

TOD'S s.p.a.

2020 IAS/IFRS Half Year Financial Report

(Translation of the 2020 Half Year Financial Report approved
in Italian solely for the convenience of international readers)

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 , 2020	5
Key consolidated financial figures	6
Highlights of results	8
Interim Report on operations	9
Group's activity	10
Group's brands	11
Main events and operations during the period	12
Foreign currency markets	15
Group's results in HY 2020	15
Items or transactions resulting from unusual and/or exceptional transactions	24
Main risks and uncertainties	25
Business Outlook	25
Half-Year Condensed Financial Statements	27
Consolidated Income Statement	28
Consolidated Statement of Comprehensive Income	29
Consolidated Statement of Financial Position	30
Consolidated Statement of Cash Flows	32
Consolidated Statement of Changes in Equity	33
Explanatory notes	34
1. General notes	35
2. Basis of preparation	35
3. Accounting standards	36
4. Seasonal or cyclical nature of interim transactions	40
5. Alternative indicators of performances	40
6. Scope of consolidation	41
7. Segment reporting	43
8. Management of financial risks	45
9. Impacts of the pandemic caused by COVID-19	50
10. Comments on the main income statement figures	51
11. IFRS 16	53
12. Intangible and Tangible fixed assets	54
13. Impairment losses	55
14. Deferred tax assets and liabilities	58
15. Inventories	59
16. Trade receivables	59
17. Equity	59
18. Provisions for risks and charges	60
19. Net Financial Indebtedness	60
20. Earnings per share	62
21. Transactions with related parties	63
22. Significant non-recurring transactions and events	65
23. Significant events occurred after the reporting period	65
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	66

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: 01113570442 on Company Register of Chamber of Commerce of Marche
Registered with the Chamber of Commerce of Marche under n. 114030 R.E.A.

Offices and Showrooms

Munich – Domagkstrasse, 1/b, 2
Hong Kong – 35/F Lee Garden One, 33 Hysan Avenue, Causeway Bay
London – Wilder Walk, 1
Milan - Corso Venezia, 30
Milan - Via Savona, 56
Milan - Via Serbelloni, 1-4
New York - 450, West 15th Street
Paris – Rue de Faubourg Saint-Honore, 29
Paris – Rue du Général FOY, 22
Paris – Rue Royale, 25
Seoul – 11/F Pax Tower 609, Eonju-ro, Gangnam-gu
Shanghai - 1717 Nanjing West Road, Wheelock Square 45/F
Tokyo – 1-5-8 Jingumae Shibuya Ku

Group's Headquarter and main production site

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

Other production facilities

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

Corporate Governance bodies

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

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

(2) Term of the office: 2019-2021 (resolution of the Shareholders' meeting as of April 18th, 2019)

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

TOD'S Group

TOD'S S.p.A.

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

TOD'S International B.V.

Sub-holding for operation of international subsidiaries and DOS in The Netherlands

An.Del. Usa Inc.

Sub-holding for operation of subsidiaries in the United States

Del.Pav S.r.l.

Company that operates DOS in Italy

Filangieri 29 S.r.l.

Company that operates DOS in Italy

Gen.del. SA

Company that operates DOS in Switzerland

TOD'S Belgique S.p.r.l.

Company that operates DOS in Belgium

TOD'S Deutschland GmbH

Company that distributes and promotes products in Germany and manages DOS in Germany

TOD'S Espana SL

Company that operates DOS in Spain

TOD'S France Sas

Company that operates DOS in France

TOD'S Japan KK

Company that operates DOS in Japan

TOD'S Macau Lda

Company that operates DOS in Macao

TOD'S Hong Kong Ltd

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

TOD'S Korea Inc.

Company that distributes and promotes products in Korea and operates DOS in Korea

TOD'S Retail India Private Ltd

Company that operates DOS in India

TOD'S (Shanghai) Trading Co. Ltd

Company that distributes and promotes products in China and operates DOS in China

TOD'S Singapore Pte Ltd

Company that operates DOS in Singapore

TOD'S UK Ltd

Company that operates DOS in Great Britain

Webcover Ltd

Company that operates DOS in Great Britain

Cal.Del. Usa Inc.

Company that operates DOS in California (USA)

Deva Inc.

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

Flor. Del. Usa Inc.

Company that operates DOS in Florida (USA)

Hono. Del. Inc.

Company that operates DOS in Hawaii (USA)

Il. Del. Usa Inc.

Company that operates DOS in Illinois (USA)

Neva. Del. Inc.

Company that operates DOS in Nevada (USA)

Or. Del. Usa Inc.

Company that operates DOS in California (USA)

TOD'S Tex. Del. Usa Inc.

Company that operates DOS in Texas (USA)

Alban.Del Sh.p.k.

Production company

Un.Del. Kft

Production company

Re.Se.Del. S.r.l.

Company for services

Roger Vivier S.p.A.

Owner of ROGER VIVIER brand and Sub-holding for operation of international subsidiaries and DOS in Italy

Roger Vivier Hong Kong Ltd

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

Roger Vivier Singapore Pte Ltd

Company that operates DOS in Singapore

Roger Vivier (Shanghai) Trading Co. Ltd

Company that operates in China

Roger Vivier UK Ltd

Company that operates DOS in Great Britain

TOD'S Georgia Inc.

Company that operates DOS in Georgia (USA)

Roger Vivier France Sas

Company that operates DOS in France

Roger Vivier Korea Inc.

Company that operates DOS in Korea and that distributes and promotes products in Korea

Roger Vivier Switzerland S.A.

Company that operates DOS in Switzerland

Roger Vivier Macau Ltd

Company that operates DOS in Macao

Roger Vivier Japan KK

Company that operates DOS in Japan

TOD'S Austria GMBH

Company that operates DOS in Austria

TOD'S Washington Inc.

Company that operates DOS in Washington (USA)

Ala Del Inc.

Company that operates DOS in Delaware (USA)

TOD'S Massachussets Inc.

Company that operates DOS in Massachussets (USA)

Roger Vivier Paris Sas

Company that operates DOS in France

Buena Ltd.

Company that provides services in Great Britain

Roger Vivier Deutschland GmbH

Company that operates DOS in Germany

Roger Vivier Espana SL

Company that operates DOS in Spain

Roger Vivier Australia PTY Ltd

Company that operates DOS in Australia

TOD'S Australia PTY Ltd

Company that operates DOS in Australia

Roger Vivier Canada Ltd

Company that operates DOS in Canada

Italiantouch USA Inc.

Company that manages on line sales in the USA market.

