

TOD'S Group

2017 Half Year Financial Report

Group

TABLE OF CONTENTS

Company's data	1
Corporate Governance bodies	2
TOD'S Group	3
Group's organizational chart.....	4
Distribution network as of June 30 th , 2017.....	5
Key consolidated financial figures	6
Highlights of results	8
Interim Report.....	9
Group's activity	10
Group's brands	11
Foreign currency markets	12
Main events and operations during the period	12
Group's results in HY 2017.....	14
Items or transactions resulting from unusual and/or exceptional transactions	21
Significant events occurred after the reporting period.....	21
Business Outlook	21
Half-Year Condensed Financial Statements	22
Consolidated Income Statement	23
Consolidated Statement of Comprehensive Income	24
Consolidated Statement of Financial Position	25
Consolidated Statement of Cash Flows	27
Consolidated Statement of Changes in Equity.....	28
Supplementary notes.....	29
1. General notes	30
2. Basis of preparation	30
3. Accounting standards	31
4. Seasonal or cyclical nature of interim transactions.....	36
5. Alternative indicators of performances	36
6. Scope of consolidation	37
7. Segment reporting	39
8. Management of financial risks.....	41
9. Intangible and Tangible fixed assets.....	44
10. Derivative financial instruments	45
11. Share Capital	46
12. Earnings per share	47
13. Dividends	47
14. Provisions	47
15. Employee benefits.....	48
16. Net Financial Position.....	48
17. Transactions with related parties	50
18. Significant non-recurring transactions and events	53
19. Significant events occurred after the reporting period.....	53
Attestation of the Half-Year condensed financial statements of TOD'S Group pursuant article 154 bis of D.LGS. 58/98 and of article 81-ter of Consob Regulation n. 11971 of May 14th 1999 and further modifications and integrations.	54

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

Production facilities

Comunanza (AP) - Via Merloni, 7
Comunanza (AP) - Via S.Maria, 2-4-6
Sant'Elpidio a Mare (FM) - Via Filippo Della Valle, 1
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 60
Bagno a Ripoli, Loc. Vallina (FI) - Via del Roseto, 50
Tolentino (MC) - Via Sacharov 41/43

Corporate Governance bodies

Board of directors ⁽¹⁾	Diego Della Valle	Chairman
	Andrea Della Valle	Vice - Chairman
	Luigi Abete	
	Maurizio Boscarato	
	Luigi Cambri	
	Sveva Dalmasso	
	Emanuele Della Valle	
	Romina Guglielmetti	
	Emilio Macellari	
	Vincenzo Manes	
	Cinzia Oglio	
	Pierfrancesco Saviotti	
	Michele Scannavini	
	Stefano Sincini	
Executive Committee	Diego Della Valle	Chairman
	Andrea Della Valle	
	Emilio Macellari	
	Stefano Sincini	
Compensation Committee	Luigi Abete	Chairman
	Sveva Dalmasso	
	Vincenzo Manes	
Control and Risk Committee	Luigi Cambri	Chairman
	Maurizio Boscarato	
	Romina Guglielmetti	
Independent Directors Committee	Vincenzo Manes	Chairman
	Romina Guglielmetti	
	Pierfrancesco Saviotti	
Board of statutory Auditors ⁽²⁾	Giulia Pusterla	Chairman
	Enrico Colombo	Acting stat. auditor
	Fabrizio Redaelli	Acting stat. auditor
	Gilfredo Gaetani	Substitute auditor
	Myriam Amato	Substitute auditor
Independent Auditors ⁽³⁾	PricewaterhouseCoopers S.p.A.	
Manager charged with preparing Company's financial report	Rodolfo Ubaldi	

⁽¹⁾ Term of the office: 2015-2017 (resolution of the Shareholders' meeting as of April 22nd, 2015)

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

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

TOD'S Group

TOD'S S.p.A.

Parent Company, owner of TOD'S, HOGAN and FAY 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 Macao 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.

Production company

Sandel SA

Not operating company

Un.Del. Kft

Production 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 Macao 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)

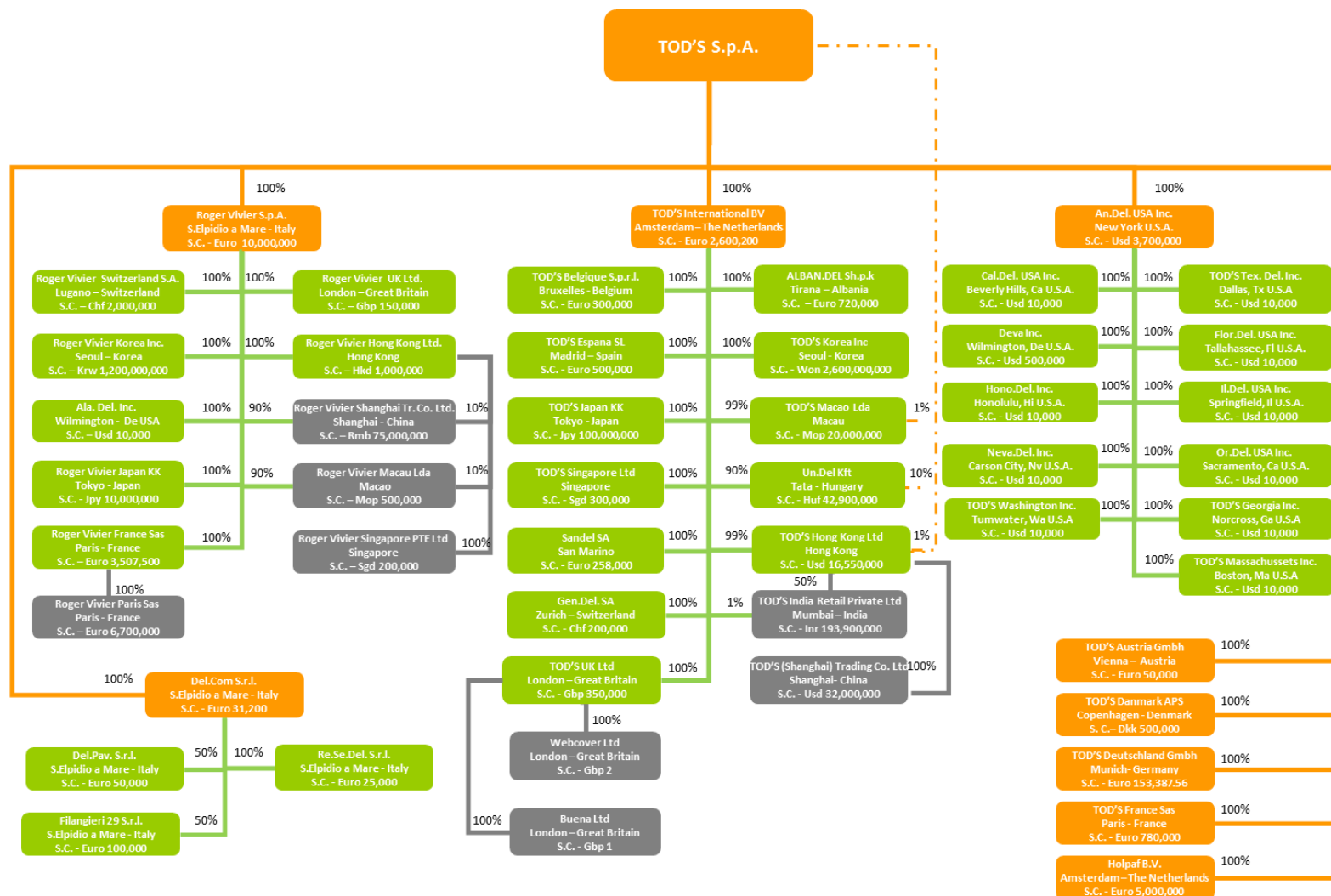
Roger Vivier Paris Sas

Company that operates DOS in France

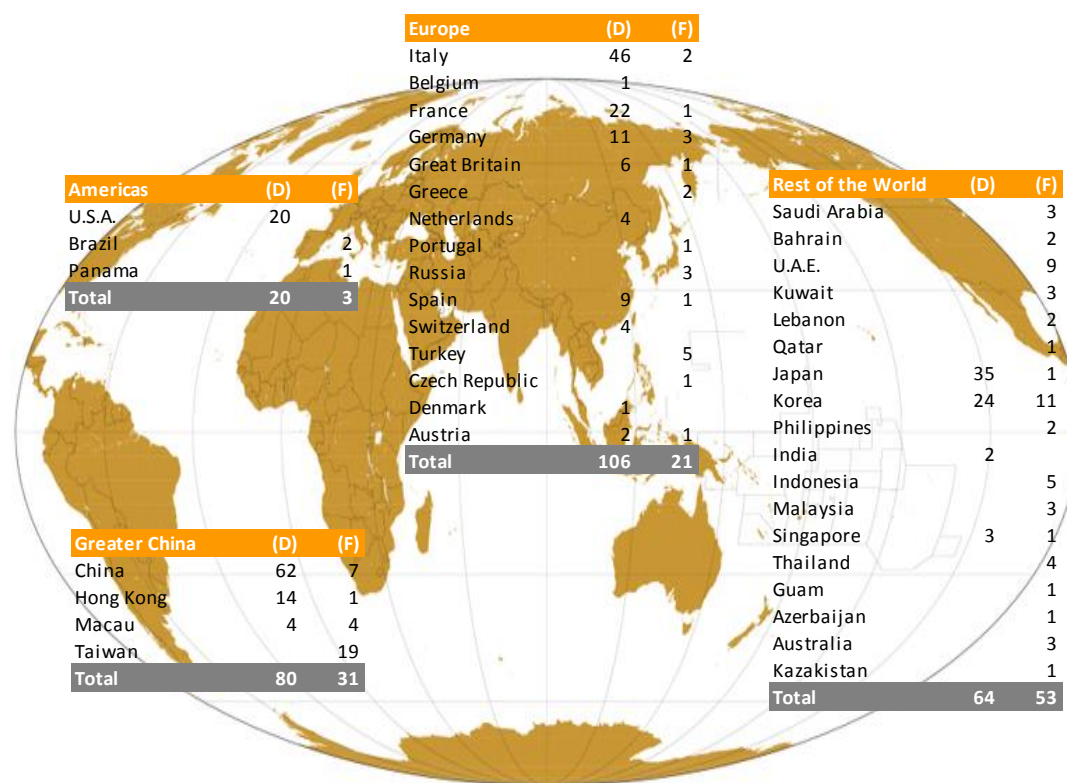
Buena Ltd

Company for services

Group's organizational chart



Distribution network as of June 30th, 2017



(D)=DOS (F)=FRANCHISED STORES

DOS, 2017 new openings

Europe

Barcellona (Spain)
Vienna (Austria)

Greater China

Tianjin (China)

Rest of the World

Seoul (Korea)
Daegu (Korea)
Fukuoka (Japan)

Franchised stores, 2017 new openings

Rest of the World

Seoul (Korea)
Kuwait City (Kuwait)

Greater China

JinHan (China)

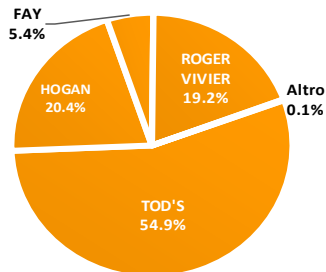
Americas

San Paolo (Brazil)
San Paolo (Brazil)

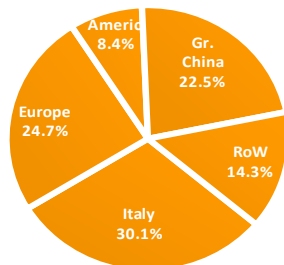
For a complete list of retail outlets operated by the DOS and franchising network, reference should be made to the corporate web site: www.todsgroup.com.

