
	Tax Rate %	23.5	25.8		

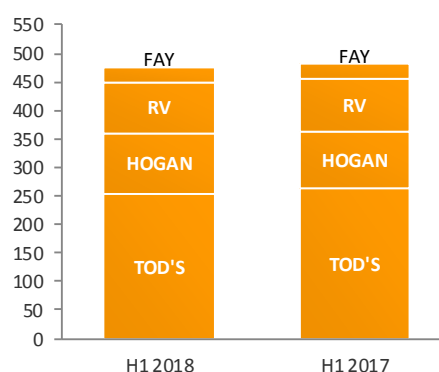
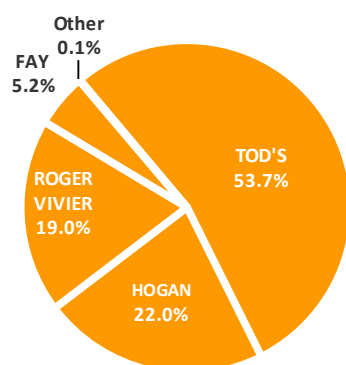


euro 000's				
06.30.17	Main Balance Sheet indicators	06.30.18	12.31.17	Change
265,732	Net Working Capital (*)	312,302	261,346	50,955
811,096	Non-current assets	804,618	802,937	1,681
19,680	Other current assets/liabilities	5,707	13,530	(7,823)
1,096,508	Invested capital	1,122,626	1,077,813	44,813
(35,538)	Net financial position	(50,247)	9,339	(59,586)
1,060,971	Shareholders' equity	1,072,379	1,087,152	(14,773)
16,402	Capital expenditures	20,060	36,627	(16,567)
79,640	Net cash flows from operating activities	5,894	148,195	(142,301)
(25,555)	Cash flows generated/(used)	16,649	(6,293)	22,942

(\*) Trade receivable + inventories - trade payable

**Revenue.** At constant exchange rates, TOD'S sales totalled 265.5 million euros in the first six months of 2018, broadly aligned with H1 2017. The brand recorded positive results in its retail network in the second quarter of the year, which offset the weakness of the wholesale channel. The new products of the Fall/Winter 2019 collection are registering good results. The brand's turnover is 256.2 million euros at reported rates, due to the negative currencies impact.

(euro mn)	H1 2018	%	H1 2017	%	% current exch. rates	H1 2018 constant rates	% constant exch. rates
TOD'S	256.2	53.7	265.3	54.9	(3.4)	265.5	0.1
HOGAN	105.2	22.0	98.7	20.4	6.5	106.2	7.5
ROGER VIVIER	90.4	19.0	92.6	19.2	(2.3)	95.0	2.6
FAY	24.7	5.2	25.9	5.4	(4.7)	24.8	(4.6)
Other	0.4	0.1	0.5	0.1	n.s.	0.4	n.s.
<b>Total</b>	<b>476.9</b>	<b>100.0</b>	<b>483.0</b>	<b>100.0</b>	<b>(1.3)</b>	<b>491.9</b>	<b>1.8</b>



HOGAN revenues were 106.2 million euros at constant rates, up 7.5% from the same period of last year. The solid double-digit growth of Europe and China, which are the markets where the internationalization of the brand is currently focused, more than offsets the weakness of the Italian market. Sales at reported rates totalled 105.2 million euros at June 30<sup>th</sup>, 2018.

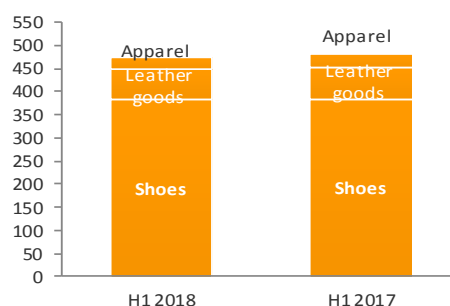
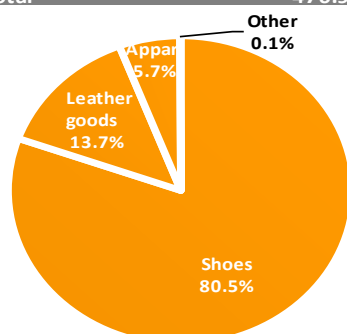
Sales of ROGER VIVIER totalled 95 million euros at constant rates, up 2.6% from H1 2017. In line with expectations, shoes recorded positive results in the second quarter, with the real start of sales for the summer season. At reported rates, revenues amounted to 90.4 million euros.

Finally, sales of FAY were 24.8 million euros at constant exchange rate; the decrease, as compared to H1 2017, is mainly due to the weakness of the domestic market.

Revenues from shoes were 395.6 million euros at constant exchange rates, up 2.4% from H1 2017. At reported rates, the value of sales is 383.7 million euros.

Sales of leather goods and accessories totalled 68.4 million euros at constant rates, registering a positive performance in the second quarter of the year. At reported rates, revenues of this category totalled 65.5 million euros.

(euro mn)	H1 2018	%	H1 2017	%	% current exch. rates	H1 2018 constant rates	% constant exch. rates
Shoes	383.7	80.5	386.3	80.0	(0.7)	395.6	2.4
Leather goods	65.5	13.7	68.1	14.1	(3.7)	68.4	0.4
Apparel	27.3	5.7	28.1	5.8	(3.0)	27.5	(2.4)
Other	0.4	0.1	0.5	0.1	n.s.	0.4	n.s.
<b>Total</b>	<b>476.9</b>	<b>100.0</b>	<b>483.0</b>	<b>100.0</b>	<b>(1.3)</b>	<b>491.9</b>	<b>1.8</b>



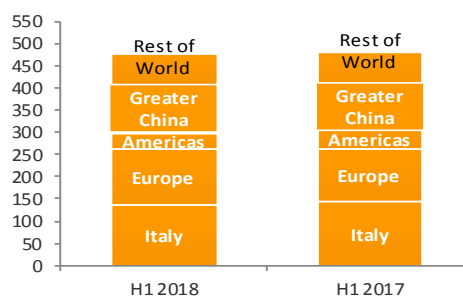
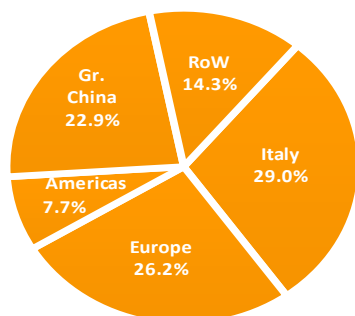
Finally, sales of apparel were 27.5 million euros at constant rates (27.3 million euros at reported rates); the performance broadly reflects the trend registered by the FAY brand.

In the first half of 2018, domestic sales were 138.4 million euros; the 4.8% decrease, as compared to the same period of 2017, is mainly due to the weakness experienced by the wholesale channel, mainly in provincial cities.

In the rest of Europe, the Group's revenues totalled 126.7 million euros at constant rates, up 6.2% as compared to H1 2017 (124.9 million euros at reported rates).

In the Americas sales amounted to 40.3 million euros at constant rates, broadly aligned with the amount of the first half of 2017, for both the distribution channels. At reported rates, revenues of this region totalled 36.5 million euros.

(euro mn)	H1 2018	%	H1 2017	%	% current exch. rates	H1 2018 constant rates	% constant exch. rates
Italy	138.4	29.0	145.4	30.1	(4.8)	138.4	(4.8)
Europe	124.9	26.2	119.3	24.7	4.7	126.7	6.2
Americas	36.5	7.7	40.5	8.4	(9.8)	40.3	(0.5)
Greater China	109.1	22.9	108.5	22.5	0.6	115.3	6.3
Rest of World	68.0	14.3	69.3	14.3	(1.8)	71.1	2.7
<b>Total</b>	<b>476.9</b>	<b>100.0</b>	<b>483.0</b>	<b>100.0</b>	<b>(1.3)</b>	<b>491.9</b>	<b>1.8</b>

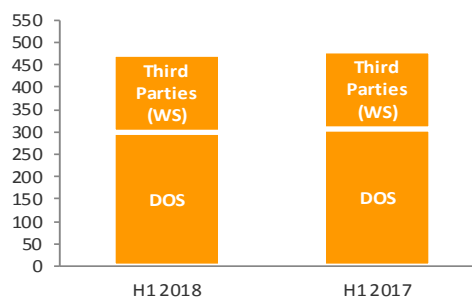
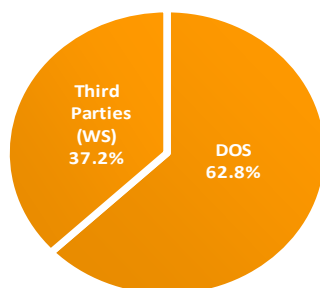


The Group's sales in Greater China totalled 115.3 million euros at constant rates, up 6.3% from H1 2017; at reported rates, the value is 109.1 million euros. Positive results in mainland China, Hong Kong and Macao.