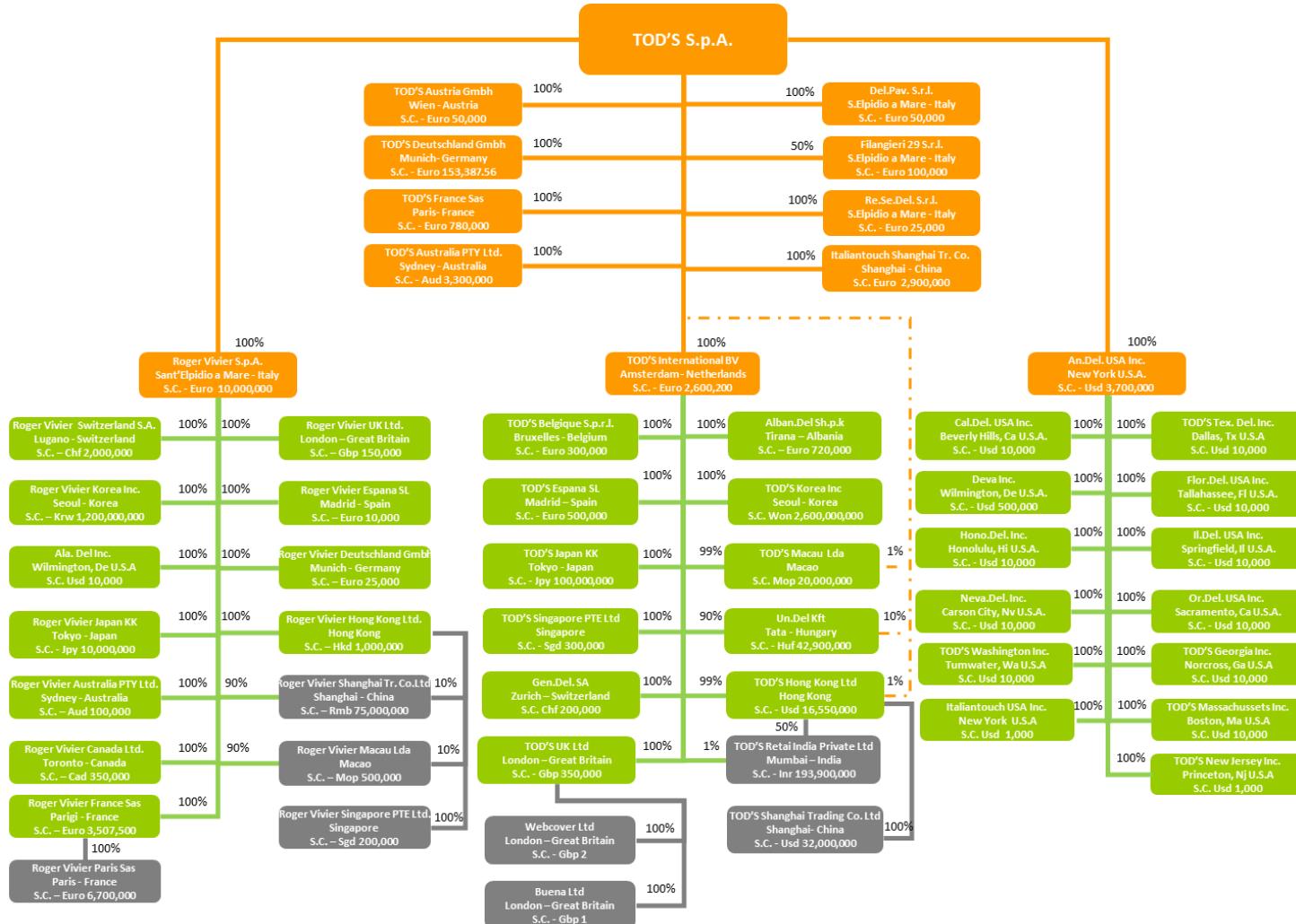
Italiantouch Shanghai Trading Co. Ltd

Company under wind up procedure

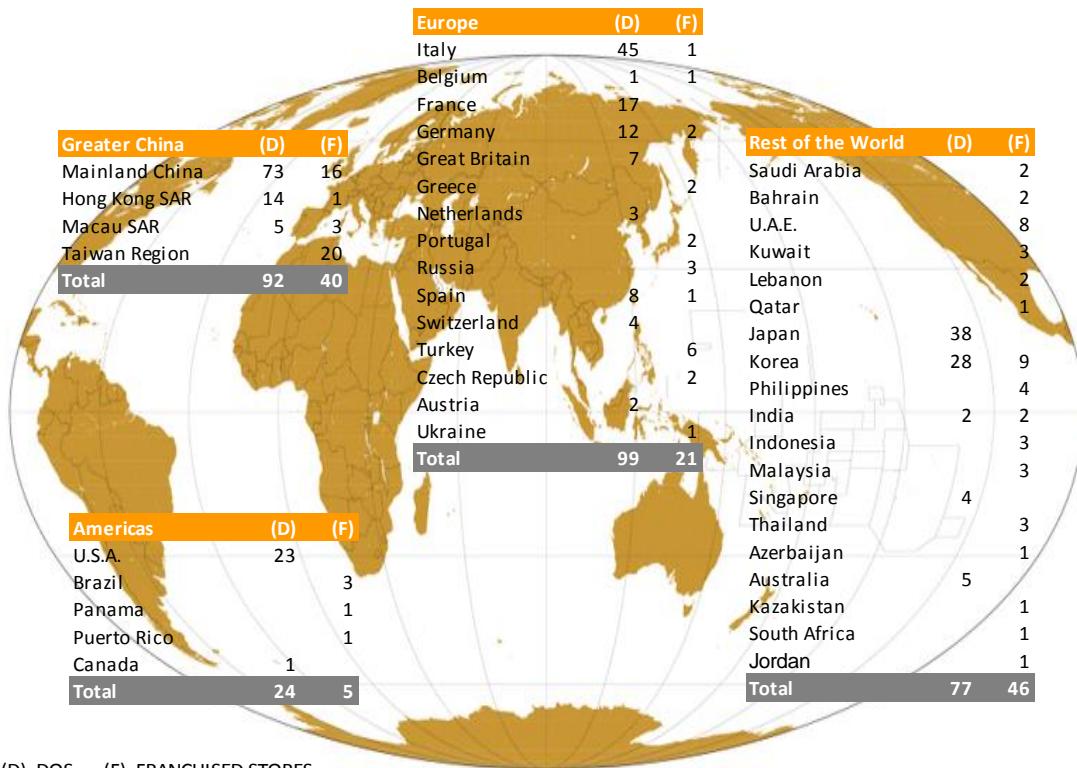
TOD'S New Jersey Inc.

Non-operating company

Group's organizational chart



Distribution network as of June 30th, 2020



(D)=DOS (F)=FRANCHISED STORES

DOS, 2020 new openings

Greater China	
Chengdu	(China)
Shanghai	(China)
Shanghai	(China)
Kunming	(China)
Changchun	(China)

Rest of the World

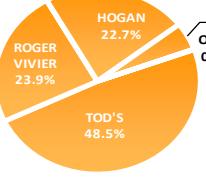
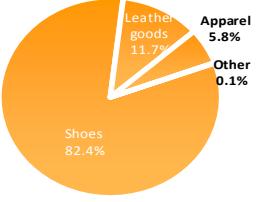
Seoul	(South Korea)
Seoul	(South Korea)
Tokyo	(Japan)
Osaka	(Japan)
Kyoto	(Japan)

Franchised stores, 2020 new openings

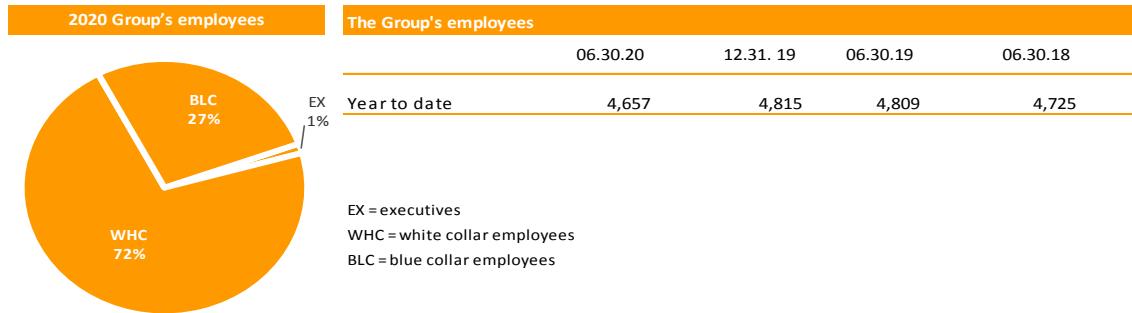
Rest of the World	
Manila	(Philippines)
Greater China	
Taoyuan	(Taiwan Region)