Key consolidated financial figures

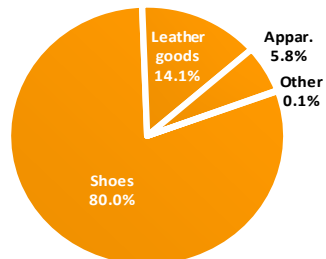
Revenue 2017 - % by Brand



Revenue 2017 - % by Region



Revenue 2017 - % by Product



P&L Key figures (euro millions)

	H1 17	H1 16	H1 15	H1 14
Sales revenue	483.0	497.6	515.3	477.7
EBITDA	75.7 15.7%	86.3 17.3%	103.0 20.0%	103.0 21.6%
EBIT	52.3 10.8%	62.0 12.5%	77.5 15.0%	81.1 17.0%
Profit before tax	46.4 9.6%	54.2 10.9%	74.0 14.4%	78.8 16.5%
Profit for the period	34.4 7.1%	37.1 7.5%	49.9 9.7%	55.9 11.7%

Main Balance Sheet indicators (euro millions)

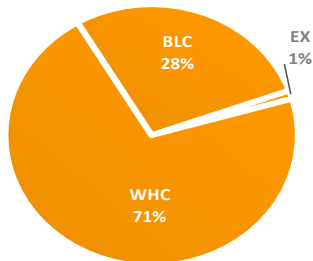
	06.30.17	12.31.16	06.30.16
Net Working Capital (*)	265.7	279.2	302.6
Intangible and tangible assets	811.1	822.5	837.8
Shareholders' equity	1,061.0	1,090.5	1,042.1
Net financial position	(35.5)	(35.4)	(112.7)
Capital expenditures	16.4	449.9	433.6

(*) Trade receivable + inventories - trade payable

Financial key indicators (euro millions)

	H1 2017	FY 2016	H1 2016
Operating cash flow	83.0	212.6	96.7
Net operating cash flow	79.6	149.7	65.0
Cash flows generated/(used)	(25.6)	7.9	50.1

Employees 2017: composition



The Group's employees

	06.30.17	12.31.16	06.30.16	06.30.15
Year to date	4,606	4,485	4,531	4,504

Key:

EX = executives

WHC = white collar employees

BLC = blue collar employees

Main stock Market indicators (euro)

Share's price

Official price at 01.02.2017	62.52
Official price at 06.30.2017	54.91
Minimum price (January - June)	54.15
Maximum price (January - June)	73.80

Market Capitalisation

Market capitalization at 01.02.2017	2,069,107,339
Market capitalization at 06.30.2017	1,817,217,191

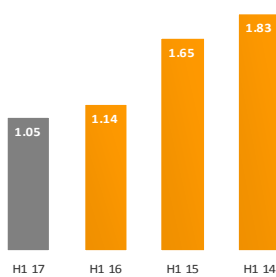
Dividend per share

Dividend per share 2016	1.70
Dividend per share 2015	2.00

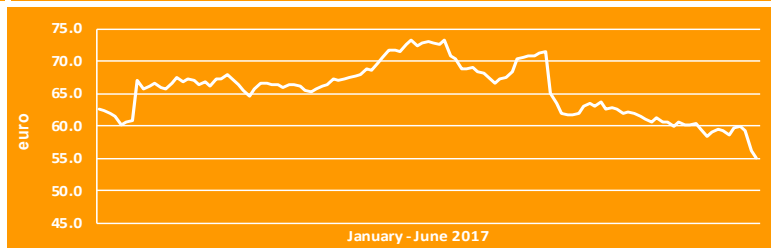
Ordinary shares

Number of outstanding shares at 06.30.2017	33,093,539
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Earning per share (euro)



Stock performance



Highlights of results

Revenues: revenues totalled 483 million euros during the period (the average change in foreign exchange rates had a positive impact of 1.3 million euros). Sales by the DOS network totalled 310.6 million euros.

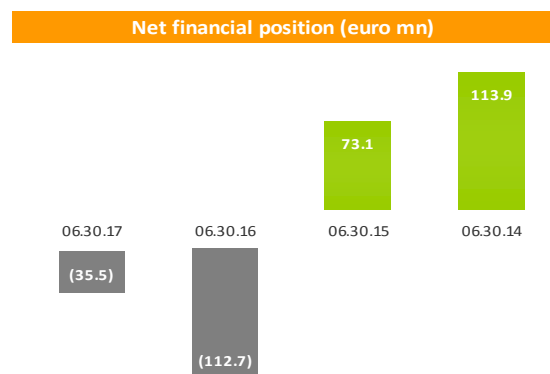
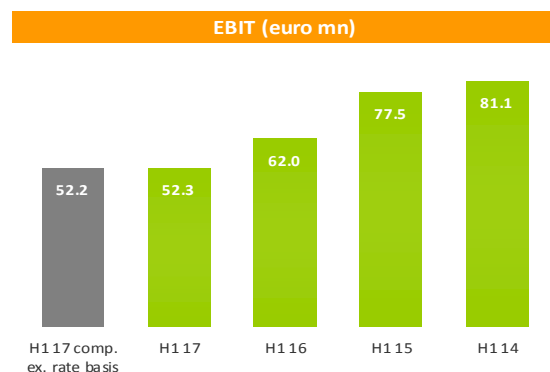
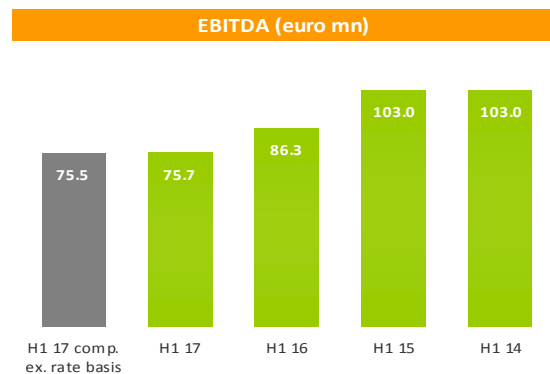
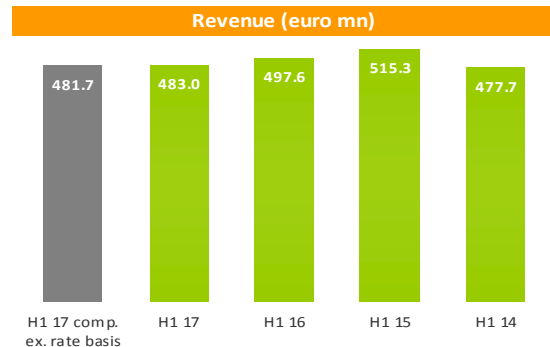
EBITDA: gross operating profit amounted to 75.7 million euros, (86.3 million euros at June 30th, 2016) and it was equivalent to 15.7% of sales. It amounted to 75.5 million euros on a comparable exchange rate basis.

EBIT: net operating profit totalled 52.3 million euros, (62 million euros at June 30th, 2016). When measured on a comparable exchange rate basis, EBIT totalled 52.2 million euros.

Net financial position (NFP): the Group had 203.3 million euros in liquid assets at June 30th, 2017. Its net financial position was negative for 35.5 million euros at the same date.

Capital expenditures: 16.4 million euros in capital expenditures were made in H1 2017, while in H1 2016 they amounted to 433.6 million euros (including 415 million euros for the acquisition of ROGER VIVIER brand).

Distribution network: at June 30th, 2017 the mono brand distribution network comprised 270 DOS and 108 Franchised stores.



TOD

TOD'S Group

D'S

Interim Report

Group

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.

Development of production. 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.

The Group relies exclusively on selected specialized outsourcers, which enables it to exploit their respective specializations in crafting the individual products sold as part of the apparel line.

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: DOS (directly operated stores), franchised retail outlets, and a series of selected, independent multibrand stores. E-commerce channel, which was started some years ago, is getting more relevant.

Group's strategy is 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. This channel is also of key importance to the Group.

Group's brands



The TOD'S brand is known for shoes and luxury leather goods, with styles that have become icons of modern living; TOD'S is known in the luxury goods sector as a symbol of the perfect combination of tradition, quality and modernity. Each product is hand-crafted with highly-skilled techniques, intended, after laborious reworking, to become an exclusive, recognisable, modern and practical object. Some styles, like the Driving Shoe and the D bag, are cherished by celebrities and ordinary people worldwide, and have become icons and forerunners of a new concept of elegance, for both women and men.



Begun in the 80s with shoe collections for women, men and children, the HOGAN brand now also crafts various leather goods items. The HOGAN brand is distinctive for high quality, functionality and design. Every product stems from a highly skilled design technique and is created using quality materials with a particular passion for details and a search for perfection. HOGAN products are the highest expression of a "new luxury" lifestyle. HOGAN is meant for someone who cherishes the type of luxury associated with product excellence, innovative original design and consummate practicality. The Traditional and the Interactive shoe styles endure as continuing "best sellers".



FAY is a brand created in the mid-80s with a product range of high quality casual wear. The brand is known for its quality craftsmanship, for the excellence of its materials, a meticulous attention to craft details and its high functionality without sacrificing style and quality. FAY products are wearable everywhere: from the stadium to the office, in urban areas and in the countryside. The line, which has seasonal men's, women's and junior's collections, focuses on classic evergreen

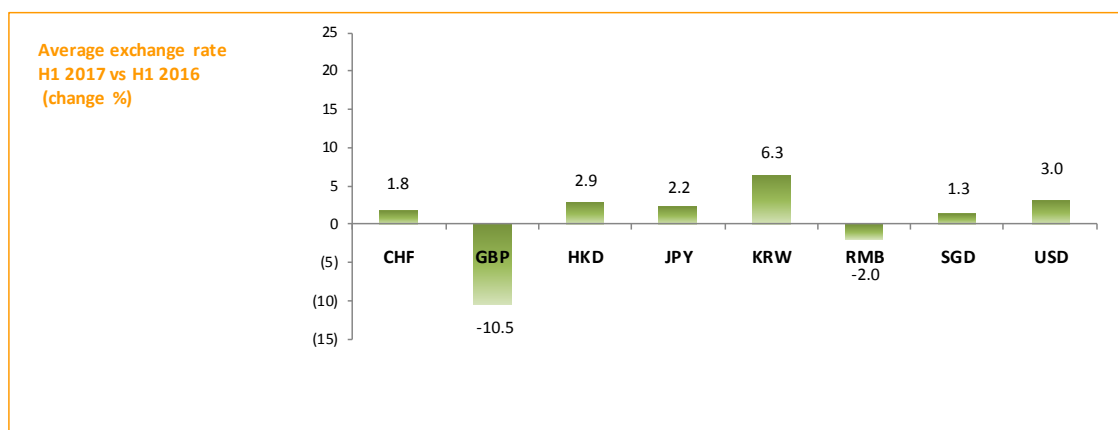
styles, continuously modified and refreshed with innovative and recognisably eye-catching design.



The Fabergé of shoes, and creator of the first stiletto heel in the 1950's, ROGER VIVIER designed extravagant and luxuriously decorated shoes that he described as being “sculptures.” The artistic heritage and excellent traditional roots of the VIVIER fashion house have been revived. Under the management of Creative Director Bruno Frisoni, VIVIER’s work and vision endure and new chapters are added to this unique life story every year, which goes beyond expertise in the craft of shoe making to include handbags, small leather goods, jewellery and sunglasses.

Foreign currency markets

Average exchange rates for the first half of 2017, compared to figures for the same period of the previous year, show a broadly and light devaluation of the euro currency in respect to the currencies with which the Group operates. Great Britain pound (GBP) represents an exception to this trend because it showed a devaluation against euro of about 10.5% in respect to the first half of year 2016, mainly due to Brexit events .