Finally, in the area "Rest of the World" the Group's revenues were 71.1 million euros at constant rates, up 2.7% from H1 2017 (68 million Euros at reported rates).

In the first half of 2018, sales through DOS totalled 311.9 million euros at constant rates, showing a slight growth as compared to the same period of 2017. At reported rates, the value stands at 299.7 million euros.

(euro mn)	H1 2018	%	H1 2017	%	% current exch. rates	H1 2018 constant rates	% constant exch. rates
DOS	299.7	62.8	310.6	64.3	(3.5)	311.9	0.4
Third Parties (WS)	177.2	37.2	172.4	35.7	2.8	180.0	4.4
<b>Total</b>	<b>476.9</b>	<b>100.0</b>	<b>483.0</b>	<b>100.0</b>	<b>(1.3)</b>	<b>491.9</b>	<b>1.8</b>



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 -2.2% in the first half of the year

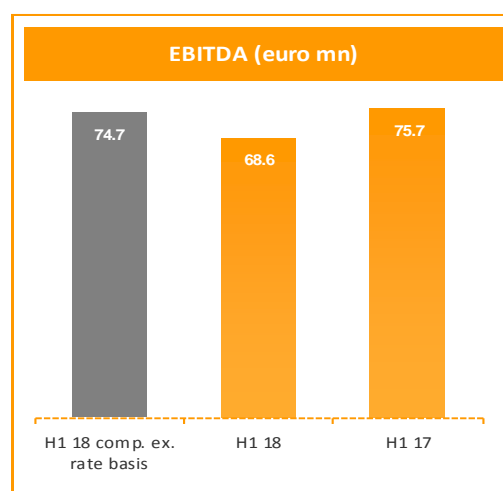
(from January 1<sup>st</sup> to June 30<sup>th</sup>, 2018), showing a progressive improvement from the previous months.

As of June 30<sup>th</sup>, 2018 the Group's distribution network was composed by 285 DOS and 122 franchised stores, compared to 270 DOS and 108 franchised stores as of June 30<sup>th</sup>, 2017.

Revenues to third parties totalled 180 million euros at constant rates (177.2 at reported rates), up 4.4% from the first half of 2017.

**Operating results.** EBITDA in H1 2018 totalled 68.6 million euros (75.7 million euros in H1 2017) and it is equivalent to 14.4% of consolidated revenue (H1 2017: 15.7%).

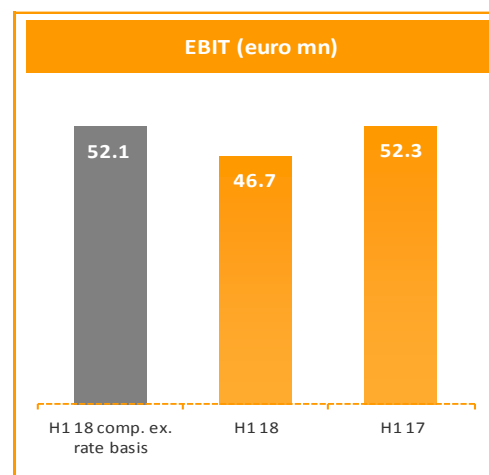
Negative the effect of exchange rates: EBITDA at constant exchange rate amounted to 74.7 million euros, for a ratio on consolidated revenue increased to 15.2%. Strengthened the profitability at a gross margin level, thus confirming the excellent position of the Group brands in the highest end of the luxury markets, sustained by the positive result of the retail channel. This result made it possible to limit the impact, on the EBITDA, of the physiological increase in operating costs to support the Group's growth strategies.



Lease and rental expenses (leases for locations and royalties for use of licensed brands) totalled 57.3 million euros at June 30<sup>th</sup>, 2018 showing a slight decrease, at reported exchange rates, in respect to the first half of 2017 when they were 60.4 million euros. The trend is mainly due to the exchange rates effects driven by the devaluation of the currencies already commented above which impacted the rental expenses of DOS located in international markets. At constant exchange rates, the expenses would be in line with previous period (60.3 million euros) showing a ratio on consolidated sales revenues of 12.3% compared to 12.5% of the first half 2017. The personnel costs increased and totalled 99.7 million euros in the first half of year 2018, compared with 96.9 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 operating functions. At June 30<sup>th</sup>, 2018 Group employees were 4,725, 98 and 119 more in respect to December 31<sup>st</sup>, 2017 and June 30<sup>th</sup>, 2017 respectively. At June 30<sup>th</sup>, 2018 employee costs equalled 20.9% of Group revenue (20.8% at constant exchange rates), as compared with 20.1% in the first six months of 2017.

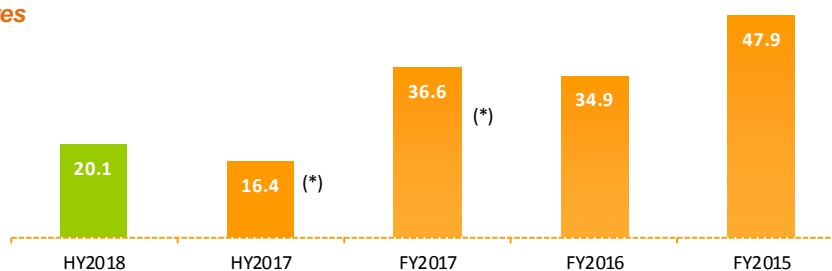
The costs for depreciation, amortization and impairment amounted to 21.1 in H1 2018 (22.5 million euros in H1 2017); the ratio on revenue is 4.4% (decreased in respect to the first half of 2017 when it was 4.7%). Net of additional operating provisions of 0.8 million euros, EBIT in H1 2018 totalled 46.7 million euros (52.3 million euros at June 30<sup>th</sup>, 2017), representing 9.8% of consolidated revenues (10.8% at June 30<sup>th</sup>, 2017). The balance of financial income and expenses, which posted a negative value of 3.3 million euros, was affected by the performance

of cross rates of some currencies with which the Group operates. The balance include also financial interests on long term loans for 0.5 million euros. At June 30<sup>th</sup>, 2018, consolidated net profit was equal to 33.2 million euros, substantially in line with the first half of 2017 when it was 34.4 million euros. At June 30<sup>th</sup>, 2018 net profit represents the 7% of sales revenues (7.1% for the first six months of 2017). Income taxes for the period (including the effects of deferred taxes) totalled 10.2 million euros, for a tax rate of 23.5%, lower than in the first half 2017 when it was 25.8%.



**Capital expenditures.** Capital expenditure in H1 2018 totalled 20.1 million euros, increased in respect of the first half 2017 while they were 16.4 million euros.

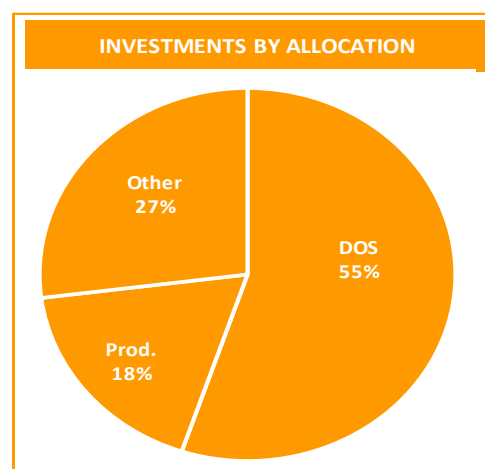
**Property Plant and Equipments &  
Intangible assets  
Capital Expenditures  
(euro mln)**



(\*) The data do not include the investment related to the acquisition of ROGER VIVIER brand

Capital expenditures during the period for the DOS network totalled about 11.1 million euro (9.8 million euros in the first half 2017), primarily used for both new DOS openings, among which it is highlighted for strategic importance the first ROGER VIVIER DOSs in Spain and Germany, and for renovation activities of the existing stores, among which the complete renovation of the *boutique* TOD'S located in London at Sloane Street. 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 30<sup>th</sup>, 2018 net financial position was negative for 50.2 million euros (it was positive for 9.3 million euros at December 31<sup>st</sup>, 2017, while at June 30<sup>th</sup>, 2017 it was negative for 35.5 million euros), including liquid assets (cash and bank deposits) for 238.8 million euros, and liabilities for 289.0 million euros, of which 98.0 million euros for long-term exposures.