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 (*)

2020 Revenues - % by brand		P&L key figures (euro mn)			
		Revenues	256.9	454.6	
		EBITDA	(17.7)	-6.9%	80.4 17.7%
		EBIT	(94.1)	-36.6%	5.8 1.3%
		Profit before tax	(106.1)	-41.3%	(6.0) -1.3%
		Profit for the period	(81.0)	-31.5%	(6.0) -1.3%
		ADJUSTED EBITDA	12.3	4.8%	80.4 17.7%
		ADJUSTED EBIT	(64.1)	-25.0%	5.8 1.3%
2020 Revenues - % by region		Main Balance Sheet indicators (euro mn)			
			06.30.20	12.31.19	06.30.19
		Net working capital (**)	367.8	344.6	338.3
		Intangible and tangible fixed assets	734.5	741.1	797.0
		Shareholders' equity	1,001.7	1,080.5	1,027.8
		Net financial indebtedness/(surplus)	580.4	451.2	509.3
		Capital expenditures	14.9	47.3	22.4
<small>(**) Trade receivable + inventories - trade payables</small>					
2020 Revenues - % by product		Financial key indicators (euro mn)			
			H1 2020	FY 2019	H1 2019
		Operating cash flow	(66.8)	115.4	89.5
		Net operating cash flow	(93.2)	98.5	82.7
		Cash flow generated/(used)	331.6	(12.7)	(4.2)

(*) The Group's operating results for the first half of 2020 include an extraordinary write-down of inventories for 30 million euros made following the effects of the COVID-19 pandemic; as described in detail below, the "adjusted EBITDA" and "adjusted EBIT" indicators do not include this extraordinary write-down of inventories, in order to provide a better understanding of the Group's performance recorded in the period.



Main stock Market indicators (euro)	
Official price at 01.02.2020	42.00
Official price at 06.30.2020	26.38
Minimum price	22.30
Maximum price	42.00
Market capitalization at 01.02.2020	1,389,928,638
Market capitalization at 06.30.2020	873,007,559
Dividend per share 2018	1.00
Number of outstanding shares at 06.30.20	33,093,539



Highlights of results

Revenues: revenues totalled 256.9 million euros during the period significantly impacted by the COVID-19 pandemic (positive for 0.4 million euros the effect of foreign exchange rates). Sales by the retail channel totalled 185.1 million euros.

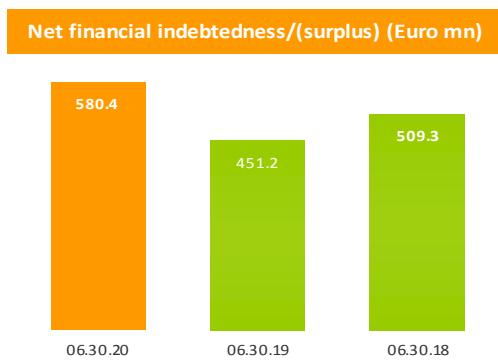
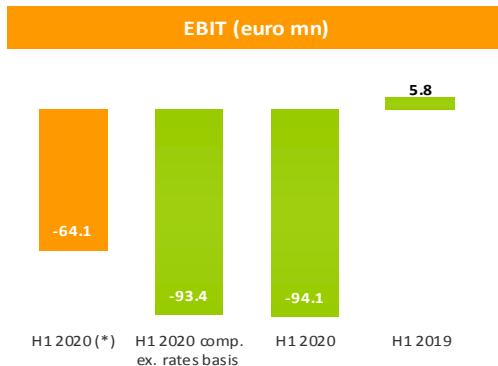
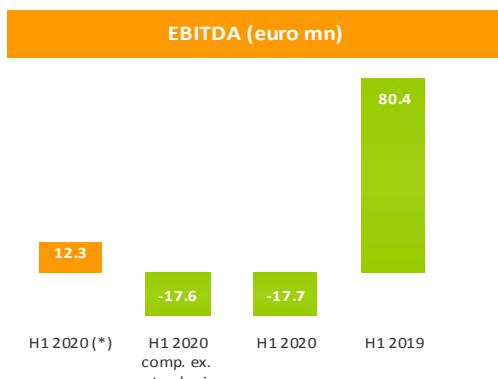
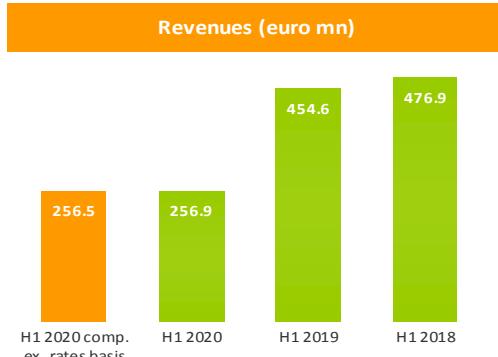
EBITDA: gross operating profit is negative for 17.7 million euros (80.4 million euros was the EBITDA at June 30th, 2019). Positive for 12.3 million euros the adjusted EBITDA for the period.

EBIT: net operating profit is negative for 94.1 million euros (positive for 5.8 million euros was the EBIT at June 30th, 2019). Negative for 64.1 million euros the adjusted EBIT for the period.

Net financial indebtedness (NFI): the NFI is 580.4 million euros at June 30th, 2020 (at June 30th, 2019 it was 509.3 million euros). Excluding lease liabilities the NFI would be 157.9 million euros (at June 30th, 2019 it was 92.4 million euros). Net liquid assets are 492.2 million euros (they were 169.1 million euros at June 30th, 2019).

Capital expenditures: 14.9 million euros capital expenditures for tangible and intangible fixed assets were made in H1 2020, while in H1 2019 they amounted to 22.4 million euros.

Distribution network: at June 30th, 2020 the mono brand distribution network comprised 292 DOS and 112 Franchised stores.



(*) Adjusted data

TOD'S Group

Interim report on operations

Group

Group's activity

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

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

Production structure The Group's production structure is based on complete control of the production process, from creation of the collections to production and then distribution of the products. This approach is considered key to assuring the prestige of its brands.

Shoes and leather goods are produced in Group-owned plants, with partial outsourcing to specialized workshops. All of these outsourcers are located in areas with a strong tradition of shoe and leather good production. This preference reflects the fact that an extremely high standard of professional quality is required to make these items, with a significantly high level of added value contributed to the final product by manual work.

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

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

Group's brands



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



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



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



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

Main events and operations during the period

COVID-19 pandemic

At the end of 2019 a new coronavirus, named as Sars-CoV-2, was identified at Wuhan, China. From China, the virus, which generated a pathology known as COVID-19, spread first to South Korea, to some countries in Europe, including Italy, to the United States and then to the rest of the world, leading to the World Health Organisation declaring a state of pandemic on 11 March 2020 as a result of the speed and extent of contagion all over the world.

The pandemic is still in progress at present, and, on the basis of the data supplied by the World Health Organisation, there have now been 25 million cases of infection in the world and over 800,000 registered deaths. There were already 13 million cases of contagion at June 30th. These

events progressively induced governments in the various countries concerned to take rigorous containment and social distancing measures during the first half of the year, including the temporary closure of all non-essential commercial and productive activities in order to curb the epidemic and protect their populations. The steps various governments took entailed, among other measures, forbidding and/or limiting movement and the circulation of persons and goods, with an exceptionally adverse impact also on tourist flows all over the world.