Main events and operations during the period

The macroeconomic scenario in which the Group operated during the first six months of the year 2017 was once again characterised by the situations of uncertainty that have been influencing the international markets for some time now, making them unstable and volatile. In this context, the luxury sector is at a stage of rapid evolution, with specific features that have influenced, and will

continue to influence, consumption in the different geographic areas of the global market. In greater detail, the overview of the general international context highlights juxtaposing trends: on the one hand, the weakness of consumption in the USA, negatively influenced by both the uncertain political context and the strong currency, with greater impacts on sales in the department stores channel and, on the other, the recovery of the market of mainland China, which has returned to growth after years of decline, mainly thanks to the recovery of local consumption. Chinese customers, moreover, continue to be a considerable portion of the luxury market linked to tourist flows. Even consumption on the European market is back to showing positive signs, both thanks to the partial recovery of domestic consumption and to the increase of said tourist flows, despite the social tensions and uncertainties linked to the risk of terrorism. The effect of the devaluation of the British pound post the Brexit referendum has been positive on consumption in the English market. In this complex scenario, Group performance in the first six months of 2017 partially suffered from the mentioned macro-economic factors, recording a decrease of 2.9% in revenues as compared with the first six months of 2016, with performance on the international markets basically in line with those general trends.

Another important phenomenon that is characterising the sector's reference context regards the greater polarisation, with respect to the past, of consumption on high end luxury brands. Under this context, the results recorded by ROGER VIVIER brand, which increasingly confirms its status as a point of reference for the most exclusive segment of the luxury market, were extremely positive: brand sales showed a double digits growth in all geographic areas in which it is distributed, with the only exception of the USA.

As regards business development, the Group continues to invest decisively in digital, an important commercial and communication channel, which is properly revolutionising the business model of all sector players, significantly extending the situations and ways of direct contact with global consumers. It is in this context that the Group decided to renew for a further five-year period, the strategic partnership with the company Italiantouch S.r.l. for the development of the Group's e-commerce channel, in order to achieve important objectives through digital innovation, the development of markets that are already launched and the implementation of the channel in new geographic areas.

As regards investments for the period, which were mainly dedicated to the development of the direct distribution network and renovations of existing stores, please note that during the first half of the year, works began on developing the new Arquata del Tronto plant, which should be completed by the end of the year and which will bring jobs to young people in the area, a clear indication of the Group's commitment to support the Marche town population and the neighbouring areas, devastated by the August 2016 earthquake.

Group's results in HY 2017

Consolidated sales were 483 million euros in the first half of 2017, down 2.9% from H1 2016. The effect deriving from variation in exchange rates was not so significant: by using H1 2016 average exchange rates, sales would have been 481.7 million euros, -3.2% down compared with H1 2016 when sales were 497.6 million euros.

EBITDA and EBIT amounted to 75.7 and 52.3 million euros respectively, and represent 15.7% and 10.8% of consolidated revenues. Substantially not significant exchange rates effects: by using H1 2016 average exchange rates, they would have been 75.5 and 52.2 million euros respectively, confirming 15.7% and 10.8% of consolidated revenues.

euro 000's					
FY 16	Main economic indicators	H1 2017	H1 2016	Change	%
1,004,021	Sales revenue	483,043	497,628	(14,584)	(2.9)
180,908	EBITDA	75,686	86,311	(10,625)	(12.3)
(52,547)	Amortiz., deprec. and write-downs	(23,369)	(24,340)	972	(4.0)
128,361	EBIT	52,317	61,970	(9,653)	(15.6)
114,967	Profit before taxes	46,436	54,238	(7,802)	(14.4)
85,768	Profit for the period	34,450	37,130	(2,681)	(7.2)
	Foreign exchange impact on revenues	(1,353)			
	Adjusted Sales revenues	481,690	497,628	(15,937)	(3.2)
	Foreign exchange impact on operating costs	1,146			
	Adjusted EBITDA	75,479	86,311	(10,832)	(12.6)
	Foreign exchange impact on deprec.&amort	77			
	Adjusted EBIT	52,187	61,970	(9,783)	(15.8)
	EBITDA %	15.7	17.3		
	EBIT %	10.8	12.5		
	Adjusted EBITDA %	15.7	17.3		
	Adjusted EBIT %	10.8	12.5		
	Tax Rate %	25.8	31.5		

In order to represent fully comparable figures of the first half 2017 with the same period of previous year, EBITDA and EBIT at June 30th, 2016, net of non-recurring transactions amounted to 0.8 million euros, were 85.5 and 61.2 million euros respectively for a ratio on sales revenue of 17.2% and 12.3%. During the first half 2017 the Group did not carry out any non-recurring transactions.

euro 000's				
06.30.16	Main Balance Sheet indicators	06.30.17	12.31.16	Change
302,564	Net Working Capital (*)	265,732	279,230	(13,498)
837,780	Non-current assets	811,096	822,523	(11,427)
14,441	Other current assets/liabilities	19,680	24,109	(4,429)
1,154,786	Invested capital	1,096,508	1,125,862	(29,354)
(112,674)	Net financial position	(35,538)	(35,381)	(157)
1,042,112	Shareholders' equity	1,060,971	1,090,481	(29,510)
<hr/>				
433,619	Capital expenditures	16,402	449,908	(433,506)
65,044	Net operating cash flow	79,640	149,684	(70,044)
50,114	Cash flows generated/(used)	(25,555)	7,929	(33,484)

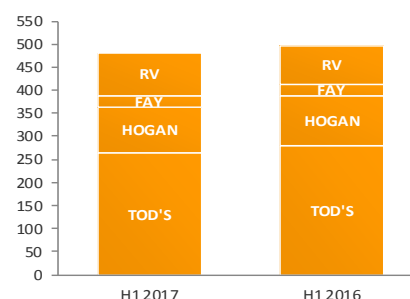
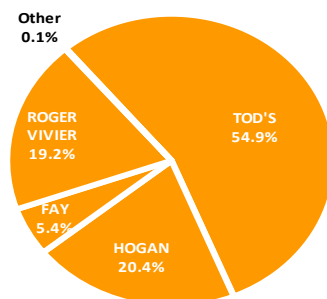
(*) Trade receivable + inventories - trade payable

Revenue Consolidated sales were 483 million euros in the first half of 2017, down 2.9% from H1 2016. In the second quarter, revenues were 244.5 million euros, down 1.4% from Q2 2016. At constant exchange rates, meaning by using the average exchange rates of H1 2016, including the related effects of hedging contracts, sales would have been 481.7 million euros, down 3.2% from the same period of last year.

TOD'S sales totalled 265.3 million euros in the first half of 2017; the 6.1% decrease, compared to the first half of 2016, is mainly due to the performance of shoes, which is the category with the highest exposure to the wholesale channel. The Spring Summer collection of handbags achieved

good results. HOGAN revenues were 98.7 million euros; the 6.9% decrease, compared to the first half of 2016, is mainly due to the weakness of the Italian market. Revenues of the FAY brand were 25.9 million euros, up 4.1% from the first

(euro mn)	H1 2017	%	H1 2016	%	% current exch. rates	% constant exch. rates
TOD'S	265.3	54.9	282.5	56.8	(6.1)	(6.5)
HOGAN	98.7	20.4	106.1	21.3	(6.9)	(6.8)
FAY	25.9	5.4	24.9	5.0	4.1	4.1
ROGER VIVIER	92.6	19.2	83.4	16.8	11.0	10.6
Other	0.5	0.1	0.7	0.1	n.s.	n.s.
Total	483.0	100.0	497.6	100.0	(2.9)	(3.2)



half of 2016; good results in all the regions where the brand is distributed. Finally, ROGER VIVIER confirmed the double-digit growth rate of the first quarter. Its sales totalled 92.6 million euros;

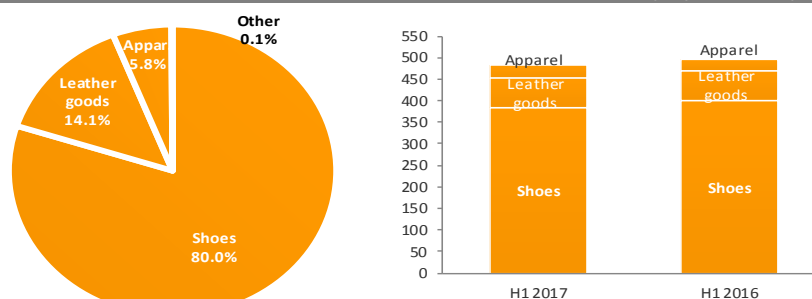
strong results in all markets, excepted for the US one, which continued to be penalized by the sharp drop of traffic in the stores.

Revenues from shoes were 386.3 million euros. The performance of this category, which has the highest exposure to the wholesale channel, has been affected by the prudent attitude taken toward this channel, in order to preserve the brands' prestige and the outstanding quality of

credit receivables.

Sales of leather goods and accessories totalled 68.1 million euros, with a small decrease compared to the first half of 2016, partially due to a different timing of deliveries. Finally, sales of apparel

(euro mn)	H1 2017	%	H1 2016	%	% current exch. rates	% constant exch. rates
Shoes	386.3	80.0	400.3	80.5	(3.5)	(3.7)
Leather goods	68.1	14.1	69.3	13.9	(1.7)	(2.6)
Apparel	28.1	5.8	27.3	5.5	2.8	2.7
Other	0.5	0.1	0.7	0.1	n.s.	n.s.
Total	483.0	100.0	497.6	100.0	(2.9)	(3.2)

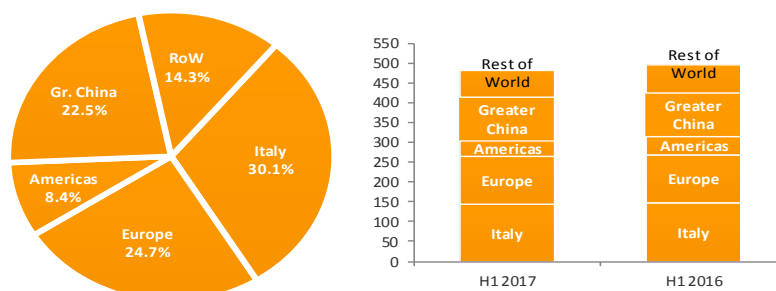


were 28.1 million euros, up 2.8% from the first half of 2016. The performance broadly reflects the FAY's one.

In the first half of 2017, domestic sales were 145.4 million euros, slightly lower than in the same period of 2016. The growth registered in the second quarter is mainly due to the different timing of deliveries; the Italian market confirms its weakness, mainly in secondary cities.