Net financial position (euro 000's)		06.30.18	12.31.17	Change
06.30.17				
<b>Current financial assets</b>				
203,343	Cash and cash equivalents	238,781	221,609	17,172
<b>203,343</b>	<b>Cash</b>	<b>238,781</b>	<b>221,609</b>	<b>17,172</b>
<b>Current financial liabilities</b>				
(16,905)	Current account overdrafts	(16,433)	(15,910)	(523)
(49,539)	Current share of medium-long term financing	(174,586)	(48,743)	(125,843)
<b>(66,444)</b>	<b>Current financial liabilities</b>	<b>(191,019)</b>	<b>(64,654)</b>	<b>(126,366)</b>
<b>136,898</b>	<b>Current net financial position</b>	<b>47,762</b>	<b>156,956</b>	<b>(109,194)</b>
<b>Non-current financial liabilities</b>				
(172,436)	Medium-long term financing	(98,008)	(147,617)	49,608
<b>(172,436)</b>	<b>Non-current financial liabilities</b>	<b>(98,008)</b>	<b>(147,617)</b>	<b>49,608</b>
<b>(35,538)</b>	<b>Net financial position</b>	<b>(50,247)</b>	<b>9,339</b>	<b>(59,586)</b>

Gross of dividends paid during the half year for 46.3 million euros, net financial position would have been negative for 3.9 million euros.

euro 000's		
Statement of cash flows	H1 2018	H1 2017
<b>Net Cash and cash equivalents at the beginning of the period</b>	<b>205,699</b>	<b>211,993</b>
Cash flows from operating activities	5,769	83,034
Interests and taxes collected/(paid)	125	(3,394)
<b>Net cash flows from operating activities</b>	<b>5,894</b>	<b>79,640</b>
<b>Cash flow generated (used) in investing activities</b>	<b>(19,781)</b>	<b>(16,196)</b>
<b>Cash flow generated (used) in financing activities</b>	<b>29,267</b>	<b>(81,165)</b>
Translation differences	1,268	(7,834)
<b>Net Cash and cash equivalents at the end of the period</b>	<b>222,348</b>	<b>186,438</b>

Cash flows generated in the period from operating activities was mainly absorbed by the temporary increase in operating working capital, mainly linked to the advance, compared to the same period of the previous year, of the production of products of the following autumn / winter season, which will generate cash flows in the second part of the year. Net of the payment of taxes and interest expense, the net cash flow from operating activities amounted to 5.9 million euros (79.6 million euros at June 30<sup>th</sup>, 2017). The effect on cash flows for the period was, however, mitigated by the collection of a short-term loan for 100 million euros, which is characterized by the total absence of charges and interest.

Cash flows deriving from financing activities in the first half of 2018 includes, in addition to the aforementioned short-term loan, the distribution of dividends during the period and the repayments of medium / long-term loans.

#### 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

The results for the first half highlight how the Group begins to collect the first results of the strategic choices made. The current collections are receiving positive feedback from customers and good results are expected from the capsule collections, which will soon be presented in stores, as a result of collaborations with important protagonists of the world of style. These good signals, as well as the expected benefits from the integration process with the related company Italianatouch S.r.l., it allows to look with optimism to the results for the year, both in terms of revenues and profits.

Milan, August 3<sup>rd</sup>, 2018

The Chairman of the Board of Directors  
Diego Della Valle

TOD'S Group

2018 Half Year Condensed Financial Statements

Group



## Consolidated Income Statement

euro 000's	Note	H1 18	H1 17	FY 17
<b>Revenue</b>				
Sales revenue		476,949	483,043	963,287
Other income		3,855	4,998	19,451
<b>Total revenue and income</b>		<b>480,803</b>	<b>488,041</b>	<b>982,738</b>
<b>Operating Costs</b>				
Change in inventories of work in progress and finished goods		32,116	(5,195)	12,871
Cost of raw materials, supplies and materials for consumption		(142,853)	(118,491)	(255,290)
Costs for services		(128,416)	(114,501)	(237,871)
Costs of use of third party assets		(57,253)	(60,432)	(118,229)
Personnel costs		(99,666)	(96,913)	(191,540)
Other operating charges		(16,148)	(16,823)	(32,188)
<b>Total operating costs</b>		<b>(412,220)</b>	<b>(412,355)</b>	<b>(822,245)</b>
<b>EBITDA</b>		<b>68,584</b>	<b>75,686</b>	<b>160,492</b>
<b>Amortisation, depreciation and write-downs</b>				
Amortisation of intangible assets		(4,244)	(4,318)	(8,814)
Depreciation of tangible assets		(16,875)	(18,213)	(35,405)
Other adjustment				(2,453)
<b>Total amortisation, depreciation and write-downs</b>		<b>(21,119)</b>	<b>(22,531)</b>	<b>(46,672)</b>
Provisions		(790)	(838)	(2,060)
<b>EBIT</b>		<b>46,675</b>	<b>52,317</b>	<b>111,760</b>
<b>Financial income and expenses</b>				
Financial income		7,352	10,513	17,341
Financial expenses		(10,643)	(15,770)	(26,541)
<b>Total financial income (expenses)</b>		<b>(3,290)</b>	<b>(5,257)</b>	<b>(9,199)</b>
Income (losses) from equity investments		(4)	(625)	(664)
<b>Profit before taxes</b>		<b>43,380</b>	<b>46,436</b>	<b>101,897</b>
Income taxes		(10,182)	(11,986)	(32,535)
<b>Profit/(loss) for the period</b>		<b>33,198</b>	<b>34,450</b>	<b>69,362</b>
Non-controlling interests		455	262	1,645
<b>Profit/(loss) of the Group</b>		<b>33,653</b>	<b>34,711</b>	<b>71,007</b>
EPS in (euro)	15	1.02	1.05	2.15
EPS diluted in (euro)	15	1.02	1.05	2.15

## Consolidated Statement of Comprehensive Income

euro 000's	H1 18	H1 17
<b>Profit (loss) for the period (A)</b>	<b>33,198</b>	<b>34,450</b>
<b>Other comprehensive income that will be reclassified subsequently to profit and loss:</b>		
Gain/(Losses) on derivative financial instruments (cash flow hedge)	(700)	3,093
Gain/(Losses) on currency translation of foreign subsidiaries	4,305	(12,377)
Gains/(Losses) on net investments in foreign operations	(568)	2,155
<b>Total other comprehensive income that will be reclassified subsequently to profit and loss (B)</b>	<b>3,037</b>	<b>(7,129)</b>
<b>Other comprehensive income that will not be reclassified subsequently to profit and loss:</b>		
Cumulated actuarial gains/(losses) on defined benefit plans		
<b>Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)</b>		
<b>Total Comprehensive Income (A) + (B) + (C)</b>	<b>36,234</b>	<b>27,321</b>
Of which:		
Attributable to Shareholders of the Parent company	36,689	27,679
Attributable to non-controlling interests	(455)	(358)

## Consolidated Statement of Financial Position

euro 000's	Note	06.30.18	12.31.17	06.30.17
<b>Non current assets</b>				
<i>Intangible fixed assets</i>				
Assets with indefinite useful life	9	565,934	565,934	565,881
Key money	9	13,494	14,427	16,597
Other intangible assets	9	22,858	21,644	22,432
<b>Total Intangible fixed assets</b>		<b>602,285</b>	<b>602,005</b>	<b>604,910</b>
<i>Tangible fixed assets</i>				
Buildings and land	9	111,411	109,966	111,572
Plant and machinery	9	12,726	13,124	12,241
Equipment	9	10,808	10,800	11,060
Leasehold improvement	9	35,091	34,259	36,882
Others	9	32,296	32,783	34,431
<b>Total Tangible fixed assets</b>		<b>202,332</b>	<b>200,932</b>	<b>206,186</b>
<i>Other assets</i>				
Investment properties		20	22	23
Equity investments				
Deferred tax assets		56,969	50,411	60,275
Others		18,501	18,547	20,037
<b>Total other assets</b>		<b>75,489</b>	<b>68,979</b>	<b>80,335</b>
<b>Total non current assets</b>		<b>880,107</b>	<b>871,916</b>	<b>891,431</b>
<b>Current assets</b>				
Inventories	10	350,928	312,263	299,172
Trade receivables		106,940	107,471	104,685
Tax receivables		20,803	29,805	22,553
Derivative financial instruments	11	1,789	2,763	5,635
Others		37,298	38,706	39,651
Cash and cash equivalents	14	238,781	221,609	203,343
<b>Total current assets</b>		<b>756,539</b>	<b>712,618</b>	<b>675,040</b>
<b>Total assets</b>		<b>1,636,646</b>	<b>1,584,534</b>	<b>1,566,471</b>