This exceptional scenario inevitably had serious consequences on the Group's operations, both in terms of the performance of its operating results and cash flows in the first half-year, strongly affected by the restrictions mentioned above, and in terms of the dissipation of resources and energy which were immediately directed to responding to the epidemiological emergency.

TOD'S S.p.A. promptly formed a special management Committee as soon as the first news of the spread of COVID-19 emerged in order to ensure that all the aspects arising from the rapidly evolving pandemic were dealt with, flanked by an operational task force devoted to handling the more practical issues. Thus, for example, the Group at once put exceptional measures in place to protect the health and safety of its employees and collaborators as far as possible, introducing protocols for distancing and hygiene at nearly all its offices and locations, encouraging people to work from home as much as possible, providing preventive medical devices and equipment to its employees and seeing that the Group's offices and stores were sanitised. As a precaution, even the Group's factories were closed before the lockdown started in Italy; they were reopened as quickly as possible after anti-infection measures had been laid down in order to ensure that production processes could be carried out safely while not undermining productivity.

The swift spread of the pandemic all over the world led to the progressive closure of most of the Group's DOSs, with consequent effects on the results of operations and financial performance for the half-year; the high point of the lockdown period was in particular during April and May, when more than half the DOSs in the Group's retail network were temporarily closed, some only reopening gradually and partially from the middle of May onwards. During this period, stores operated by third parties (wholesale channel) also suffered the restrictions imposed by various governments in the various countries concerned, thus also having a substantial impact on the performance of this channel.

The Group, however, took various timely steps to limit the serious impact of the pandemic. Specifically, it adopted many measures to monitor operating costs, such as reducing or postponing certain communication costs, renegotiating rents with its main landlords to adjust payments to the current situation, using, where possible, financial aid offered by the local governments following the COVID-19 emergency, accepting voluntary offers of pay reductions from members of the Executive Committee and top managers and cutting other costs that it considered could be deferred in the light of the present situation.

Great care was also taken to keep the physiological rise in working capital down through prudent management of flows of products put on the market, as the commercial restrictions in all the countries involved in the pandemic had to be necessarily taken into account, and to handle relations with wholesale customers flexibly and with particular caution, while taking account of any possible critical situation.

In this scenario, some previously scheduled business development projects were deferred, giving priority only to those necessary for the enhancement and protection of the Group's brands and, given the present situation, preferring to safeguard and protect the Group's operating results and financial position, inevitably affected by the scenario described above.

For the very purposes of providing the financial backing for the action necessary to overcome the present circumstances, as extraordinary as they are uncertain and complex, and of implementing strategies to kick-start business quickly when the situation returns to normal, the parent company, TOD'S S.p.A., applied for and obtained, between the end of March and the beginning of April 2020, a total amount of Euro 450 million in available revolving credit facilities, previously entirely unused, which will expire between the end of 2021 and the beginning of 2022 and, subsequently, additional loans of a smaller amount, totalling Euro 57 million, mainly expiring at the end of 2021. Although a large part of the liquidity obtained was still in the Company's hands as of June 30th, 2020, considering the uncertainties of the present continually changing scenario and in conformity to the Group's prudent approach, negotiations have started with banks to consolidate its medium- to long-term borrowing.

Also as a consequence of the COVID-19 epidemiological emergency, the Board of Directors' meeting of TOD'S S.p.A. held on March 30th, 2020 proposed to the Shareholders' Meeting that no dividends be paid out in allocating the profit for the 2019 financial year in order to support the solidity of the Group's financial position and cash flows and limit the future impacts of the pandemic on its results of operations and financial position.

Other events and transactions for the period

In spite of the extremely difficult context, as we have already mentioned, investments necessary to enhance brand visibility and product desirability continued to be made.

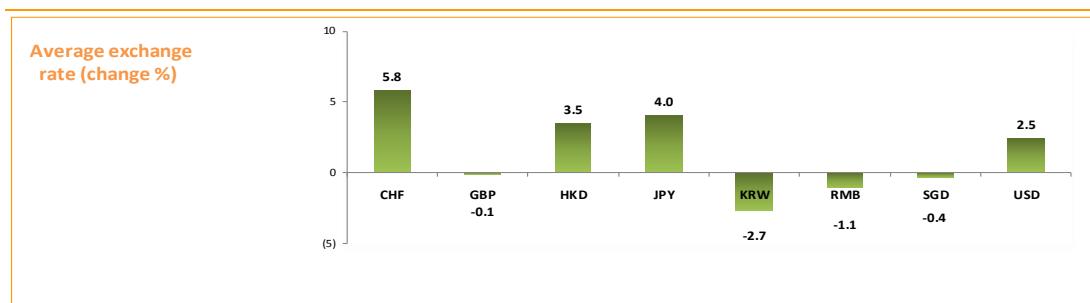
We mention, in this area, the third chapter in the T-Factory project, a workshop in which special collaborations take shape between the TOD'S brand and creative talents selected from all over the world. *Mame Kurogouchi for TOD'S* is a capsule collection created together with designer Mame Kurogouchi, a rising star in Japanese fashion chosen for her talent and for her passion for traditional Japanese craftsmanship. It is, indeed, a shared interest in craftsmanship that was the basis for the project and the outcome has been revealed to be a sophisticated wardrobe of essential garments and accessories marked by timeless elegance and style and a quest for absolute quality.

Furthermore, as regards promotion of the TOD'S brand, the first collection of Walter Chiapponi, the new creative director, was presented in February 2020. It was greatly admired in the sector and is preparing to make its debut in the brand's boutiques, even if it will have to face the great difficulties arising from the present situation.

Also on the topic of business operations, a further step was taken in the development of the digital channel with the Group's launching of online business in Japan starting from February. This further advance is another stage in enhancing the potential of a channel that is growing at a considerable rate and which, especially in present circumstances, is sure to become increasingly important for business in the sector and for the growth of the Group's own business.

Foreign currency markets

The average exchange rate trends of the first six months of 2020, compared to the same period of 2019, see a general devaluation of the Community currency compared to the main currencies with which the Group operates. The weakness of the euro was mainly influenced by the expansive monetary policy implemented by the European Central Bank, driven, above all, by the deterioration of the economy in Europe due to the COVID-19 pandemic. The climate of uncertainty, particularly exacerbated by the abovementioned pandemic, also feeds the volatility of exchange rates, contributing to the general weakness of the euro.



Group's results in HY 2020

Premise

The Group's key income statement and balance sheet indicators for the first half of 2020 were, as mentioned above, significantly impacted by the measures taken at a global level to mitigate the effects of the spread of the pandemic on the public health. The significant fall in the Group's results of operations recorded during the first half of 2020 was substantially due to the lockdown measures and restrictions imposed by the various governments worldwide. The impact of these

measures was much more pronounced in the second quarter of 2020 when the lockdown, which had mainly marked the Greater China area in the first quarter, was applied substantially everywhere at a global level.

Again with reference to the income statement and balance sheet indicators, it should be noted that the operating results for the period ended June 30th, 2020 (EBITDA and EBIT) include a non-recurring write-down of inventories for Euro 30 million that the Group has made for prudential purposes against the anomalous increase in inventories at June 30th, 2020, again as a result of the effects of the pandemic.

In order to provide a better understanding of the performance recorded by the Group in the first half of 2020, the "adjusted EBITDA" and "adjusted EBIT" indicators have been adopted which do not include the non-recurring write-down of inventories for 30 million euros.