In the rest of Europe, the Group's revenues totalled 119.3 million euros, broadly in line with the first half of 2016. The retail network posted positive results; on the contrary, the wholesale performance was

(euro mn)	H1 2017	%	H1 2016	%	% current exch. rates	% constant exch. rates
Italy	145.4	30.1	148.8	29.9	(2.2)	(2.2)
Europe	119.3	24.7	120.1	24.1	(0.6)	1.2
Americas	40.5	8.4	48.7	9.8	(16.9)	(19.7)
Greater China	108.5	22.5	107.0	21.5	1.4	1.3
Rest of World	69.3	14.3	73.0	14.7	(5.1)	(8.1)
Total	483.0	100.0	497.6	100.0	(2.9)	(3.2)



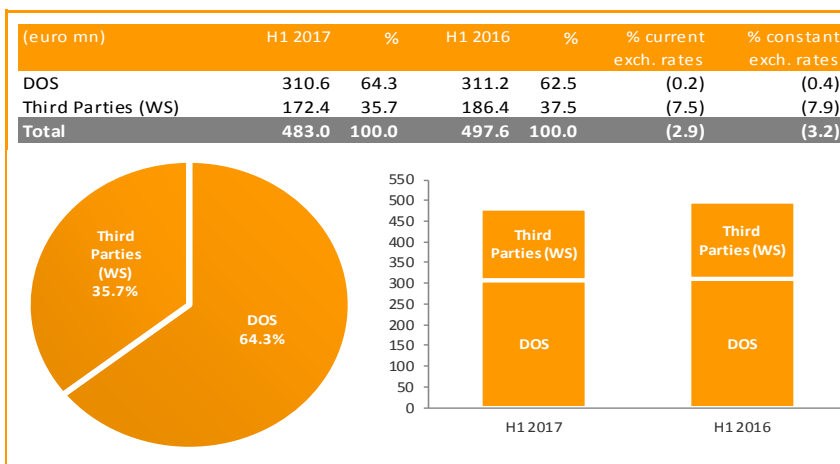
affected by the already commented cautious approach taken by the Group toward some independent clients.

In the Americas sales amounted to 40.5 million euros, down 16.9% from the first half of 2016. The trend commented in the first quarter was confirmed; the market remains weak: the retail is still suffering from lower traffic in the stores and the wholesale is affected by the difficulties faced by major department stores.

The Group's revenues in Greater China totalled 108.5 million euros, up 1.4% from the first half of 2016. Mainland China registered positive results; Hong Kong is showing timid signs of improvement.

Finally, in the area "Rest of the World" the Group's sales were 69.3 million euros, down 5.1% from the first half of 2016. Japan posted positive results, while the sales performance in Korea was negatively affected by international political tensions.

In the first half of 2017, sales through DOS totalled 310.6 million euros, broadly in line with the figure of the same period of 2016. The Same Store Sales Growth (SSSG) rate, calculated as the worldwide average of sales growth rates at constant exchange rates registered by the DOS already existing as of January 1st, 2016, is -2.7% in the first half of the year, showing a slight improvement as



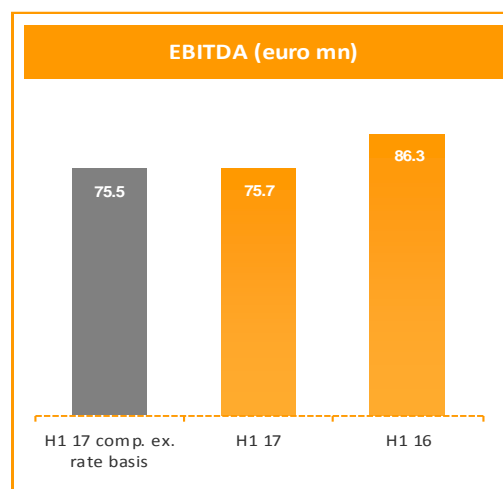
compared to the first quarter of this year. As of June 30th, 2017 the Group's distribution network was composed by 270 DOS and 108 franchised stores, compared to 261 DOS and 103 franchised stores as of June 30th, 2016.

Revenues to third parties totalled 172.4 million euros; the decrease from the first half of 2016 is mainly due to the prudent attitude the Group has maintained toward this channel, also considering the weakness experienced by important markets.

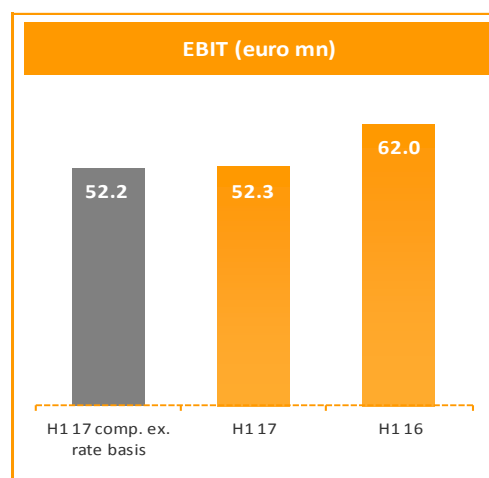
Operating results. EBITDA in H1 2017 totalled 75.7 million euros (86.3 million euros in H1 2016) and it is equivalent to 15.7% of consolidated revenue (H1 2016: 17.3%). Substantially not

significant the effect of exchange rates: EBITDA at constant exchange rate amounted to 75.5 million euros, representing 15.7% of consolidated revenues. 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 and the ability of generating revenue in such product segments and geographical areas where margins are higher. This result, combined with the positive effects of the plan to rationalise structural costs and improve

processes, has successfully limited the impacts on the EBITDA of the physiological increase of operating costs in support of the Group's growth strategies. Lease and rental expenses (leases for locations and royalties for use of licensed brands) totalled 60.4 million euros at June 30th, 2017 (59.8 million euros at June 30th, 2016) with a ratio on sales revenue changing from 12% in H1 2016 to 12.5% in H1 2017 (the increase in the number of DOS recorded in the period from July 2016 to June 2017 was equal to 9). The personnel costs increased and totalled 96.9 million euros in the first half of year 2017, compared with 94.9 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 30th, 2017 Group employees were 4,606, 121 and 75 more in respect to December 31st, 2016 and June 30th, 2016 respectively. At June 30th, 2017, employee costs equalled 20.1% of Group revenue, as compared with 19.1% in the first six months of 2016.



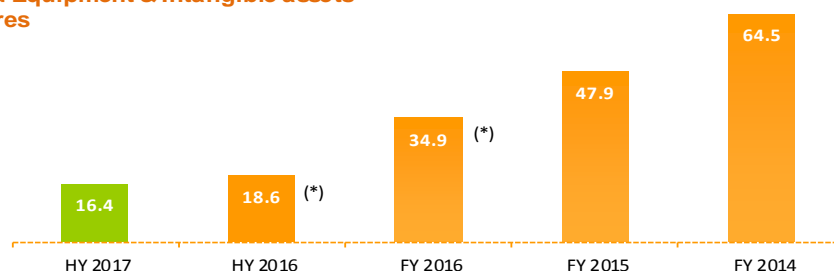
The costs for depreciation, amortization and impairment amounted to 22.5 in H1 2017 (23.4 million euros in H1 2016); the ratio on revenue is 4.7% (unchanged in respect to the first half of 2016 when it was 4.7%). Net of additional operating provisions of 0.8 million euros, EBIT in H1 2017 totalled 52.3 million euros (62 million euros at June 30th, 2016), representing 10.8% of consolidated revenues (12.5% at June 30th, 2016). The balance of financial income and expenses, which posted a negative value of 5.3 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 0.9 million euros. At June 30th, 2017, consolidated net profit was equal to 34.4 million euros, against 37.1 million euros at June 30th of the previous year. At June 30th 2017 net profit represents the 7.1% of sales revenues (7.5% for the first six months of 2016). Income taxes for the period (including the effects of deferred taxes) totalled 12 million euros, for a tax rate of 25.8%, lower than in the first half 2016 when it was 31.5%, mainly due to the reduction of the tax rate of the parent company, further to the "Patent box" contribution accrued for the period.

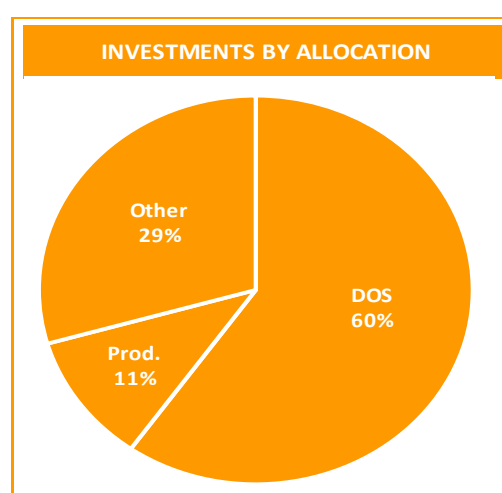
Capital expenditures. Capital expenditure in H1 2017 totalled 16.4 million euros, while they were 18.6 million euros at June 30th, 2016, net of the price paid for the ROGER VIVIER brand acquisition for 415 million euros.

**Property Plant and Equipment & 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 9.8 million euro (10.2 million euros in the first half 2016), primarily used for both new DOS openings, among which the most relevant is the first *boutique* TOD'S in Vienna, and for renovation activities of the existing stores. The remaining investment quota in the period regarded not only the normal processes of modernising the structures and industrial equipment (mainly lasts and moulds) and the further development of the company management software, but also the beginning of the works for the construction of the new plant in Arquata del Tronto.



Net financial position (NFP). At June 30th, 2017, net financial position was negative for 35.5 million euros (substantially unchanged in respect to December 31st, 2016 when it was negative for 35.4 million euros, while at June 30th, 2016 it was negative for 112.7 million euros), including liquid assets (cash and bank deposits) for 203.3 million euros, and liabilities for 238.9 million euros, of which 172.4 million euros for long-term exposures.

Net financial position (euro 000's)				
06.30.16		06.30.17	12.31.16	Change
Current financial assets				
271,373	Cash and cash equivalents	203,343	227,706	(24,364)
271,373	Cash	203,343	227,706	(24,364)
Current financial liabilities				
(17,195)	Current account overdrafts	(16,905)	(15,714)	(1,191)
(55,968)	Current share of medium-long term financing	(49,539)	(50,234)	695
(73,163)	Current financial liabilities	(66,444)	(65,948)	(496)
198,210	Current net financial position	136,898	161,758	(24,860)
Non-current financial liabilities				
(310,884)	Medium-long term financing	(172,436)	(197,139)	24,703
(310,884)	Non-current financial liabilities	(172,436)	(197,139)	24,703
(112,674)	Net financial position	(35,538)	(35,381)	(157)

Gross of dividends paid during the half year, net financial position would have been positive for 20.7 million euros (+56.1 million euros in respect to the beginning of the year).

euro 000's		
Statement of cash flows	H1 2017	H1 2016
Net Cash and cash equivalents at the beginning of the period	211,993	204,063
Cash flows from operating activities	83,034	96,657
Interests and taxes collected/(paid)	(3,394)	(31,613)
Net cash flows from operating activities	79,640	65,044
Cash flow generated (used) in investing activities	(16,196)	(450,716)
Cash flow generated (used) in financing activities	(81,165)	435,909
Translation differences	(7,834)	(123)
Net Cash and cash equivalents at the end of the period	186,438	254,178

The operating activities for the period generated cash for 83 million euros (71.7 million euros in H1 2016, net of non-recurring transactions), thanks also to a careful management of the operating working capital. Net of payments for corporate taxes and interests, net operating cash flow amounted to 79.6 million euros (65 million euros in H1 2016). Cash flows from financing activities of the first half 2017, mainly include dividend distribution occurred during the period and the refund of 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.

Significant events occurred after the reporting period

No significant event occurred after the end of the period.

Business Outlook

The results of the first half are in line with expectations and they confirm the appreciation of the market for the Group's product, which are characterized by the high craftsmanship quality, intrinsic in the brands' DNA, and which express the Italian lifestyle in the world. Concerning the business outlook, through the development of business strategies, as well as the continuation of cost efficiency measures, it is reasonable to expect an improvement of the Group's results, starting from the second half, in terms of both revenues and margins.