To be continued

euro 000's (continuing)	Note	06.30.18	12.31.17	06.30.17
<b>Equity</b>				
Share capital	12	66,187	66,187	66,187
Capital reserves	12	416,588	416,588	416,588
Hedging and translation reserves	12	9,396	6,360	16,318
Retained earnings	12	546,130	526,130	524,907
Profit/(loss) attributable to the Group	12	33,653	71,007	34,711
<b>Total Equity attributable to the Group</b>		<b>1,071,954</b>	<b>1,086,272</b>	<b>1,058,711</b>
<b>Non-controlling interest</b>				
Share capital and reserves		880	2,526	2,521
Profit/(loss) attributable to non-controlling interests		(455)	(1,645)	(262)
<b>Total Equity attributable to non-controlling interests</b>		<b>425</b>	<b>880</b>	<b>2,260</b>
<b>Total Equity</b>		<b>1,072,379</b>	<b>1,087,152</b>	<b>1,060,971</b>
<b>Non-current liabilities</b>				
Provisions for risks and charges	13	5,129	5,385	4,839
Deferred tax liabilities		40,893	37,968	39,035
Employee benefits		13,888	13,157	15,040
Derivative financial instruments	11	996	1,197	1,767
Bank borrowings	14	98,008	147,617	172,436
Others		15,198	15,795	15,075
<b>Total non-current liabilities</b>		<b>174,112</b>	<b>221,119</b>	<b>248,193</b>
<b>Current liabilities</b>				
Trade payables		145,566	158,388	138,126
Tax payables		5,680	7,932	5,529
Derivative financial instruments	11	3,915	2,459	3,677
Others		42,738	38,205	42,492
Banks	14	191,019	64,654	66,444
Provisions for risks and charges	13	1,235	4,626	1,040
<b>Total current liabilities</b>		<b>390,154</b>	<b>276,263</b>	<b>257,308</b>
<b>Total Equity and liabilities</b>		<b>1,636,646</b>	<b>1,584,534</b>	<b>1,566,471</b>

## Consolidated Statement of Cash Flows

euro 000's	Note	Jan. - Jun. 18	Jan. - Jun. 17
<b>Profit/(Loss) for the period</b>		<b>33,198</b>	<b>34,450</b>
<b>Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:</b>			
Amortizat., deprec., revaluat., and write-downs		26,769	23,146
Other non monetary expenses/(income)		(6,084)	(2,682)
Income taxes for the period		10,182	11,986
<b>Changes in operating assets and liabilities:</b>			
Trade receivables		(119)	12,959
Inventories		(43,665)	(7,398)
Tax receivables and tax payables		(7,899)	(1,190)
Trade payables		(12,822)	7,322
Other assets and liabilities		5,478	4,188
Change in reserve for employee		731	253
<b>Cash flows from operating activities</b>		<b>5,769</b>	<b>83,034</b>
Interests (paid)/collected		(709)	(886)
Income taxes (paid)/refunded		834	(2,508)
<b>Net cash flows from operating activities (A)</b>		<b>5,894</b>	<b>79,640</b>
Net investments in intangible and tangible assets	9	(19,781)	(16,216)
Reduction (increase) of other non-current assets			
Other changes in fixed assets			20
<b>Cash flows generated (used) in investing activities (B)</b>		<b>(19,781)</b>	<b>(16,196)</b>
Dividends paid	12	(46,331)	(56,259)
Capital increase			
Others change in Equity			
Changes in other financial liabilities			
Repayments of financial liabilities	14	(24,402)	(24,906)
Proceeds from financial liabilities	14	100,000	
<b>Cash flows generated (used) in financing (C)</b>		<b>29,267</b>	<b>(81,165)</b>
Translation differences (D)		1,268	(7,834)
<b>Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)</b>		<b>16,649</b>	<b>(25,555)</b>
Cash flow from assets held for sale (F)			
<b>Cash flows generated (used) (G)=(E)+(F)</b>		<b>16,649</b>	<b>(25,555)</b>
Net cash and cash equivalents at the beginning of the period		205,699	211,993
Net cash and cash equivalents at the end of the period		222,348	186,438
<b>Change in net cash and cash equivalents</b>		<b>16,649</b>	<b>(25,555)</b>

## Consolidated Statement of Changes in Equity

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

January - June 2017 euro 000's	Share capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non- controlling interests	Total
<b>Balances as of 01.01.17</b>	<b>66,187</b>	<b>416,588</b>	<b>25,505</b>	<b>578,932</b>	<b>1,087,212</b>	<b>3,269</b>	<b>1,090,481</b>
Profit & Loss account				34,711	34,711	(262)	34,450
Direct in Equity			(9,188)	2,155	(7,032)	(96)	(7,129)
<b>Total Comprehensive Income</b>			<b>(9,188)</b>	<b>36,866</b>	<b>27,679</b>	<b>(358)</b>	<b>27,321</b>
Dividend paid				(56,259)	(56,259)		(56,259)
Capital increase							
Share based payments							
Other				79	79	(652)	(573)
<b>Balances as of 06.30.17</b>	<b>66,187</b>	<b>416,588</b>	<b>16,318</b>	<b>559,618</b>	<b>1,058,711</b>	<b>2,260</b>	<b>1,060,971</b>

TOD'S Group

Explanatory notes to the half year  
Condensed Financial Statements

D'S Group

## 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., with legal residence in Sant'Elpidio a Mare (Fermo) in via Filippo Della Valle 1, is listed in the Mercato telematico Azionario (MTA market) of Borsa Italiana S.p.A..

At June 30<sup>th</sup>, 2018 the 50.291% of share capital of TOD'S S.p.A. is owned by DI.VI. FINANZIARIA DI DIEGO DELLA VALLE & C. S.r.l..

The half-year condensed financial statements at June 30<sup>th</sup>, 2018 was approved by the Board of Directors of TOD'S S.p.A. on August 3<sup>rd</sup>, 2018. 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 30<sup>th</sup>, 2018, 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 31<sup>st</sup>, 2017.

The half-year condensed financial statements include 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 30<sup>th</sup>, 2018 (January 1<sup>st</sup> – June 30<sup>th</sup>).

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 31<sup>st</sup>, 2017.

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 30<sup>th</sup>, 2018.



Following art. 3 of Consob resolution n.18079 dated January 20<sup>th</sup>, 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) in 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 notes to the half-year Financial Report.

### 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 31<sup>st</sup>, 2017, except for the new standards or interpretations endorsed by the European Union and applicable from January 1<sup>st</sup>, 2018.

**Accounting standards, amendments and interpretations endorsed by the European Union, which are applicable from January 1<sup>st</sup>, 2018 and which were first adopted in the TOD'S Group's Condensed Consolidated Half-Year Financial Statements at June 30<sup>th</sup>, 2018.**

- IFRS 15: Revenue from Contracts with Customers. On May 28<sup>th</sup>, 2014 the IASB published a document, which was endorsed by the European Union on September 22<sup>nd</sup>, 2016 and which requires an entity to recognise revenue at the time the control of goods or services is transferred to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services. In order to achieve this purpose, the new revenue recognition model sets out a process in five steps: i) identifying the contract with a customer, which is defined as an agreement between two or more parties that creates enforceable rights and obligations; ii) identifying the performance obligations (POs) in the contract; iii) determining the transaction price, i.e. the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer; iv) allocating the transaction price to the performance obligations, on a standalone selling price basis; v) recognising revenue when the entity satisfies a performance obligation through the transfer of goods or services. The standard sets specific indicators to allow the

identification of the method to satisfy a PO: a) "Over a period of time": specific methods of measuring progress; b) "At a point in time": the entity satisfies the PO at a point in time.