Results for the period

The Group's consolidated sales amounted to 256.9 million euros in the first half of 2020, showing a decline of 43.5% compared to the first half of 2019. The effect arising from a change in average exchange rates was not particularly significant; on a comparable cross rate basis, revenues would amount to 256.5 million euros, showing a decrease of 43.6% compared to the first half of 2019. The reduction in consolidated sales was attributable, as mentioned above, to the aforesaid restrictions put in place to cope with the spread of the COVID-19 pandemic.

Consequently, both EBITDA and EBIT are negative for 17.7 million euros and 94.1 million euros, respectively. The trends in the exchange rates for the period had an impact that was not significant on the Group's EBITDA and EBIT, which would be negative for 17.6 million euros and 93.4 million euros, respectively, on a comparable cross rate basis.

Without considering the effects of the non-recurring write-down of inventories made for 30 million euros, adjusted EBITDA would be positive for 12.3 million euros, while adjusted EBIT would be negative for 64.1 million euros.

FY 19	euro 000's	Main economic indicators	H1 2020	H1 2019	Change	%
915,983	Sales Revenues		256,913	454,606	(197,693)	(43.5)
255,396	EBITDA		(17,726)	80,408	(98,133)	(122.0)
(154,336)	Deprec., amort., write-downs and advances		(76,418)	(74,585)	(1,833)	2.5
101,060	EBIT		(94,143)	5,823	(99,966)	(1,716.8)
76,971	Profit before taxes		(106,076)	(5,974)	(100,102)	1,675.6
45,659	Profit for the period		(80,966)	(6,026)	(74,940)	1,243.6
	Foreign exchange impact on revenues		(443)			
	Sales Revenues at constant exchange rates		256,470	454,606	(198,136)	(43.6)
	Foreign exchange impact on operating costs		579			
	EBITDA at constant exchange rates		(17,590)	80,408	(97,998)	(121.9)
	Foreign exchange impact on deprec.& amort.		636			
	EBIT at constant exchange rates		(93,372)	5,823	(99,195)	(1,703.6)
	EBITDA %		(6.9)	17.7		
	EBIT %		(36.6)	1.3		
	EBITDA % at constant exchange rates		(6.8)	17.7		
	EBIT % at constant exchange rates		(36.3)	1.3		
	Tax Rate %		23.7	0.9		
<hr/>						
euro 000's						
Main economic indicators adjusted			H1 2020	H1 2019	Change	%
Adjusted EBITDA			12,274	80,408	(68,133)	(84.7)
Adjusted EBIT			(64,143)	5,823	(69,966)	(1,201.6)
Adjusted EBITDA at constant exchange rates			12,410	80,408	(67,998)	(84.6)
Adjusted EBIT at constant exchange rates			(63,372)	5,823	(69,195)	(1,188.3)
Adjusted EBITDA %			4.8	17.7		
Adjusted EBIT %			(25.0)	1.3		
Adjusted EBITDA % at constant exchange rates			4.8	17.7		
Adjusted EBIT % at constant exchange rates			(24.7)	1.3		

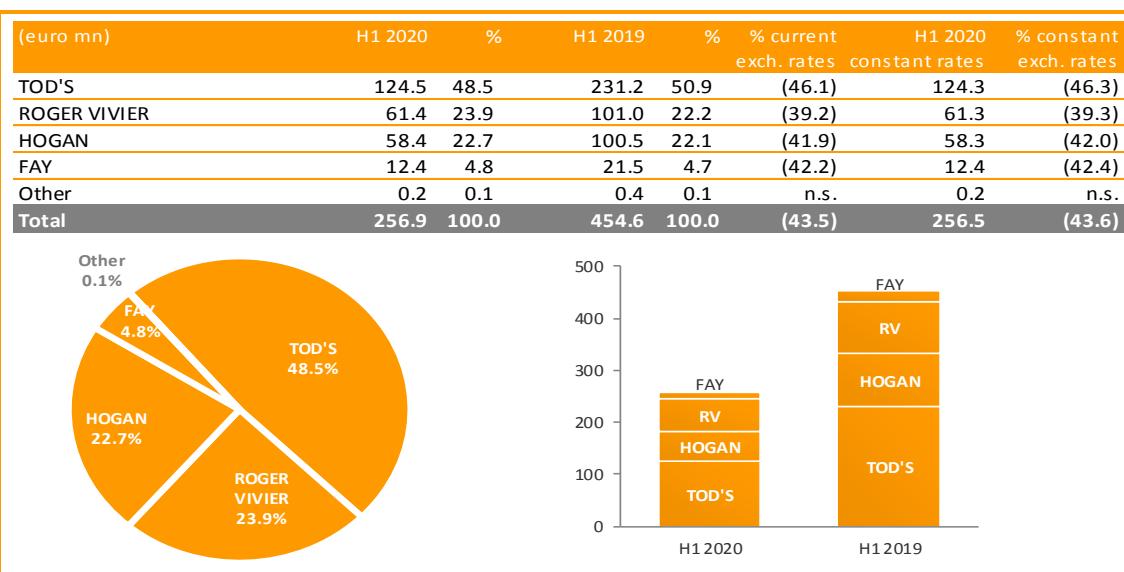
06.30.19	euro 000's	Main Balance Sheet Indicators	06.30.20	12.31.19	Change
338,305	Net working capital (*)		367,800	344,610	23,190
434,086	Right of use assets		424,169	446,126	(21,957)
797,024	Intangible and tangible fixed assets		734,502	741,141	(6,639)
(32,284)	Other current assets/liabilities		55,657	(168)	55,824
	Net assets held for sale				
1,537,131	Invested capital (A)		1,582,128	1,531,710	50,418
509,300	Net financial indebtedness/(surplus) (B)		580,391	451,162	129,229
1,027,831	Shareholders' equity (A) - (B)		1,001,736	1,080,548	(78,812)
22,435	Capital expenditures (**)		14,938	47,305	(32,367)
82,654	Net cash flows from operating activities		(93,226)	98,537	(191,763)
(4,224)	Cash flow generated/(used)		331,626	(12,736)	344,362

(*) Trade receivable + inventories - trade payables

(**) Right of use assets are not included

Revenue During the first half of 2020, the TOD'S Group's consolidated sales amounted to 256.9 million euros, against revenues of 454.6 million euros in the first half of 2019. The reduction was attributable to the effects of the Coronavirus pandemic as already commented above. The trend in exchange rates has not had any significant impact on the Group's turnover.

Revenues from TOD'S brand sales totalled 124.5 million euros in the first half of the year, compared to 231.2 million euros at June 30th, 2019. It should be noted that there was a good recovery in brand sales after the end of the lockdown period. Revenues from HOGAN brand amounted to 58.4 million euros at June 30th, 2020 compared to 100.5 million euros at June 30th, 2019. The reduction in revenues was more significant in the domestic and European markets where the brand is more widely distributed.