Milan, August 3rd, 2017

The Chairman of the Board of Directors
Diego Della Valle

TOD'S Group

2017 Half Year Condensed Financial Statements

Group

Consolidated Income Statement

euro 000's	H1 17	H1 16	FY 16
Revenue			
Sales revenue	483,043	497,628	1,004,021
Other income (1)	4,998	30,030	36,026
Total revenue and income	488,041	527,658	1,040,047
Operating Costs			
Change in inventories of work in progress and finished goods (2)	(5,195)	(23,071)	(55,346)
Cost of raw materials, supplies and materials for consumption (2)	(118,491)	(129,274)	(238,625)
Costs for services	(114,501)	(117,191)	(228,894)
Costs of use of third party assets	(60,432)	(59,827)	(117,370)
Personnel costs	(96,913)	(94,906)	(186,208)
Other operating charges	(16,823)	(17,080)	(32,698)
Total operating costs	(412,355)	(441,347)	(859,140)
EBITDA	75,686	86,311	180,908
Amortisation, depreciation and write-downs			
Amortisation of intangible assets	(4,318)	(4,491)	(9,209)
Depreciation of tangible assets	(18,213)	(18,934)	(36,956)
Other adjustment			(4,431)
Total amortisation, depreciation and write-downs	(22,531)	(23,425)	(50,596)
Provisions	(838)	(916)	(1,951)
EBIT	52,317	61,970	128,361
Financial income and expenses			
Financial income	10,513	10,700	20,184
Financial expenses	(15,770)	(18,432)	(33,579)
Total financial income (expenses)	(5,257)	(7,732)	(13,395)
Income (losses) from equity investments	(625)		
Profit before taxes	46,436	54,238	114,967
Income taxes (3)	(11,986)	(17,108)	(29,198)
Profit/(loss) for the period	34,450	37,130	85,768
Non-controlling interests	262	305	524
Profit/(loss) of the Group	34,711	37,435	86,292
EPS in (euro)	1.05	1.14	2.62
EPS diluted in (euro)	1.05	1.14	2.62

⁽¹⁾ Of which non-recurring for 25 million euros in the first half 2016 and in the year 2016.

⁽²⁾ Of which non-recurring for -24.2 million euros in the first half 2016 and in the year 2016.

⁽³⁾ Of which non-recurring for -0.3 million euros in the first half 2016 and in the year 2016.

Consolidated Statement of Comprehensive Income

euro 000's	H1 17	H1 16
Profit (loss) for the period (A)	34,450	37,130
Other comprehensive income that will be reclassified subsequently to profit and loss:		
Gain/(Losses) on derivative financial instruments (cash flow hedge)	3,093	3,651
Gain/(Losses) on currency translation of foreign subsidiaries	(12,377)	3,945
Gains/(Losses) on net investments in foreign operations	2,155	
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)	(7,129)	7,596
Other comprehensive income that will not be reclassified subsequently to profit and loss:		
Cumulated actuarial gains/(losses) on defined benefit plans		
Total other comprehensive income that will not be reclassified subsequently to profit and loss (C)		
Total Comprehensive Income (A) + (B) + (C)	27,321	44,726
Of which:		
Attributable to Shareholders of the Parent company	27,679	45,129
Attributable to non-controlling interests	(358)	(403)

Consolidated Statement of Financial Position

euro 000's	Notes	06.30.17	12.31.16	06.30.16
Non current assets				
<i>Intangible fixed assets</i>				
Assets with indefinite useful life (1)	9	565,881	565,881	565,352
Key money	9	16,597	15,847	16,872
Other intangible assets	9	22,432	23,907	26,568
Total Intangible fixed assets		604,910	605,635	608,793
<i>Tangible fixed assets</i>				
Buildings and land	9	111,572	114,467	119,349
Plant and machinery	9	12,241	12,452	12,986
Equipment	9	11,060	12,180	12,937
Leasehold improvement	9	36,882	40,454	43,413
Others	9	34,431	37,336	40,303
Total Tangible fixed assets		206,186	216,888	228,988
<i>Other assets</i>				
Investment properties		23	25	27
Equity investments			20	20
Deferred tax assets		60,275	58,885	58,623
Others		20,037	21,367	21,014
Total other assets		80,335	80,298	79,683
Total non current assets		891,431	902,821	917,463
Current assets				
Inventories		299,172	291,892	330,148
Trade receivables		104,685	118,142	106,554
Tax receivables		22,553	28,646	15,258
Derivative financial instruments	10	5,635	2,857	5,747
Others		39,651	36,635	33,797
Cash and cash equivalents	16	203,343	227,706	271,373
Total current assets		675,040	705,879	762,877
Total assets		1,566,471	1,608,700	1,680,340

To be continued

⁽¹⁾ This figure includes, for 415 million euros, the amount of ROGER VIVIER brand acquired through a related party transaction occurred on January 2016.

euro 000's (continuing)	Notes	06.30.17	12.31.16	06.30.16
Equity				
Share capital	11	66,187	66,187	66,187
Capital reserves		416,588	416,588	416,588
Hedging and translation reserves		16,318	25,505	20,324
Retained earnings		524,907	492,640	498,056
Profit/(loss) attributable to the Group		34,711	86,292	37,435
Total Equity attributable to the Group		1,058,711	1,087,212	1,038,589
Non-controlling interest				
Share capital and reserves		2,521	3,793	3,827
Profit/(loss) attributable to non-controlling interests		(262)	(524)	(305)
Total Equity attributable to non-controlling interests		2,260	3,269	3,522
Total Equity		1,060,971	1,090,481	1,042,112
Non-current liabilities				
Provisions for risks	14	5,879	6,059	5,745
Deferred tax liabilities		39,035	32,739	24,353
Employee benefits	15	15,040	14,787	12,664
Derivative financial instruments	10	1,767	2,687	6,255
Bank borrowings	16	172,436	197,139	310,884
Others		15,075	15,910	17,124
Total non-current liabilities		249,232	269,321	377,025
Current liabilities				
Trade payables		138,126	130,804	134,138
Tax payables		5,529	8,241	5,923
Derivative financial instruments	10	3,677	8,046	6,049
Others		42,492	35,859	41,930
Banks	16	66,444	65,948	73,163
Total current liabilities		256,268	248,898	261,203
Total Equity and liabilities		1,566,471	1,608,700	1,680,340

Consolidated Statement of Cash Flows

euro 000's	Notes	Jan. - Jun. 17	Jan. - Jun. 16
Profit/(Loss) for the period		34,450	37,130
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:			
Amortizat., deprec., revaluat., and write-downs		23,146	50,573
Other non monetary expenses/(income)		(2,682)	1,392
Income taxes for the period		11,986	17,108
Changes in operating assets and liabilities:			
Trade receivables		12,959	4,861
Inventories		(7,398)	(5,885)
Tax receivables and tax payables		(1,190)	(298)
Trade payables		7,322	(11,721)
Other assets and liabilities		4,188	3,147
Change in reserve for employee		253	349
Cash flows from operating activities		83,034	96,657
Interests (paid)/collected		(886)	(959)
Income taxes (paid)/refunded		(2,508)	(30,654)
Net cash flows from operating activities (A)		79,640	65,044
Net investments in intangible and tangible assets	9	(16,216)	(18,419)
Acquisition of Roger Vivier brand	9		(415,000)
Acquisition of Roger Vivier Paris Sas legal entity net of cash and cash	6		(17,297)
Other changes in fixed assets		20	
Cash flows generated (used) in investing activities (B)		(16,196)	(450,716)
Dividends paid	13	(56,259)	(66,187)
Capital increase	11		207,500
Others change in Equity			(247)
Repayments of financial liabilities	16	(24,906)	(5,157)
Proceeds from financial liabilities	16		300,000
Cash flows generated (used) in financing (C)		(81,165)	435,909
Translation differences (D)		(7,834)	(123)
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)		(25,555)	50,114
Cash flow from assets held for sale (F)			
Cash flows generated (used) (G)=(E)+(F)		(25,555)	50,114
Net cash and cash equivalents at the beginning of the period		211,993	204,063
Net cash and cash equivalents at the end of the period		186,438	254,178
Change in net cash and cash equivalents		(25,555)	50,114

Consolidated Statement of Changes in Equity

January - June 2017	euro 000's	Share capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non-controlling interests	Total
Balances as of 01.01.17		66,187	416,588	25,505	578,932	1,087,212	3,269	1,090,481
Profit & Loss account					34,711	34,711	(262)	34,450
Direct in Equity				(9,188)	2,155	(7,032)	(96)	(7,129)
Total Comprehensive Income				(9,188)	36,867	27,679	(358)	27,321
Dividend paid					(56,259)	(56,259)		(56,259)
Capital increase								
Share based payments								
Other					79	79	(652)	(573)
Balances as of 06.30.17		66,187	416,588	16,318	559,618	1,058,711	2,260	1,060,971

January - June 2016	euro 000's	Share capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non-controlling interests	Total
Balances as of 01.01.16		61,219	214,055	12,630	574,127	862,032	4,048	866,081
Profit & Loss account					37,435	37,435	(305)	37,130
Direct in Equity				7,694		7,694	(98)	7,596
Total Comprehensive Income				7,694	37,435	45,129	(403)	44,726
Dividend paid					(66,187)	(66,187)		(66,187)
Capital increase		4,968	202,532			207,500		207,500
Share based payments								
Other					(9,884)	(9,884)	(124)	(10,008)
Balances as of 06.30.16		66,187	416,588	20,324	535,491	1,038,589	3,522	1,042,112

TOD'S Group

2017 Half Year Condensed Financial Statements
Supplementary notes

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 30th, 2017 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 30th, 2017 was approved by the Board of Directors of TOD'S S.p.A. on August 3rd, 2017. It was audited (limited review) by the independent auditor PricewaterhouseCoopers S.p.A..

2. Basis of preparation

The half-year Financial Report, which includes the half-year condensed financial statements of TOD'S Group at June 30th, 2017, has been prepared in accordance with Article 154 ter (2, 3 and 4) of the Consolidated Law on Financial Intermediation ("TUF"), introduced by Legislative Decree 195/2007 in implementation of Directive 2004/109/EC (the "Transparency" directive) as amended by Legislative Decree 25/2016 in implementation of Directive 2013/50/UE. The half-year condensed financial statements complies with IAS 34 – Interim Financial Reporting, adopted according to the procedure envisaged in Article 6 of EC Regulation no. 1606/2002. Consequently, it does not include all the information required for the annual report and must be read together with the annual report prepared for the financial year at December 31st, 2016.

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 30th, 2017 (January 1st – June 30th).

The half-year condensed financial statements (profit and loss account, comprehensive income, Consolidated Statement of Financial position, Consolidated Statement of Cash Flows, and Consolidated statement of changes in equity) were drafted in the long form and are the same as those used for the consolidated financial statements at December 31st, 2016

As envisaged in IAS 34, the notes to the financial statements were drafted in summary form and refer only to the components of the profit and loss account, Statement of Financial position, and Statement of Cash Flows, whose composition or change in amount or nature was significant. Thus, they illustrate additional information for accurate comprehension of Group's financial position at June 30th, 2017.

Following art. 3 of Consob resolution n.18079 dated January 20th, 2012 we inform you that the Company adopt the waiver provided by art. 70 (8) and art. 71 (1-bis) of Consob regulation n. 11971/99 (and following modifications and integrations) 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 will be 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 will be 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 31 December 2016, except for the new standards or interpretations endorsed by the European Union and applicable from 1 January 2017.

Accounting standards, amendments and interpretations endorsed by the European Union, which are applicable from January 1st, 2017 and which were first adopted in the TOD'S Group's Condensed Consolidated Half-Year Financial Statements at June 30th, 2017.

- “Annual improvements to IFRS Standards: IFRS 12: “Disclosure of Interests in Other Entities”, which were issued by the IASB on December 18th, 2014. This amendment provides for an investment entity, which prepares the financial statements in which all of its subsidiaries are measured at fair value through profit or loss, to provide the disclosure required for investment entities according to IFRS 12. The application of this standard had no impact on the Group.