The new standard also requires additional disclosures regarding the nature, amount, timing and uncertainty relating to revenues and cash flows arising from these contracts with customers.

In considering the nature of the business conducted by the Group, the effects arising from the adoption of the new standard are not to be regarded as material. For this reason too, the Group has adopted the modified retrospective approach for transition and, therefore, comparative data have not been changed (2017). In particular, the redetermination of the point in time when revenue from sales of finished products (At a point in time) is recognised, specifically referring to possible goods in transit, has entailed a reduction of about 4.6 million euros in the opening equity at January 1<sup>st</sup>, 2018, as margin netted of the related deferred tax effects; correlatively, the total economic effect on the result of the first half of 2018, has been positive for an amount of about 3.1 million euros.

Furthermore, as regards other issues concerning the new accounting standard, it should be noted that, with reference to the Group:

- There is no impact arising from the method of measuring the variable consideration relating to the right of return of the goods, if applicable; on the contrary, there has been a change in the method of reporting it in the consolidated statement of financial position, through the separate recognition of a liability among Other Liabilities, which is made up of the debt for the reimbursement of returns (contract liability) and of an asset among Inventories, which is made up of the right of recovery of products for returns (contract asset), *in lieu* of the previously applied net recognition among Other Liabilities (Provision for returns);
- There is no impact arising from the method of recognising revenues from royalties.
- IFRS 9: Financial Instruments. On July 24<sup>th</sup>, 2014 the IASB published the final document constituting the conclusion of the process, divided into three phases: Classification and Measurement, Impairment and General Hedge Accounting, entirely revising IAS 39. The document introduces new requirements for classifying and measuring financial assets and liabilities. Specifically, as regards financial assets, the new standard adopts a single approach based on how the financial instruments are managed (business models) and on the contractual cash flow characteristics (SPPI, Solely Payments of Principal and Interest) of the financial assets themselves in order to determine the related valuation method, aiming at eventually replacing the various rules laid down under IAS 39.

The three new categories of financial assets introduced by the new standard are: i) hold to collect (HTC), which includes financial instruments measured at amortised cost that the management hold to collect contractual cash flows; ii) fair value through other comprehensive income (FVTOCI): the management's objective is both to hold the instrument in order to collect contractual cash flows and to sell financial assets; iii) fair value through profit or loss (FVTPL) is a

residual category under which the management adopt a business model that involves the creation of a trading portfolio.

As regards financial liabilities, the main amendment concerns the method of accounting for fair value changes in a financial liability designated as at fair value through profit or loss, which are due to own credit of the financial liability itself. According to the new standard, these changes must be recognised in the statement of comprehensive income (OCI, Other comprehensive income), without affecting profit or loss.

The main developments relating to hedge accounting are:

- a) Changes in the type of transactions that qualify for hedge accounting; specifically, a more extensive range of risks has been introduced for non-financial assets/liabilities that qualify for hedge accounting;
- b) A change in the method of accounting for forward contracts and options included in a hedge accounting relationship, in order to reduce profit or loss volatility;
- c) Changes in the effectiveness test by replacing the current methods based on the 80-125% range with the principle of the “economic relationship” between the hedged item and the hedging instrument; furthermore, entities are no longer required to perform an assessment of the retrospective effectiveness of the hedging relationship.

A greater flexibility of the accounting methods is offset by improved disclosures on the risk management activities carried out by entities.

The new document includes a single model for the impairment of financial assets based on expected losses. On January 1<sup>st</sup>, 2018 the additions to Amendments to IFRS 9, Financial instruments on general hedge accounting became applicable, which amend some paragraphs of IFRS 9, adding chapter 6 “Hedge accounting”, in order to simplify the understanding of the new standard.

The adoption of this standard has not had any significant impact on the Group's financial statements.

- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. These amendments were issued by the IASB on September 12<sup>th</sup>, 2016, endorsed by the European Union on November 3<sup>rd</sup>, 2017. The amendments were intended to address concerns about the application of IFRS 9 on financial instruments before the introduction of the new insurance contract standards. Furthermore, the amendments provide two options for entities that enter into insurance contracts within the scope of IFRS 4: i) an option that would permit entities to reclassify, from profit or loss to comprehensive income, some of the income or expenses arising from designated financial assets; and (ii) an optional temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4.

d) The adoption of this standard has not had any impact on the Group's financial statements.

- Amendments to IFRS 2: *Clarifications of Classification and Measurement of Share-based*

*Payment Transactions*. These amendments, which were published by the IASB on June 20<sup>th</sup>, 2016, provide some clarifications relating to the method of accounting for the effects of vesting conditions in the case of cash-settled share-based payments, the classification of share-based payments on a net settlement basis and recognition of any change in the terms and conditions of a share-based payment implying its reclassification from cash-settled to equity-settled items. The adoption of this standard has not had any impact on the Group's financial statements.

- Amendments to IAS 40: *Regarding transfers of investment property*, issued by the IASB on December 8<sup>th</sup>, 2016. The amendment provides as follows: i) paragraph 57 of IAS 40 has been amended to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use; ii) the list of evidence in paragraph 57(a) – (d) is designated as non-exhaustive list of examples.

The adoption of this standard has not had any impact on the Group's financial statements.

- Amendment to IFRIC 22: *Foreign Currency Transactions and Advance Consideration*. This interpretation, which was issued by the IASB on December 8<sup>th</sup>, 2016, covers foreign currency transactions when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration before the entity recognises the related asset, expense or income. The interpretation need not be applied to income taxes, insurance or reinsurance contracts.

The adoption of this interpretation has not had any significant impact on the Group's financial statements.

- *“Annual improvements to IFRSs: 2014-2016 Cycle”*, issued by the IASB on December 8<sup>th</sup>, 2016. This session concerned the following topics: i) IFRS 1: short-term exemptions provided for in paragraphs E3-E7 are eliminated, since the reasons for their provision have ceased to exist; ii) IFRS 12: it has been clarified that the information required by the standard, except for paragraphs B10-B16, must be applied to the entities listed in paragraph 5, which are classified as *“held for sale”*, *“held for distribution”* or *“discontinued operations”* in accordance with IFRS 5; iii) IAS 28: it is clarified that it is possible to make the decision to measure, at fair value through profit or loss, any investment in a subsidiary or a joint venture held by a venture capital company, in relation to each investment in subsidiaries or joint ventures since their initial recognition.

The adoption of this standard has not had any impact on the Group's financial statements.

**Accounting standards, amendments and interpretations endorsed by the European Union, applicable from January 1<sup>st</sup>, 2019, but not early adopted by the TOD'S Group.**

- IFRS 16: *Leases*. On 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 classification 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.

IFRS 16 was endorsed by the European Union on October 31<sup>st</sup>, 2017 and will become effective from January 1<sup>st</sup>, 2019. An internal analysis on the major contracts in place, aimed at gathering information required to outline their foreseeable effects in financial and economic terms, is already at an advanced stage.

- Amendments to IFRS 9: Prepayment features with negative compensation. On October 12<sup>th</sup>, 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 1<sup>st</sup>, 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 March 22<sup>nd</sup>, 2018, which makes amendments to Regulation (EC) 1126/2008.

Based on a preliminary analysis, the adoption of these amendments will not have any impact on the Group.

**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.**

- IFRIC 23: Uncertainty over Income Tax Treatments. On June 7<sup>th</sup>, 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 provisions of IFRIC 23 will be effective for periods beginning on or after January 1<sup>st</sup>, 2019. Based on a preliminary analysis, the possible future adoption of this standard should not have any significant impact on the Group's financial statements.

- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures. On October 12<sup>th</sup>, 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 provisions of Amendments to IAS 28 will be effective for periods beginning on or after January 1<sup>st</sup>, 2019.

Based on a preliminary analysis, the possible future adoption of this standard should not have any significant impact on the Group's financial statements.

- IFRS 17: Insurance Contracts. On May 18<sup>th</sup>, 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 21<sup>th</sup>, 2018 the IASB provided clarifications concerning the standard IFRS 17 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 1<sup>st</sup>, 2021. Based on a preliminary analysis, the possible future adoption of this standard should not have any significant impact on the Group's financial statements.

- Amendments to IAS19: Employee benefits'- Plan amendment, Curtailment or settlement. On February 7<sup>th</sup>, 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 will become effective from periods beginning on or after January 1<sup>st</sup>, 2019.

Based on a preliminary analysis, the possible future adoption of this standard should not have any significant impact on the Group's financial statements.