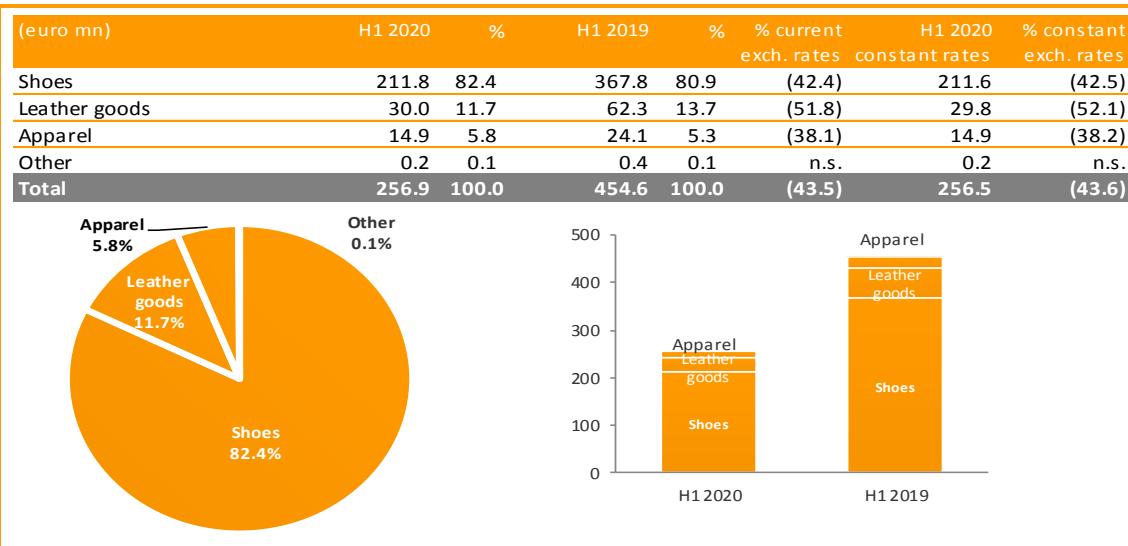


Revenues from ROGER VIVIER brand sales amounted to 61.4 million euros, compared to 101 million euros at June 30th, 2019. It should be noted that the brand recorded a good performance in the second quarter of 2020 despite the difficult context.

Finally, revenues from FAY brand sales totalled 12.4 million euros against 21.5 million euros at June 30th, 2019.

Revenues from sales of shoes amounted to 211.8 million euros in the first half of 2020 compared to 367.8 million euros at June 30th, 2019. A good performance was reported in the mainland China market in the second quarter of 2020, which saw an increase in sales.

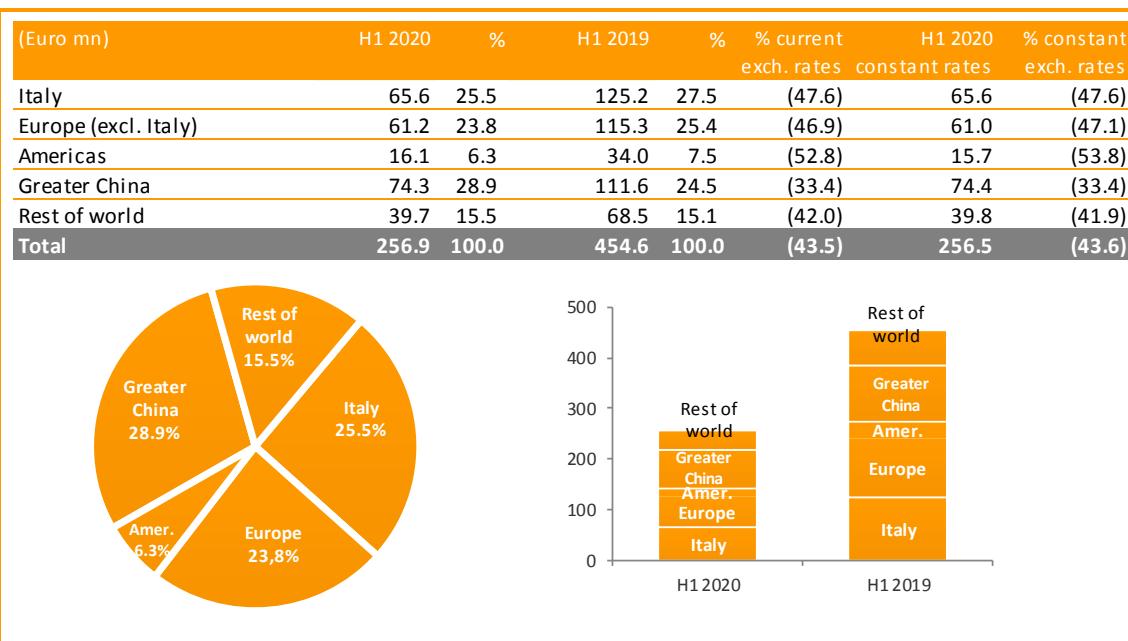
Revenues from sales of leather goods and accessories totalled 30 million euros compared to 62.3 million euros at June 30th, 2019.



Finally, revenues from sales of apparel amounted to 14.9 million euros compared to 24.1 million euros at June 30th, 2019; the performance substantially reflects that reported by the FAY brand.

In the first half of 2020 revenues in Italy amounted to 65.6 million euros compared to 125.2 million euros at June 30th, 2019.

In the rest of Europe the Group's revenues totalled 61.3 million euros compared to 115.3 million euros at June 30th, 2019.

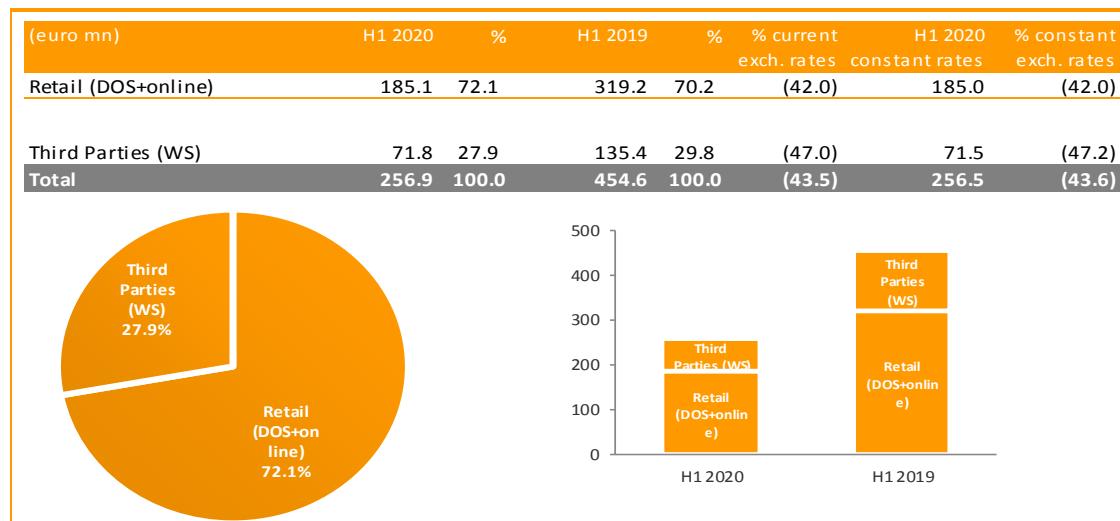


The Group's sales in Greater China are 74.3 million euros while they were 111.6 million euros at June 30th, 2019.

In the area "Rest of the World" the Group's revenues are 39.7 million euros while they were 68.5 million euros at June 30th, 2019.

In the Americas the Group's revenues are 16.1 million euros while they were 34 million euros at June 30th, 2019.

In the first half 2020 revenues of the direct distribution channel are 185.1 million euros while they were 319.2 million euros at June 30th, 2019. Very good results have been achieved by the e-commerce channel, especially during the second quarter of 2020.



As of June 30th, 2020 the Group's distribution network was composed by 292 DOS and 112 franchised stores, compared to 288 DOS and 114 franchised stores as of June 30th, 2019.

Revenues to third parties are 71.8 million euros while 135.4 million euros at June 30th, 2019.

Operating results.