Accounting standards, amendments and interpretations endorsed by the European Union, applicable from January 1st, 2018, but not early adopted by the TOD'S Group.

- IFRS 15 – Revenue from Contracts with Customers. On May 28th, 2014 the IASB published a document 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. The new revenue recognition model sets out a process in five steps

1) Identifying the contract with a customer;

- 2) Identifying the performance obligations;
- 3) Determining the transaction price;
- 4) Allocating the transaction price to the performance obligations;
- 5) Recognising revenue when the entity satisfy a performance obligation.

The new standard also requires additional disclosures regarding the nature, amount, timing and uncertainty of the revenue and cash flows arising from these contracts with customers. The IASB expects to adopt it from 2018, while the European Union endorsed it on September 22nd, 2016. Furthermore, on April 12th, 2016 the IASB published amendments to the standard: Clarifications to IFRS 15 Revenue from Contracts with Customers, which are also applicable as from January 1st, 2018. These amendments are aimed at clarifying the procedures to identify an entity as a “Principal” or as an “Agent” and to establish whether revenues from licences must be deferred throughout the term thereof.

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

- IFRS 9 – Financial Instruments. On July 24th, 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 and on the contractual cash flow characteristics 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. 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 change in the creditworthiness of the financial liability itself. According to the new standard, these changes must be recognised in other comprehensive income, without affecting profit or loss. The main developments relating to hedge accounting are:

- 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;
- 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;
- 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.

The IASB expects to adopt it from 2018, while the European Union endorsed it on November 22nd, 2016. Based on a preliminary analysis, the future adoption of this standard should not have any significant impact on the Group's financial statements.

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

- Amendments to IAS 12: Income taxes. These amendments, which were published by the IASB on January 19th, 2016, clarify how to account for deferred tax assets relating to debt instruments measured at fair value. The application of this standard had no significant impact on the Group.
- Amendments to IAS 7: Statement of Cash Flows. These amendments, which were issued by the IASB on January 29th, 2016, require information to be provided in the financial statements about changes in financial liabilities, aimed at improving the disclosures provided to investors in order to help them to better understand the changes recorded in said payables. The application of this standard had no significant impact on the Group.
- IFRS 16: Leases: In January 2016 the IASB published a document for the initial recognition, measurement, presentation and disclosure of lease agreements for both the parties to a contract, aimed at replacing IAS 17 Leasing. The document is not applicable to service contracts but only to lease agreements or to the leasing components of other contracts. The standard defines the lease as an agreement that transfers the right of use of an asset to the customer (lessee) for a certain period of time and in exchange for a consideration. The new standard eliminates the 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. The IASB expects to adopt it from 2019. An internal assessment was started in relation to the major contracts in place, which was aimed at gathering information required to outline their foreseeable effects in financial and economic terms. It is expected a significant impact on Non-current assets and on Financial liabilities of the Group.
- Amendments to IFRS 2: Clarifications of Classification and Measurement of Share-based Payment Transactions. These amendments, which were published by the IASB on June 20th, 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 the accounting of any change in the terms and conditions of a share-based payment implying its reclassification from cash-settled to equity-settled items. The amendments will become applicable from January 1st, 2018. 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 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts. These amendments were issued by the IASB on September 12th, 2016, with the effective date being expected on January 1st, 2018. 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 other comprehensive income, some of the income or expenses arising from designated financial assets; and (ii) an temporary exemption from applying IFRS 9 for entities whose predominant activity is issuing contracts within the scope of IFRS 4. 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 40: regarding transfers of investment property. These amendments were issued by the IASB on December 8th, 2016, with the effective date being expected on January 1st, 2018. 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. Based on a preliminary analysis, the possible future adoption of this standard should not have any significant 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 8th, 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 shall not be applied to income taxes, insurance contracts or reinsurance contracts. The IASB expects to adopt it from January 1st, 2018. Based on a preliminary analysis, the possible future adoption of this interpretation should not have any significant impact on the Group's financial statements.

- Annual improvements to IFRS Standards: 2014-2016 Cycle. This document was issued by the IASB on December 8th, 2016, the effective date being expected on January 1st, 2018. 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: has been clarified that standard disclosure requirements, with the exception of paragraphs B10-B16, shall

apply to the entities listed in paragraph 5 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. 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. On the other hand, from a first preliminary review it results that a future adoption of the new standards should have no significant impact on the Group's consolidated financial statements.

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. 2017	Jan. - Jun. 2017	Jun. 2016	Jan. - Jun. 2016
	Exch. rates as of end of period	Average exch. rate	Exch. rates as of end of period	Average exch. rate
U.S. dollar	1.141	1.082	1.054	1.115
British pound	0.879	0.860	0.856	0.778
Swiss franc	1.093	1.076	1.074	1.096
Hong Kong dollar	8.907	8.411	8.175	8.663
Japanese yen	127.750	121.607	123.400	124.383
Hungarian forint	308.970	309.461	309.830	312.687
Singapor dollar	1.571	1.520	1.523	1.540
Korean won	1,304.560	1,235.059	1,269.360	1,318.485
Macao pataca	9.174	8.663	8.420	8.926
Chinese renminbi	7.739	7.439	7.320	7.292
Indian rupee	73.745	71.100	71.594	74.960
Albanian lek	132.521	135.020	135.631	138.181
Brazilian real	3.760	3.433	3.431	4.124

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 2017 from the effects of exchange rates fluctuations, compared to the average values for the six months of 2016, the typical economic indicators (Revenues, EBITDA, EBIT) have been restated by applying the average exchange rates for the six months of 2016, thus making them fully comparable with those of the previous comparison period.

These criteria for measuring business performance must not be considered alternative to those established by IFRS.

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

6. Scope of consolidation

The scope of consolidation at June 30th, 2017 changed in respect to June 30th, 2016 as explained below:

- On May 4th, 2017 it has been closed the transfer of 100% of shares representing the share capital of TOD'S Brazil Ltda, for a consideration of 2,682 thousand euros. Expenses and income of the transferred entity have been included in the consolidated income statement at June 30th, 2017 up to March 31st, 2017 instead of up to the date of which the loss of control occurred. That did not caused any significant effects on the result for the period;
- On May 11th, 2017, the company TOD'S UK Ltd. acquired the additional 50% of company shares representing the share capital of the company Webcover Ltd. (already consolidated with the integral global method), for a consideration paid amounting to 469 thousand GBP. The difference between the consideration paid and the carrying amount of minority interests has been represented as an increase of consolidated equity in accordance with IFRS 3. In connection with the above mentioned acquisition, on May 11th, 2017, TOD'S UK Ltd., in addition, acquired 100% of company shares representing the share capital of Buena Ltd., for a consideration paid amounting to 1,600 thousand GBP, referred to the key money related to the store managed by Webcover Ltd.
- During the second half of 2016 the liquidation phase of TOD'S Luxembourg has been completed;

The transactions quoted above are the only changes in the consolidation scope in respect of December 31st, 2016, with the only exception of the liquidation of TOD'S Luxembourg, already occurred as of December 31st, 2016.

In order to provide a complete set of information, here below are summarized the economic, financial and patrimonial effects on condensed consolidated half-year financial statements at June 30th, 2017 related to the transfer of TOD'S Brasil Ltda:

- The consolidated net result from the transfer, represented in the income statement at June 30th, 2017, computed as a difference between the sale price and the consolidated carrying amount of transferred equity investment, was negative for about 625 thousand euros;
- The effect on consolidated cash flow at June 30th, 2017 was positive for 945 thousand euros, computed as the difference between the net cash and cash equivalents of the transferred entity and the consideration received.

With respect to companies in which the Group does not hold more than 50% of the capital and consequently has the same percentage of the voting rights exercisable at the Shareholders' Meeting, control is assumed to reflect the fact that the Group has i) power, that is the ability to direct significant activities that have a significant impact on the returns; ii) it is exposed to the

variability of the benefits deriving from the involvement with it and, therefore, iii) exercises the power to gain benefits from its business, as defined by IFRS 10 - Consolidated Financial Statements.

The following list illustrates the entire consolidation scope at June 30th, 2017:

Parent Company

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

Direct Subsidiaries

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

Indirect subsidiaries

Cal.Del. USA Inc. Beverly Hills, Ca - U.S.A. S.C. - Usd 10,000 % held: 100%	TOD'S Tex Del USA Inc. Dallas, Tx - U.S.A S.C. - Usd 10,000 % held: 100%	Deva Inc. Wilmington, De - U.S.A. S.C. - Usd 500,000 % held: 100%	Flor.Del. USA Inc. Tallahassee, Fl - U.S.A. S.C. - Usd 10,000 % held: 100%
Hono.Del. Inc. Honolulu, Hi - U.S.A. S.C. - Usd 10,000 % held: 100%	Il.Del. USA Inc. Springfield, Il - U.S.A. S.C. - Usd 10,000 % held: 100%	Neva.Del. Inc. Carson City, Nv - U.S.A. S.C. - Usd 10,000 % held: 100%	Or.Del. USA Inc. Sacramento, Ca - U.S.A. S.C. - Usd 10,000 % held: 100%
Gen.Del SA Zurich - Switzerland S.C. - Chf 200,000 % held: 100%	Sandel SA San Marino S.C. - euro 258,000 % held: 100%	TOD'S Belgique S.p.r.l. Bruxelles - Belgium S.C. - euro 300,000 % held: 100%	TOD'S Espana SL Madrid - Spain S.C. - euro 500,000 % held: 100%
TOD'S Hong Kong Ltd Hong Kong S.C. - Usd 16,550,000 % held: 100%	TOD'S Japan KK Tokyo - Japan S.C. - Jpy 100,000,000 % held: 100%	Alban.Del Sh.p.k. Tirana - Albania S.C. - euro 720,000 % held: 100%	TOD'S India Retail Pte Ltd Mumbai - India S.C. - Inr 193,900,000 % held: 51%
TOD'S Singapore Pte Ltd Singapore S.C. - Sgd 300,000 % held: 100%	Un.Del Kft Tata - Hungary S.C. - Huf 42,900,000 % held: 100%	TOD'S UK Ltd London - Great Britain S.C. - Gbp 350,000.00 % held: 100%	Webcover Ltd London - Great Britain S.C.- Gbp 2 % held: 100%
TOD'S Korea Inc. Seoul - Korea S.C. - Won 2,600,000,000 % held: 100%	TOD'S Macao Ltd Macao S.C. - Mop 20,000,000 % held: 100%	TOD'S (Shanghai) Tr.Co.Ltd Buena Ltd. Shanghai - China S.C. - Usd 32,000,000 % held: 100%	Buena Ltd. London - Great Britain S.C. - Gbp 1 % held: 100%

Indirect subsidiaries

Re.Se.Del. S.r.l. S.Elpidio a Mare - Italy S.C. - euro 25,000.00 % held: 100%	Del.Pav. S.r.l. S.Elpidio a Mare - Italy S.C. - euro 50,000 % held: 50%	Filangieri 29 S.r.l. S.Elpidio a Mare - Italy S.C. - euro 100,000 % held: 50%	Roger Vivier Japan KK Tokyo – Japan S.C. – Jpy 10,000,000 % held: 100%
Roger Vivier Hong Kong Ltd Hong Kong S.C. – Hkd 1,000,000 % held: 100%	Roger Vivier Sing. PTE Ltd Singapore S.C. – Sgd 200,000 % held: 100%	Roger Vivier (Shan.) Tr.Co. Shanghai – China S.C. – Rmb 75,000,000 % held: 100%	Roger Vivier UK Ltd London – Great Britain S.C. – Gbp 150,000 % held: 100%
TOD'S Georgia Inc. Norcross, GA – USA S.C. – Usd 10,000 % held: 100%	Roger Vivier France SaS Paris – France S.C. – euro 3,507,500 % held: 100%	Roger Vivier Korea Inc. Seoul – Korea S.C. – Won 1,200,000,000 % held: 100%	Roger Vivier Switzerland Lugano – Switzerland S.C. – Chf 2,000,000 % held: 100%
Roger Vivier Macau Lda Macau S.C. – Mop 500,000 % held: 100%	TOD'S Washington Inc. Tumwater, Wa – U.S.A. S.C. – Usd 10,000 % held: 100%	Ala. Del. Inc. Wilmington, De – U.S.A. S.C. – Usd 10,000 % held: 100%	TOD'S Massachussets Boston, Ma – USA S.C. – Usd 10,000 % held: 100%
Roger Vivier Paris Sas Paris – France S.C. – euro 6,700,000 % held: 100%			