- IFRS 14: Regulatory deferral accounts'. On January 30<sup>th</sup>, 2014 the IASB published IFRS 14 that only allows entities which are first-time adopters of IFRS to continue to recognise the amounts subject to rate regulation according to the accounting standards previously adopted. The standard has not been endorsed yet by European Union.

Based on a preliminary analysis, the possible future adoption of this standard should not have any 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. The amendments will become effective from January 1<sup>st</sup>, 2019, with early adoption permitted.

Based on a preliminary analysis, the possible future adoption of this standard should not have any significant 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 11<sup>th</sup>, 2014 the IASB published these amendments, firstly setting the effective date at January 1<sup>st</sup>, 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 this standard should not have any significant impact on the Group's financial statements.

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

**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. 2018	Jan. - Jun. 2018	Jun. 2017	Jan. - Jun. 2017
	Exch. rates as of end of period	Average exch. rate	Exch. rates as of end of period	Average exch. rate
U.S. dollar	1.17	1.21	1.14	1.08
British pound	0.89	0.88	0.88	0.86
Swiss franc	1.16	1.17	1.09	1.08
Hong Kong dollar	9.15	9.49	8.91	8.41
Japanese yen	129.04	131.61	127.75	121.61
Hungarian forint	329.77	314.11	308.97	309.46
Singapor dollar	1.59	1.61	1.57	1.52
Korean won	1,296.72	1,302.38	1,304.56	1,235.06
Macao pataca	9.42	9.77	9.17	8.66
Chinese renminbi	7.72	7.71	7.74	7.44
Indian rupee	79.81	79.49	73.74	71.10
Albanian lek	126.59	129.99	132.52	135.02

#### 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 purify the results of the first six months of 2018 from the effects of exchange rates fluctuations, compared to the average values for the six months of 2017, the typical economic indicators (Revenues, EBITDA, EBIT) have been restated in the interim report on operations by applying the average exchange rates for the six months of 2017, 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 30<sup>th</sup>, 2018 changed in respect to June 30<sup>th</sup>, 2017 as explained below:

- On January 2018 it's been completed the liquidation process of Sandel SA.;
- On February 6<sup>th</sup>, 2018 it has been incorporated Roger Vivier Deutschland GmbH 100% owned by Roger Vivier S.p.A.;
- On April 16<sup>th</sup>, 2018 it has been incorporated Roger Vivier Australia PTY Ltd. 100% owned by Roger Vivier S.p.A.;
- On May 4<sup>th</sup>, 2018 it has been incorporated Roger Vivier Espana SL 100% owned by Roger Vivier S.p.A.

The transactions quoted above are the only changes in the consolidation scope in respect of December 31<sup>st</sup>, 2017.

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 30<sup>th</sup>, 2018:

Parent Company			
<b>TOD'S S.p.A.</b> S.Elpidio a Mare - Italy Share Capital (S.C.) - euro 66,187,078			
Direct Subsidiaries			
<b>TOD'S Deutsch. GmbH</b> Dusseldorf - Germany S.C. - euro 153,387.56 % held: 100%	<b>TOD'S France Sas</b> Paris - France S.C. - euro 780,000 % held: 100%	<b>An.Del. USA Inc.</b> New York - U.S.A S.C. - Usd 3,700,000 % held: 100%	<b>TOD'S International BV</b> Amsterdam - Netherlands S.C. - euro 2,600,200 % held: 100%
<b>Del.Com S.r.l.</b> S.Elpidio a Mare - Italy S.C. - euro 31,200 % held: 100%	<b>Holpaf B.V.</b> Amsterdam - Netherlands S.C. - euro 5,000,000 % held: 100%	<b>Roger Vivier S.p.A.</b> S.Elpidio a Mare - Italy S.C. - euro 10,000,000 % held: 100%	<b>TOD'S Danmark APS</b> Copenhagen - Denmark S.C. - Dkk 500,000 % held: 100%
<b>TOD'S Austria GmbH</b> Vienna - Austria S.C. - euro 50,000 % held: 100%			

### Indirect subsidiaries

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

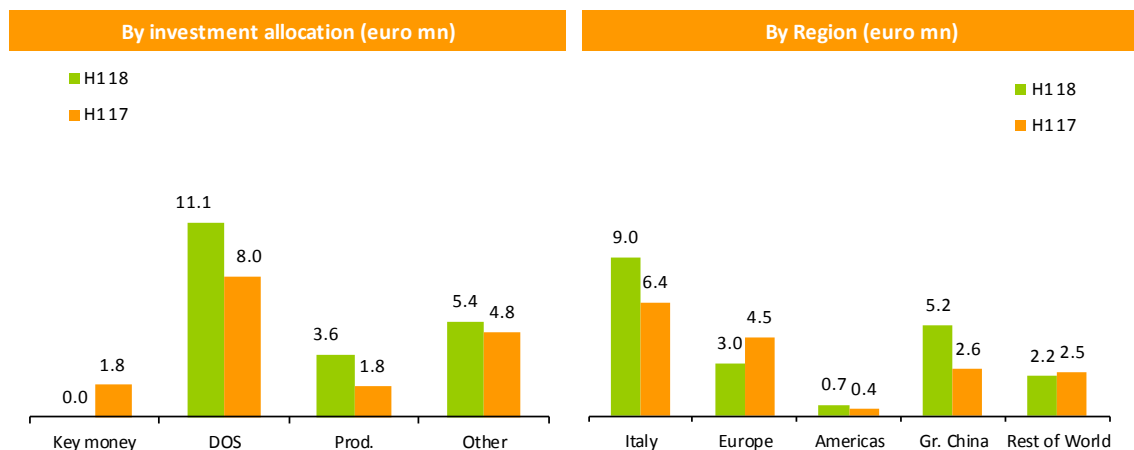
## 7. Segment reporting

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:

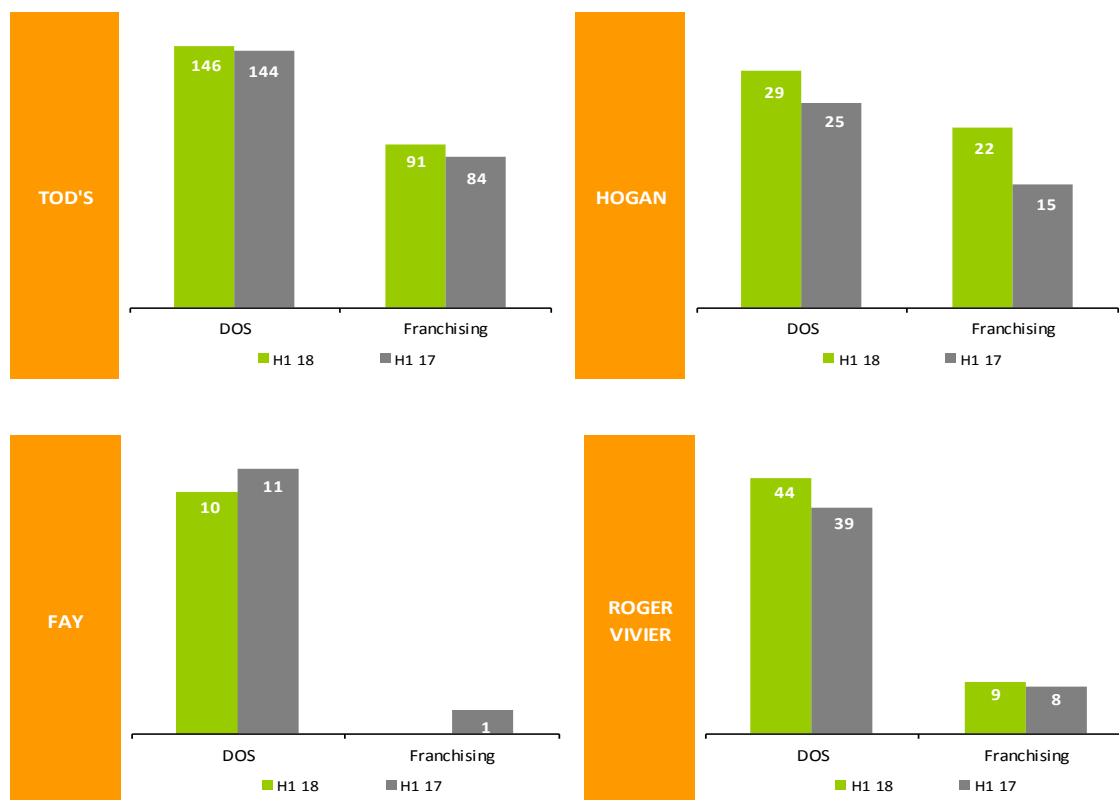
### Capital expenditures at June 30<sup>th</sup>, 2018