Although profitability at gross margin level has not been particularly affected by the changed scenario, the percentage on sales, net of write-downs for the period, being only slightly lower, the effect on operating results of the reduction in turnover that has been mentioned was considerable. The gross operating result (EBITDA) for the period, however, was affected, as we have already said, from a non-recurring, prudential write-down of stocks, totalling 30 million euros, carried out in order to take into account the surplus inventories generated by the pandemic, which it will be arduous to dispose of through the usual channels.

The exceptional event of the pandemic, therefore, led to the need to take a number of steps to keep down and save operating costs in order to limit the serious impact on the results of operations from the restrictions imposed by various governments. Particular attention was paid to communication costs, which were optimised and reorganised to respond to the changed scenario, mainly by making use of the digital channel and substantially reducing the more traditional communication activities and those performed in stores and/or other sales locations.

As at June 30th, 2020 costs for leases and rentals came to 19.3 million euros compared to 28 million euros at June 30th, 2019. The reduction was mainly due to the leases entered into for variable fees depending on sales, as well as to efficiency improvement actions taken on some short-term contracts.

Operating costs for the period also benefit, for an amount of 10.6 million euros, from the concessions granted in response to the large efforts made in renegotiating lease rents after the prolonged periods of closure suffered by directly operated stores.

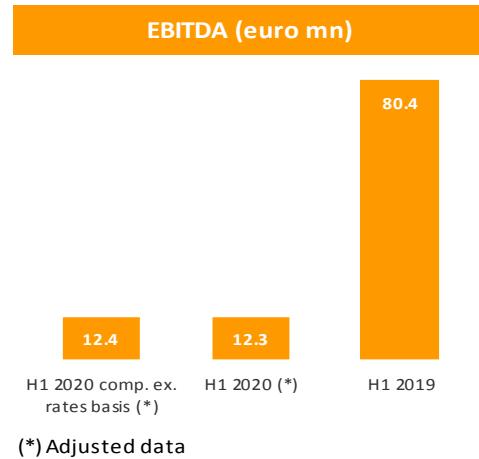
The Group's employee pay costs fell from 107.4 million euros in the first half of 2019 to 93.3 million euros at June 30th, 2020, mainly as a result of measures put in place by the governments of the countries struck by the pandemic to support jobs, the economy and businesses during the lockdown period. The Group applied to benefit from this form of assistance where circumstances permitted, in most cases supplementing government grants in order to maintain its employees' pay levels. In spite of these factors, the ratio to sales rose from 23.6% in the first half of 2019 to 36.3% in the first six months of 2020; this was partly the effect of the extra amounts the Group decided to give furloughed employees, but mainly as a result of a significant decrease in revenues. At June 30th, 2020, the Group's workforce included 4,657 employees, down by 158 and 152, respectively, compared to December 31st, and June 30th, 2019.

Among the action taken to keep operating costs down we mention the voluntary offer by the Chairman and the Vice-Chairman to waive the emoluments that it had been decided to pay them for the 2020 financial year; the Board of Directors approved the offer, setting its previous resolution aside.

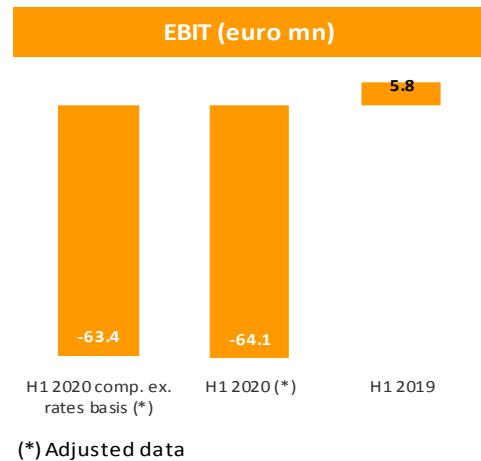
As regards costs for services, in addition to the reduction in communication costs that has already been mentioned, savings were also made in other areas by deferring a number of projects or supporting activities to the following financial year that were deemed not to have priority in the present circumstances.

As a result of these performances, Adjusted EBITDA for the first half of 2020 posted a profit of 12.3 million euros, accounting for 4.8% of consolidated sales. The reported EBITDA is negative for 17.7 million euros (against a positive amount of 80.4 million euros in the first half of 2019). The effect of the change in exchange rates was substantially not significant: while using the average cross rates of the first half of 2019, EBITDA would be confirmed at -17.6 million euros.

The amortisation and depreciation of fixed assets are 75.4 million euros (73.2 million euros in H1 2019) and they include depreciation of right of use (IFRS 16) for 54.7 million euros (51.1 million euros at June 30th, 2019). The ratio on revenue is 29.4% at June 30th, 2020 while it was 16.1% at June 30th, 2019.



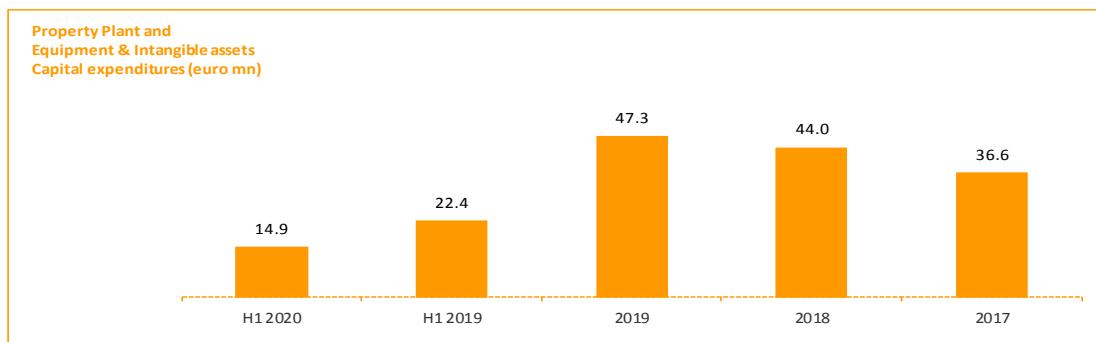
Net of additional operating provisions of 1 million euros, adjusted EBIT in H1 2020 is negative for 64.1 million euros. Reported EBIT for the first half 2020 is negative for 94.1 million euros (5.8 million euros at June 30th, 2019).



Financial income and expenses posted a negative value of 11.9 million euros, substantially in line with the data of 30 June of the previous period, when it was 11.8 million euros. The balance include also both financial interests on long term loans for 1.1 million euros and financial charges on lease liabilities for 7.2 million euros.

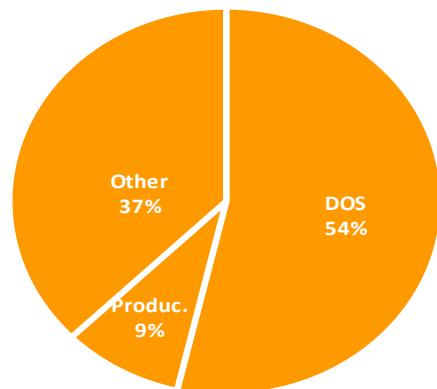
At June 30th, 2020, the result for the period, net of income and deferred taxes, is negative and equal to 81 million euros, while in the first half of 2019 it was negative for 6 million euros.

Capital expenditures of intangible and tangible fixed assets. Capital expenditure in H1 2020 totalled 14.9 million euros, decreased in respect of the first half 2019 while they were 22.4 million euros.



Capital expenditures during the period for the DOS network totalled about 8 million euro (13,7 million euros in the first half 2019), primarily used for new DOS fitting out, among which it is highlighted for strategic importance the new flagship store TOD'S in Tokyo inaugurated in the prestigious neighborhood of Ginza. The remaining investment quota in the period regarded not only the normal processes of modernising the structures and industrial equipment (mainly lasts and moulds), but also the development of the digital channel, further to the company management software.