7. Segment reporting

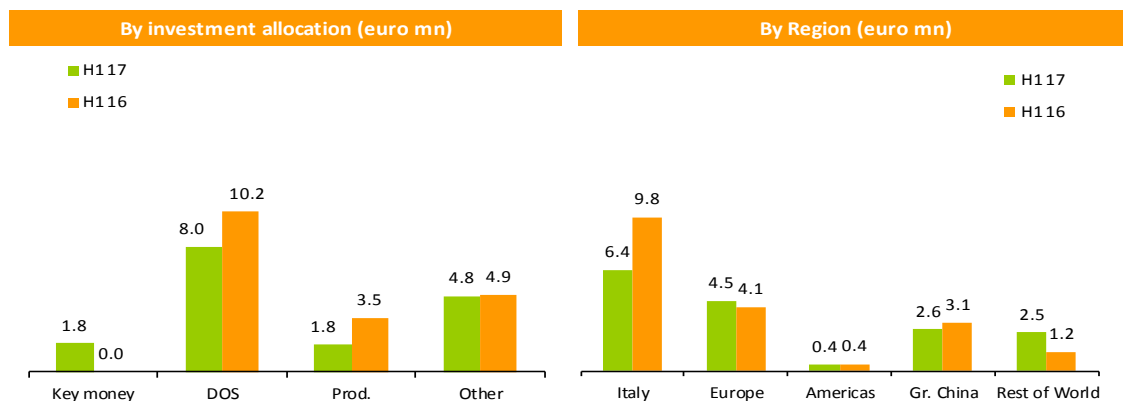
The search for higher levels of operating efficiency has identified as key element for maximising profitability via the sharing of a significant portion of service activities (first and foremost production), both at the central and peripheral levels; on the contrary, aggressive segmentation of the business 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 includes operating information, including a break-down of consolidated revenues by BRAND, CHANNEL, PRODUCT TYPE and REGION. Below are provided some further details for completion:

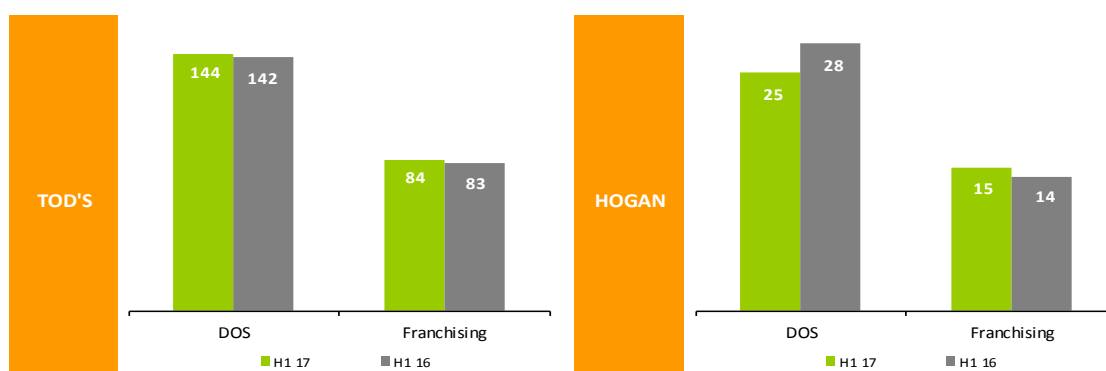
Capital expenditures at June 30th, 2017

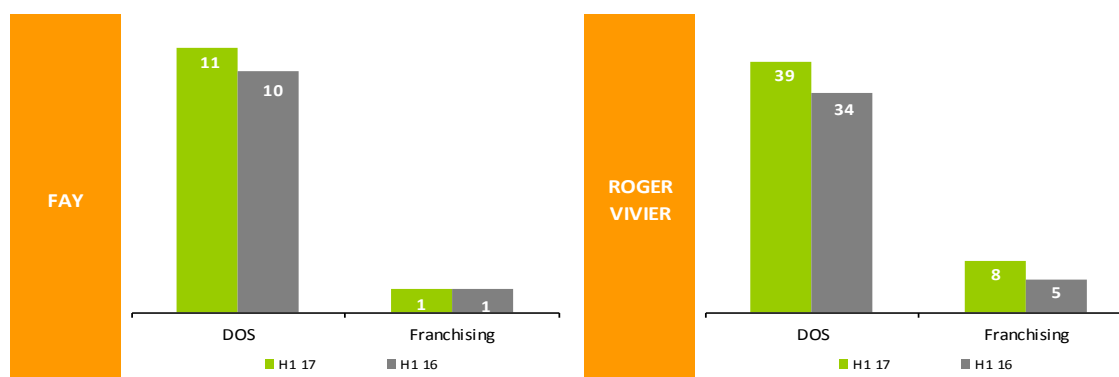


Concerning the comparative data of June 30th, 2016, the tables illustrated above do not include both the amount of the acquired brand ROGER VIVIER (415 million euros) and the tangible and intangible assets of the company Roger Vivier Paris sas (about 3.6 million euros).

Distribution network

TOD'S GROUP - Distribution channel		06.30.17	06.30.16
Italy	DOS	46	48
	FRANCHISED STORES	2	2
Europe	DOS	60	55
	FRANCHISED STORES	19	21
Americas	DOS	20	21
	FRANCHISED STORES	3	3
Greater China	DOS	80	80
	FRANCHISED STORES	31	28
RoW	DOS	64	57
	FRANCHISED STORES	53	49
Total DOS		270	261
Totale Franchised stores		108	103





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. 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.

In connection with the outstanding loans at June 30th, 2017 it's highlighted the following (Note 16):

- syndicated medium/long term loan signed with Mediobanca and Crédit Agricole on 2014, expiring on 2021, shows an outstanding nominal amount for 170 million euros at June 30th, 2017;
- Medium and long term loan signed with Banca Nazionale del Lavoro S.p.A. on 2015, expiring on 2019, shows an outstanding nominal amount for 12.5 million euros at June 30th, 2017;
- Medium and long term loan signed with Intesa San Paolo S.p.A. on 2015, expiring on 2019, shows an outstanding nominal amount for 25 million euros at June 30th, 2017.

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 three loan agreements, by which have been granted three 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 27th 2016, for a maximum amount of 100 million euros, ii) Unicredit S.p.A., signed on November 9th 2016, for a maximum amount of 100 million euros and iii) B.N.L. S.p.A., signed on November 28th 2016, for a maximum amount of 100 million euros. These credit facilities will be available for a period of 3 years. At June 30th, 2017 no amount has been used in connection with the above mentioned credit facilities.

Considering the Group profitability and its capacity to generate cash, it is reasonable to believe that liquidity risk is not significant.

Moreover, it should be noted that such capacity of generating cash may allow Group to meet these commitments in a period of time that is potentially shorter than that in which the loans and credit facilities are expected to be available.

Finally, as regards financial operations, 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 Group's risk management policy, in connection to the exchange rate risk on commercial transactions, aims to ensure that the countervalue in euros of receipts on transactions denominated in foreign currencies for each collection (Spring/Summer and Fall/Winter) is on average equal to or greater than what would be obtained by applying the pre-set target 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. Consequently, the Group might forego opportunities to realise certain gains, but it avoids running the risks of speculation.

The Group defines its exchange risk *a priori* according to the budget for the reference period and then gradually hedges this risk upon acquisition of orders, in the amount according to which they correspond to budget forecasts.

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;
- implementation of hedges;
- monitoring of positions 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 + 80 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 10). These derivatives protect the Group from the risk of a generalised rise in interest rates, swapping the variable rate on the loan (3M EURIBOR + 80 basis points) 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 IAS39.

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. Interests rates are variables and equal to the EURIBOR 3m + 0.42% and EURIBOR 3m + 0.5% respectively (Note 16). Considered the current financial markets situation and the current EURIBOR reference rate, the Group doesn't 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 liabilities (Notes A1 and A2) issued by the subsidiary Holpaf B.V. (Note 16) are subject to a fixed rate of 2.94% and 3.239%, respectively.

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 31st, 2016) and value of goodwill,

for about 12.2 million euros (unchanged in respect to December 31st, 2016), 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 7.6 million euros.

Capital expenditure in H1 2017 totalled 16.4 million euros, of which 3.6 million euros of intangible assets and 12.8 million euros of tangible assets. The capital expenditures of the DOS network totalled about 9.8 million euros. This amount was used primarily for both new DOS openings and for renovation activities of the existing stores. The remaining investment quota in the period regarded not only the normal processes of modernising the structures and industrial equipment (mainly lasts and moulds) but also the beginning of the works for the construction of the new plant in Arquata del Tronto, further to the development of the company management software.

10. Derivative financial instruments

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) 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	30,430	26,665		
HK dollar	434,200	48,749		
Japanese yen	1,307,000	10,231	3,980,000	31,155
British pound	23,500	26,725		
Swiss franc	9,400	8,600		
Chinese renmimbi	370,000	47,813		
Singapore dollar	2,060	1,311		
Euro	2,500	2,500	6,269	6,269
Canadian dollar	5,960	4,031		
Australian dollar	2,600	1,751		
Total		178,376		37,423

At each reporting date, the hedge accounting method is applied. This requires recognition of the derivatives in the statement of financial position at their fair value and recognition of the

changes in fair value, which varies according to the type of hedge at the valuation date. The fair value of derivative financial instruments existing at June 30th, 2017 is classified as Level 2 and has been determined using exchange rate that are quoted in active markets.

At June 30th, 2017 the net fair value of derivatives used to hedge exchange risks reported is positive, on the whole, for 3,630 thousand euros, i.e. the balance of assets of 5,635 thousand euros (compared to 2,857 thousand euros at December 31st, 2016) and liabilities of 2,005 thousand euros (compared to 6,140 thousand euros at December 31st, 2016).

At June 30th, 2017 the reserve for derivatives used to hedge forecast transactions on currencies (i.e. cash flow hedge) was positive for 6,511 thousand euros, net of related tax effect, and it concerns, for 3,387 thousand euros, hedging of business transactions and, for 3,124 thousand euros, hedging of intercompany financial transactions. Such reserve include also a portion accrued for hedging derivatives on intercompany transactions, on contracts already closed at June 30th, 2017, which will be reversed when hedged items will be realized.

As regards derivatives for the hedging of business transactions, which were closed in the period from January to June 2017, the transfer of the effect of the hedging transactions to the income statement was positive for 637 thousand euros, of which 763 thousand euros were entered as an increase in revenues and 126 thousand euros as an increase of costs.