### Distribution network

TOD'S GROUP - Distribution channel		06.30.18	06.30.17
Italy	DOS	48	46
	FRANCHISED STORES	2	2
Europe	DOS	60	60
	FRANCHISED STORES	20	19
Americas	DOS	22	20
	FRANCHISED STORES	4	3
Greater China	DOS	90	80
	FRANCHISED STORES	38	31
RoW	DOS	65	64
	FRANCHISED STORES	58	53
<b>Total DOS</b>		<b>285</b>	<b>270</b>
<b>Totale Franchised stores</b>		<b>122</b>	<b>108</b>

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



## 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, the Company, in order to borrow the liquid funds needed to meet any possible requirement connected with ordinary sales and general corporate operation, entered into four loan agreements, by which have been granted four medium/long-term revolving credit facilities respectively by: i) Crédit Agricole Corporate and Investment Bank and Cassa di Risparmio di Parma e Piacenza S.p.A. (Crédit Agricole Group), signed on January 27<sup>th</sup>, 2016, for a maximum amount of 100 million euros, ii) Unicredit S.p.A., signed on November 9<sup>th</sup>, 2016, for a maximum amount of 100 million euros and iii) B.N.L. S.p.A., signed on November 28<sup>th</sup>, 2016, for a maximum amount of 100 million euros. These credit facilities will be available for a period of 3 years; iv) Banco BPM S.p.A., signed on January 26<sup>th</sup>, 2018, for a maximum amount of 100 million euros and availability period of 4 years.

At June 30<sup>th</sup>, 2018 no amount has been used in connection with the above mentioned credit facilities.

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 profitability and its capacity to generate cash, 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 a syndicated loan signed with Mediobanca and Crédite Agricole with variable interest rate equal to EURIBOR 3M + 55 basis points.

To hedge the risk of possible changes in the interest rates on the financing transaction that has already been mentioned, two derivative contracts (interest rate swaps - IRSs), have been signed for a notional amount equal to the amount drawn for the loan (Note 11). 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%). Such transactions have been recognised in accordance with cash flow hedge methodology provided by IFRS 9.

In addition to the above mentioned syndicated loan, TOD'S S.p.A. entered into two loan agreements with BNL S.p.A. (BNP Paribas Group) and Intesa San Paolo S.p.A. respectively, for an amount of 25 million euros each; the reimbursements will be respectively in four years with a payment of 16 instalments at the end of every quarter and one-shot with a single payment at the expiry date. In accordance with the agreement, interests rates are variables and equal to the EURIBOR 3m + 0.42% and EURIBOR 3m +0.5% respectively (Note 14). Considered the current financial markets situation and the current EURIBOR reference rate, the Group does not believe necessary to put in place hedging derivatives for such loans. The financial market trend and the related benchmark interests rates are constantly monitored by the Group, and, in case there could be an increase of risks in connection with the above mentioned loans, the Group will put in place appropriate hedging instruments in accordance with the strengthened Group practice.

Finally, the financial liability (Notes A2) issued by the subsidiary Holpaf B.V. (Note 14) is subject to a fixed rate of 3.239% while the loan signed on January 29<sup>th</sup>, 2018 with Intesa SanPaolo S.p.A. for 100 million euros, it does not provide for the application of interests.

### 8.1 Categories of measurement at fair value

The fair value of derivative financial instruments outstanding at June 30<sup>th</sup>, 2018 is classified as Level 2 and has been determined using exchange rate that are quoted in active markets.

Note that during the first half 2018 there have not been any transfers between fair value levels indicated by the IFRS 7.

## 9. 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 31<sup>st</sup>, 2017) and value of goodwill, for about 12.3 million euros (unchanged in respect to December 31<sup>st</sup>, 2017), related to acquisitions of controlled companies and they have been determined in accordance with the acquisition method (IFRS 3).

Key money include the amounts paid for this purpose by the Group to take over certain leases of commercial spaces where some DOS operate.

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 include 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 6.5 million euros.

The increase in the period, relating to intangible assets, amounted to 4.5 million euros, mainly referring to the development activities of the digital channel and company management systems (software).

Tangible assets capital expenditure in H1 2018 totalled 15.6 million euros, of which 11.1 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).

## 10. Inventories

They totalled 350,928 thousand euros at June 30<sup>th</sup>, 2018 (312,263 thousand euros at December 31<sup>st</sup>, 2017). The increase is mainly related to the anticipation of the production of finished products of the following Autumn / Winter season.

The allowance for inventory write-downs reasonably reflects the technical and stylistic obsolescence of the Group's inventories at June 30<sup>th</sup>, 2018.



euro/000	06.30.18	12.31.17
<b>Opening balance</b>	<b>53,706</b>	<b>52,877</b>
Increase	6,606	6,948
Utilization	(1,617)	(6,030)
Reversal		
Exchange rate effects	11	(89)
<b>Closing balance</b>	<b>58,706</b>	<b>53,706</b>

## 11. 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	37,100	31,824		
HK dollar	630,000	68,877		
Japanese yen	1,134,000	8,788	3,721,000	28,836
British pound	28,300	31,940		
Swiss franc	6,970	6,025		
Chinese renmimbi	434,000	56,239	11,000	1,425
Singapore dollar	3,400	2,139	330	208
Euro	645	645	5,979	5,979
Canadian dollar	5,000	3,238		
Australian dollar	2,000	1,267	245	155
<b>Total</b>		<b>210,981</b>		<b>36,603</b>

At June 30<sup>th</sup>, 2018 the net fair value of derivatives used to hedge exchange risks reported is negative, on the whole, for 887 thousand euros, i.e. the balance of assets of 1,789 thousand euros (compared to 2,763 thousand euros at December 31<sup>st</sup>, 2017) and liabilities of 2,676 thousand euros (compared to 992 thousand euros at December 31<sup>st</sup>, 2017).

At June 30<sup>th</sup>, 2018 the reserve for derivatives used to hedge forecast transactions on currencies (i.e. cash flow hedge) was positive for 2,612 thousand euros, net of related tax effect, and it concerns, for 53 thousand euros, hedging of business transactions and, for 2,559 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, positive for 45 thousand euros (positive for 859 thousand euros at December 31<sup>st</sup>, 2017), net of tax effect, for which derivatives have been expired at June 30<sup>th</sup>, 2018, 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 2018, the transfer of the effect of the hedging transactions to the income statement was positive for 2,312 thousand euros, of which 2,308 thousand euros were entered as an increase in revenues and 4 thousand euros as a decrease of costs.

At June 30<sup>th</sup>, 2018 the fair value of the two derivative contracts (interest rate swaps - IRSs) put in place for the hedging of the risk associated with variable interest rates on the already commented loan entered with Mediobanca and Crédit Agricole (Note 8) was negative for 2,235 thousand euros (negative for 2,664 thousand euros at December 31<sup>st</sup>, 2017) and it has been represented for 996 thousand euros in the non-current liabilities, while for 1,239 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 30<sup>th</sup>, 2018 was 744 thousand euros, while the related cash flow hedge reserve, net of tax effect, was negative for 1,498 thousand euros.

## 12. Equity

### 12.1 Share Capital

At June 30<sup>th</sup>, 2018, 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.

### 12.1 Dividends

Pursuant to a resolution by the Shareholders' Meeting of April 19<sup>st</sup>, 2018, the parent company TOD'S S.p.A. paid its shareholders dividends in May for the net profit realised in FY 2017. The

aggregate value of dividends paid amounted to 46,330,954.60 euros, at the rate of 1.4 euros for each share (ex-dividend date May 21<sup>st</sup>, 2018).

### 13. Provisions for risks and charges

They include the estimate of liabilities, with uncertain maturity date or amount, on which the Group might incur in case of a legal or constructive obligation in connection with a past event. The figure mainly include provisions related to both 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	06.30.18	12.31.17
<b>Provisions for risks and charges - non current</b>		
<b>Opening balance</b>	<b>5,385</b>	<b>4,517</b>
Increase	40	1,099
Utilization	(321)	(87)
Reversal		
Exchange rate effects	25	(143)
<b>Closing balance</b>	<b>5,129</b>	<b>5,385</b>
<b>Provisions for risks and charges - current</b>		
<b>Opening balance</b>	<b>4,626</b>	<b>1,543</b>
Increase	50	4,056
Utilization	(3,441)	(878)
Reversal		(95)
Exchange rate effects		
<b>Closing balance</b>	<b>1,235</b>	<b>4,626</b>

### 14. Net Financial Position

At June 30<sup>th</sup>, 2018, net financial position was negative for 50.2 million euros (was positive for 9.3 million euros at December 31<sup>st</sup>, 2017 and negative for 35.5 million euros at June 30<sup>th</sup>, 2017 respectively) and it includes cash and cash equivalents for 238.8 million euros and financial liabilities for 289 million euros, of which 98 million euros as non-current financial liabilities.

Net financial position (euro 000's)		06.30.18	12.31.17	Change
06.30.17				
<b>Current financial assets</b>				
203,343	Cash and cash equivalents	238,781	221,609	17,172
<b>203,343</b>	<b>Cash</b>	<b>238,781</b>	<b>221,609</b>	<b>17,172</b>
<b>Current financial liabilities</b>				
(16,905)	Current account overdrafts	(16,433)	(15,910)	(523)
(49,539)	Current share of medium-long term financing	(174,586)	(48,743)	(125,843)
<b>(66,444)</b>	<b>Current financial liabilities</b>	<b>(191,019)</b>	<b>(64,654)</b>	<b>(126,366)</b>
<b>136,898</b>	<b>Current net financial position</b>	<b>47,762</b>	<b>156,956</b>	<b>(109,194)</b>
<b>Non-current financial liabilities</b>				
(172,436)	Medium-long term financing	(98,008)	(147,617)	49,608
<b>(172,436)</b>	<b>Non-current financial liabilities</b>	<b>(98,008)</b>	<b>(147,617)</b>	<b>49,608</b>
<b>(35,538)</b>	<b>Net financial position</b>	<b>(50,247)</b>	<b>9,339</b>	<b>(59,586)</b>

The breakdown of current and non-current financial liabilities at June 30<sup>th</sup>, 2018 is shown below (net of Current account overdraft):

Currency 000's				Res. debt in	Res. debt in
Type	Counterpart	Currency	Maturity	currency	euro
Medium and long term bank pool loan	Mediobanca - Crédit Agricole	Eur	2021	129,434	129,434
Medium and long term loan	B.N.L. S.p.A.	Eur	2019	6,254	6,254
Medium and long term loan	Intesa SanPaolo S.p.A.	Eur	2019	25,003	25,003
Notes A-2	Société Européenne de Banque	Jpy	2021	1,437,338	11,139
Short term loan	Intesa SanPaolo S.p.A.	Eur	2019	100,000	100,000
<b>Total financing</b>					<b>271,830</b>
Other financial liabilities		Inr	n.a.	60,990	764
<b>Total financing and other financial liabilities</b>					<b>272,594</b>

The short-term loan refers to a loan entered with Intesa SanPaolo S.p.A. on January 29<sup>th</sup>, 2018, to be repaid in a single payment on January 29<sup>th</sup>, 2019, which is characterized by the total absence of charges and interest.

The three medium and long term loans entered with Mediobanca/Crédit Agricole, B.N.L. S.p.A. and Intesa SanPaolo S.p.A. contain, among others obligations, specific financial covenants; in particular, it is requested to respect the following parameters computed at a Group level:

Bank	Financial covenants	Parameters
Banca Nazionale del lavoro S.p.A.	Net financial liabilities/EBITDA	≤ 3.5
Intesa SanPaolo S.p.A.	Net financial liabilities/EBITDA	≤ 3
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 30<sup>th</sup>, 2018.

## 15. 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 2018	H1 2017
Profit used to determine basic earning per share	33,653	34,711
Dilution effects		
<b>Profit used to determine diluted earning per share</b>	<b>33,653</b>	<b>34,711</b>

euro 000's		
For continuing operations	H1 2018	H1 2017
Profit for the period	33,653	34,711
Income (Loss) from discontinued operations		
<b>Profit used to determine basic earning per share</b>	<b>33,653</b>	<b>34,711</b>
Dilution effects		
<b>Profit used to determine diluted earning per share</b>	<b>33,653</b>	<b>34,711</b>

In both periods, first half 2018 and 2017, 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 2018	H1 2017
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

## 16. 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 12<sup>th</sup>, 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.

On April 10<sup>th</sup>, 2018, the related party Immobiliare De. Im. S.r.l., a company owned by Chairman Diego Della Valle and Vice Chairman Andrea Della Valle and controlled by the former, acquired ownership from third parties of the property located in Milan at via. S. Andrea 17, where the

ROGER VIVIER flagship store is located, formerly leased by the Roger Vivier S.p.A. Group company. The new lessor took over from the previous one, maintaining the contractual terms of the lease previously in force unaltered.

#### Related party transactions at June 30<sup>th</sup> 2018.

In continuation of contractual relationship already existing in 2017, during the first half of 2018, 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
<b>June 30th, 2018</b>					
Parent Company (*)	10,132	19		5	
Directors					
Other related parties					
<b>Total</b>	<b>10,132</b>	<b>19</b>	<b>-</b>	<b>5</b>	<b>-</b>
<b>June 30th, 2017</b>					
Parent Company (*)	6,209			5	
Directors					
Other related parties					
<b>Total</b>	<b>6,209</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>

##### ii Commercial transactions with related parties – Costs

euro 000's	Purchases of product	Rendering of services	Royalties	Operating lease	Other operations
<b>June 30th, 2018</b>					
Parent Company (*)	272	185		2,527	
Directors					
Other related parties					
<b>Total</b>	<b>272</b>	<b>185</b>	<b>-</b>	<b>2,527</b>	<b>-</b>
<b>June 30th, 2017</b>					
Parent Company (*)	196	94		2,246	11
Directors					
Other related parties					
<b>Total</b>	<b>196</b>	<b>94</b>	<b>-</b>	<b>2,246</b>	<b>11</b>

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

iii Commercial transactions with related parties – Receivables and payables

Receivables and payables euro 000's	06.30.18		06.30.17	
	Receivables	Payables	Receivables	Payables
Parent Company (*)	4,407	344	2,905	342
Directors				
Other related parties				
<b>Total</b>	<b>4,407</b>	<b>344</b>	<b>2,905</b>	<b>342</b>

(\*) 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 11<sup>th</sup>, 2011 as lastly amended on March 13<sup>th</sup>, 2018. For the first half of 2018 (including compensation for the activities performed at subsidiaries) compensation amount to respectively 2.3 million euros and 0.7 million euros.

Please note that, as of the date of the Shareholders' Meeting held on April 19<sup>th</sup>, 2018, the employment and corporate relationships with Chief Executive Officer and Managing Director Stefano Sincini were terminated. For details on indemnities for the termination of the administration and corporate relationship, please refer to the press release published on the website [www.todsgroup.com](http://www.todsgroup.com) on March 13<sup>th</sup>, 2018.

Compensation for Statutory Auditors of TOD'S S.p.A. at June 30<sup>th</sup>, 2018 amount to 0.1 million of euro.

#### 17. Significant non-recurring transactions and events

The Group did not carry out any significant non-recurring transactions in the first half of year 2018.

#### 18. Significant events occurred after the reporting period

The Board of Directors of the parent company TOD'S S.p.A., held today, resolved to approve the acquisition of the related party Italiantouch S.r.l., an e-commerce company, which, by the end of 2012, through its technological platform, sells online the products of the four Group brands. The consideration agreed upon for the acquisition, calculated on the basis of the financial position of the Italiantouch S.r.l. at December 31<sup>st</sup>, 2017, it is 25 million euros, which will be fully paid with available resources.



**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 14<sup>th</sup> 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 24<sup>th</sup>, 1998:

- the adequacy in terms of the company's characteristics and
  - effective application
- of administrative and accounting procedures for preparation of the 2018 Half Year condensed financial statements during the period January 1<sup>st</sup>, 2018 to June 30<sup>th</sup>, 2018.

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 19<sup>th</sup> July, 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 3<sup>rd</sup>, 2018

*Chief Executive Officer*

Umberto Macchi Di Cellere

*Manager responsible for drawing  
up of the financial report*

Rodolfo Ubaldi