At June 30th, 2017 two derivative contracts (interest rate swaps - IRSs) were in place, which were entered into on July 23rd, 2014 to hedge the risk associated with fluctuations in the interest rates on the already commented variable rate loan transaction signed with Mediobanca and Crédit Agricole (Note 16). These derivative contracts, having an overall notional amount equal to the underlying loan, protect the Group from the risk of a generalised rise in interest rates, swapping the variable rate on the loan (EURIBOR 3M + 80 basis points) for a contractually fixed rate (0.748% paid quarterly). At June 30th, 2017 the fair value of such derivatives, negative for 3,439 thousand euros, has been represented for 1,767 thousand euros in the non-current liabilities in accordance with the period on which the effects will be generated. The amount recognised in the financial expenses at June 30th, 2017 was 630 thousand euros, while the related cash flow hedge reserve, net of tax effect, was negative for 2,354 thousand euros.

11. Share Capital

At June 30th, 2017, the parent company share capital totalled 66,187,078 euros, and was divided into 33,093,539 shares having a par value of 2 euros each, 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. 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 2017	H1 2016
Profit used to determine basic earning per share	34,711	37,435
Dilution effects		
Profit used to determine diluted earning per share	34,711	37,435

euro 000's		
For continuing operations	H1 2017	H1 2016
Profit for the period	34,711	37,435
Income (Loss) from discontinued operations		
Profit used to determine basic earning per share	34,711	37,435
Dilution effects		
Profit used to determine diluted earning per share	34,711	37,435

In both periods, first half 2017 and 2016, 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 2017	H1 2016
Weighted average number of shares to determine basic earning per share	33,093,539	32,725,013
Share Options		
Weighted average number of shares to determine diluted earning per share	33,093,539	32,725,013

13. Dividends

Pursuant to a resolution by the Shareholders' Meeting of April 21st, 2017, the parent company TOD'S S.p.A. paid its shareholders dividends in May for the net profit realised in FY 2016. The aggregate value of dividends paid amounted to 56,253,391.00 euros, at the rate of 1.7 euros for each share (ex dividend date May 22nd, 2017).

14. Provisions

They include the prudent estimate of liabilities that the Group might incur on negative pending legal and tax lawsuits. Increase for the period amounted to 339 thousand euros (884 thousand euros the provision of the first half of 2016), while the provision has been used for 368 thousand euros (552 thousand euros) and it has been reversed for 75 thousand euros (46 thousand euros). The impact deriving from change in exchange rates has been negative for 76 thousand euros.

15. Employee benefits

This item mainly consists of post-employment benefits, measured by using the actuarial method of measuring the unit projection of the receivable applied by independent actuaries on the basis of IAS 19, and is mainly represented by the provisions for staff leaving indemnities (TFR) recognised by the Italian companies. The charge for the financial year was recognised under personnel expense.

The main actuarial assumptions used for the valuation at December 31st, 2016, unchanged for HY 2017, are summarized below:

- Discounting rate: 1.31%

It is related to the average yield curve from IBOXX Eurozone Corporates AA of December 2016.

- Inflation rate: 1.50%;
- TFR incremental rate: 2.625%.

Employee benefits include even other long term employee benefits.

16. Net Financial Position

At June 30th, 2017, net financial position was negative for 35.5 million euros (was negative for 35.4 million euros at December 31st, 2016 and negative for 112.7 million euros at June 30th, 2016 respectively) and it includes cash and cash equivalents for 203.3 million euros and financial liabilities for 238.9 million euros, of which 172.4 million euros as non-current financial liabilities.

Net financial position (euro 000's)				
06.30.16		06.30.17	12.31.16	Change
Current financial assets				
271,373	Cash and cash equivalents	203,343	227,706	(24,364)
271,373	Cash	203,343	227,706	(24,364)
Current financial liabilities				
(17,195)	Current account overdrafts	(16,905)	(15,714)	(1,191)
(55,968)	Current share of medium-long term financing	(49,539)	(50,234)	695
(73,163)	Current financial liabilities	(66,444)	(65,948)	(496)
198,210	Current net financial position	136,898	161,758	(24,860)
Non-current financial liabilities				
(310,884)	Medium-long term financing	(172,436)	(197,139)	24,703
(310,884)	Non-current financial liabilities	(172,436)	(197,139)	24,703
(112,674)	Net financial position	(35,538)	(35,381)	(157)

The breakdown of current and non-current financial liabilities at June 30th, 2017 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	169,337		169,337
Medium and long term loan	B.N.L. S.p.A.	Eur	2019	12,508		12,508
Medium and long term loan	Intesa SanPaolo S.p.A.	Eur	2019	24,985		24,985
Notes A-1	Intesa SanPaolo S.p.A.	Jpy	2017	77,955		610
Notes A-2	Société Européenne de Banque	Jpy	2021	1,764,270		13,810
Total financing						221,250
Other financial liabilities		Inr	n.a.	53,500		725
Total financing and other financial liabilities						221,975

The medium and long term bank pool loan is related to the financing agreement signed by TOD'S S.p.A. and Mediobanca/Crédit Agricole which has a variable interest rate equal to EURIBOR 3m + 80 basis points. Such loan was hedged with two derivative contracts (interest rate swaps - IRSs) for the same notional amount and duration (Note 10). The duration of such loan is 7 years from the signing date (July 2014) and it is refunded quarterly.

The medium and long term loans are related to two loan agreements signed in 2015 between the parent company TOD'S S.p.A. and 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. Interests rates are variables and equal to the EURIBOR 3m +0.42% and EURIBOR 3m +0.5% respectively.

The above mentioned loans 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 30th, 2017.

The financial liabilities indicated as Notes A-1 and A-2 represent two amortised, non-convertible fixed-rate (respectively 2.94% and 3.239%) bonds denominated in JPY, issued in 2006 by the subsidiary Holpaf B.V. to refinance the debt assumed for purchase of the land and construction of the building in Omotesando. The two bonds were fully subscribed by banks, and specifically by Intesa San Paolo (Notes A-1) and Société Européenne de Banque (Notes A-2).

The debt referred to at Notes A-1 and A-2 includes the residual debt for principal (Note A-1: 603 thousand euros, and Note A-2: 13,442 thousand euros) and the interest accrued for the period, 7 thousand euros and 162 thousand euros, respectively, and the effect of fair value measurement upon initial recognition, for 1 thousand euros and 206 thousand euros, respectively, which are measured at amortized cost.

Finally, to be thorough, it is highlighted that TOD'S S.p.A. entered in three loan agreements during 2016 of which details will be provided as follows:

- Crédit Agricole Corporate and Investment Bank and Cassa di Risparmio di Parma e Piacenza S.p.A. (Crédit Agricole Group), signed on January 27th, 2016, for a long term revolving credit facility (commitment period 3 years) for a maximum amount of 100 million euros. Interest rate is variable and equal to EURIBOR (1m, 3m or 6m depending on the period chosen once the facility will be used) + a variable margin, depending on the net financial indebtedness/EBITDA ratio, which goes from 60 basis points to a maximum of 80 basis points;
- ii) Unicredit S.p.A., signed on November 9th, 2016, for a long term revolving credit facility (commitment period 3 years) for a maximum amount of 100 million euros. Interest rate is variable and equal to EURIBOR (1m, 3m or 6m depending on the period chosen once the facility will be used) + 30 basis points;
- iii) B.N.L. S.p.A., signed on November 28th, 2016, for a long term revolving credit facility (commitment period 3 years) for a maximum amount of 100 million euros. Interest rate is variable and equal to EURIBOR (1m, 3m or 6m depending on the period chosen once the facility will be used) + 60 basis points.

At June 30th, 2017 no amount has been used in connection with the above mentioned credit facilities.

17. Transactions with related parties

The Group's related parties transactions were executed in compliance with the procedural sequence and implementing procedures set out in the Related Parties Transactions Procedure approved by the TOD'S S.p.A. Board of Directors in implementation of the Related Parties Regulation adopted by CONSOB with Resolution no. 17221 of March 12th, 2010, as subsequently amended. In accordance with market best practices, significant related party transactions are subject to an in-depth review involving, inter alia:

- (i) complete, prompt transmission of material information to the delegated Board of Directors committees (the Control and Risk Committee and the Independent Directors Committee, each within the ambit of their delegated responsibilities, where the majority or all members of these committees are independent directors), who in the performance of their functions also avail themselves of the assistance of independent experts;
- (ii) the issuance of an opinion (either binding or non-binding, as applicable) before approval of the transaction by the Board of Directors (or, if appropriate, by the body delegated to resolve on the transaction). All transactions – which are connected with the normal operations of TOD'S Group companies – were executed solely on behalf of the Group by applying contractual conditions consistent with those that can theoretically be obtained on an arm's length basis.

Transactions concluded during the period.

On June 29th, 2017, the strategic partnership in place with the company Italiantouch S.r.l., a company headed by Directors Diego Della Valle and Andrea Della Valle and controlled by the first, was renewed for another five years, with the aim of developing the Group's e-commerce channel. The agreement relates to the sale of products relating to all four Group trademarks through the partner's e-commerce platform and envisages the development of markets already launched under the scope of the previous agreement and the implementation of the channel in new geographic areas.

Moreover, in continuation of contractual relationship already existing in 2016, during the first half of 2017, 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 and the provision of advertising services.

i Commercial transactions with related parties – Revenue

euro 000's	Sales of Product	Rendering of services	Royalties	Operating lease	Other operations
June 30th, 2017					
Parent Company (*)	6,209			5	
Directors					
Other related parties					
Total	6,209	-	-	5	-
June 30th, 2016					
Parent Company (*)	4,989			5	
Directors					
Other related parties					
Total	4,989	-	-	5	-

ii Commercial transactions with related parties – Costs

euro 000's	Purchases of product	Rendering of services	Royalties	Operating lease	Other operations
June 30th, 2017					
Parent Company (*)	196	94		2,246	11
Directors					
Other related parties					
Total	196	94	-	2,246	11
June 30th, 2016					
Parent Company (*)	86	277		2,260	185
Directors					
Other related parties					
Total	86	277	-	2,260	185

(*) 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	06.30.17		06.30.16	
	Receivables	Payables	Receivables	Payables
Parent Company (*)	2,905	342	2,488	564
Directors				
Other related parties				
Total	2,905	342	2,488	564

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

The purchased 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, has been separately indicated in the face of the balance sheet in accordance with CONSOB resolution n. 15519 of July 27th, 2006. The remaining amounts of related party transactions indicated above have not been disclosed separately in the face of the financial statements because their amounts are not significant.

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

Compensation of Directors, Statutory Auditors and General Managers

Compensation of Directors and Executives with strategic responsibilities of TOD'S S.p.A. have been determined in accordance with the Compensation Policy adopted by TOD'S S.p.A. Board of Directors resolution at November 11th, 2011 as amended on November 12th, 2014 and, lastly, on November 11th, 2015. For the first half of 2017 (including compensation for the activities performed at subsidiaries) compensation amount to respectively 1.9 million euros and 0.7 million euros.

Compensation for Statutory Auditors of TOD'S S.p.A. at June 30th, 2017 amount to 0.2 million of euro.

Moreover on April 20th, 2016 the Shareholders' Meeting of TOD'S S.p.A. approved a *Phantom Stock Option Plan* in favor of the Managing Director Stefano Sincini, as long-term incentive benefit, consisting of a cash-settle payment, following the approval of the 2018 financial statements, to be determined on the TOD'S share price with *strike price* established to euro 121.4.

18. Significant non-recurring transactions and events

The Group did not carry out any significant non-recurring transactions in the first half of year 2017.

19. Significant events occurred after the reporting period

No significant events occurred after the end of the reporting period.

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

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

- the adequacy in terms of the company's characteristics and
 - effective application
- of administrative and accounting procedures for preparation of the 2017 Half Year condensed financial statements during the period January 1st, 2017 to June 30th, 2017.

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 19th 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 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 3rd, 2017

Chief Executive Officer
Stefano Sincini

*Manager responsible for drawing
up of the financial report*
Rodolfo Ubaldi