Investments by allocation



Net financial indebtedness (NFI). At June 30th, 2020 net financial indebtedness was 580.4 million euros (451.2 million euros at December 31st, 2019) and it includes lease liabilities related to the application of IFRS 16 for 422.5 million euros (439.1 million euros at December 31st, 2019); net of the latter, the NFI would have been 157.9 million euros (12.1 million euros at December 31st, 2019). The increase in net financial debt was mainly attributable to the cash absorption incurred as a result of the aforementioned pandemic. The medium and long term debt showed an increase, compared to December 31st, 2019, mainly due to the prudential drawdown of available revolving credit lines for a total of 450 million euros, which was carried out in March and April 2020. It should be noted that all the liquidity obtained following the aforesaid drawdowns is still available to the Group. Cash and cash equivalents at June 30th, 2020 (cash and bank deposits) amounted in fact to 509.5 million euros.

Nevertheless, in view of the pandemic's impacts on its operating results and cash flows, the Group has obtained all its lenders' consent not to apply the obligation to calculate financial

covenants, where required in current agreements, throughout the whole of 2020 and, where applicable six-monthly, until June 30th, 2021.

euro 000's		06.30.20	12.31.19	Change
06.30.19	Net financial indebtedness			
	Current financial assets			
188,546	Cash and cash equivalents	509,461	184,072	325,389
188,546	Cash (A)	509,461	184,072	325,389
	Current financial liabilities			
19,426	Current account overdraft	17,226	23,463	(6,237)
132,773	Current share of medium-long term financing	116,861	88,668	28,194
92,786	Current lease liabilities	91,653	94,879	(3,226)
244,985	Current financial liabilities (B)	225,741	207,009	18,732
56,438	Current net financial indebtedness/(Surplus) (C) = (B) - (A)	(283,720)	22,937	(306,658)
	Non-current financial liabilities			
128,778	Medium-long term financing	533,285	84,023	449,262
324,083	Non-current lease liabilities	330,826	344,201	(13,375)
452,862	Non-current financial indebtedness (D)	864,112	428,225	435,887
509,300	Net financial indebtedness/(surplus) (C) + (D)	580,391	451,162	129,229

euro 000's		H1 2020	H1 2019
Statement of cash flows			
Net Cash and cash equivalents at the beginning of the period		160,609	173,344
Cash flows from operating activities		(66,812)	89,513
Interests and taxes collected/(paid)		(26,413)	(6,858)
Net cash flows from operating activities		(93,226)	82,654
Cash flow generated (used) in investing activities		(14,603)	(21,858)
Cash flow generated (used) in financing activities		438,886	(64,826)
Translation differences		569	(194)
Net Cash and cash equivalents at the end of the period		492,235	169,120

The cash flow from operating activities for the period inevitably absorbed liquidity, following the significant effects of the pandemic. However, the cost efficiency and containment measures commented on above had a positive impact on the absorption during the period. Net cash flows from operating activities also include the payment of taxes relating to the sale of the Omotesando property, which took place in the previous year.

Cash flows deriving from financing activities in the first half of 2020 includes the repayments and proceeds of medium / long-term loans and the payment of principal amount of lease liabilities for 38.1 million euros.

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.

Main risks and uncertainties

The duration of the pandemic and its consequences for the global economy still give rise to great uncertainty for the whole sector in which the Group operates. As it has done since the COVID-19 epidemiological emergency started, the Company will continue monitor developments in the situation and take all the necessary steps to safeguard its employees, collaborators and customers' health, in accordance with the provisions that will be laid down by the competent Authorities.

The Group will also continue, on an ongoing basis, to assess the impacts of the pandemic on its operating results and cash flows: in addition to the steps it has already taken, it is prepared to put any further action in hand that is necessary to preserve the Group's profitability and financial position, responding to the continuously evolving scenarios as swiftly as possible.

On the other hand, it should be noted that, on the basis of the data available as of this date regarding the performance of operations in the second half of the financial year and sector estimates regarding the foreseeable future (although these estimates could inevitably be subject to future variations depending on the scenarios that develop), the impairment tests conducted brought no issues regarding the measurement of assets in the financial statements, in relation to which reference should be made to the Explanatory Notes.

As regards potential liquidity risks, in view of the analysis that has been conducted of liquidity at June 30th, which is mainly still available to the Group, allowing for the uncertainty of the present relevant economic and financial scenario and taking into account the short-term cash flow forecasts and also the Group's equity, the Directors deem that there are ample guarantees that it will continue to operate as a going concern, owing to both its financial solidity and its capacity to pursue its corporate strategies.

Consequently, the condensed consolidated financial statements of the TOD'S Group at June 30th, 2020 have been prepared on a going-concern basis.

For more details on the financial risks to which the Group is exposed, reference should also be made to the specific section of the Explanatory Notes.

Business Outlook

In the present scenario, in which there is much uncertainty and little evidence regarding the evolution of the pandemic in the coming months and its future effects on the global economy, effects that could be exacerbated by possible further lockdown periods, in addition to being conditioned by the reaction of demand in the various markets involved, it is not possible to make any accurate predictions regarding the result for the entire 2020 financial year. The Group pays the utmost attention to how the situation develops in order to confront any difficulties and

maintain the level of its operations, taking all possible efficiency improvement measures to preserve its profitability and financial position.

Moreover, the Group is rapidly rescheduling its business development activities and projects, which will be put in hand swiftly as soon as the general situation returns to normal so that it can return to growth in a reasonable period of time, along the directions of sustainable development, the strengthening of the brands and their internationalisation, the desirability of the new collections, the increase in customers at the Group's stores, the investments in the DOS network and the development of the e-commerce channel and omnichannel marketing.

Milan, September 8th, 2020

The Chairman of the Board of Directors
Diego Della Valle

TOD'S Group

2020 Half Year Condensed Financial Statements

Group

Consolidated Income Statement

euro 000's	Note	H1 2020	H1 2019
Revenue			
Sales revenue	10.1	256,913	454,606
Other income		4,224	4,032
Total revenue and income		261,137	458,638
Operating Costs			
Change in inventories of work in progress and finished goods		(4,039)	19,816
Cost of raw materials, supplies and materials for consumption		(82,879)	(123,220)
Costs for services	10.2	(77,461)	(121,643)
Costs of use of third party assets	10.3	(19,257)	(27,993)
Rent concessions	10.4	10,586	
Personnel costs	10.5	(93,301)	(107,450)
Other operating charges		(12,511)	(17,741)
Total operating costs		(278,862)	(378,230)
EBITDA		(17,726)	80,408
Amortisation, depreciation and write-downs			
Amortisation of intangible assets		(4,106)	(4,597)
Depreciation of tangible assets		(16,643)	(17,527)
Depreciation of right of use assets		(54,659)	(51,066)
Other adjustments			
Total amortisation, depreciation and write-downs		(75,408)	(73,190)
Provisions		(1,010)	(1,395)
EBIT		(94,143)	5,823
Financial income and expenses			
Financial income	10.6	13,601	10,537
Financial expenses	10.6	(25,534)	(22,334)
Total financial income (expenses)		(11,933)	(11,797)
Income (losses) from equity investments			
Profit before taxes		(106,076)	(5,974)
Income taxes	14	25,110	(52)
Profit/(loss) for the period		(80,966)	(6,026)
Non-controlling interests		344	297
Profit/(loss) of the Group		(80,622)	(5,729)
EPS (in euro)		(2.44)	(0.17)
EPS diluted (in euro)		(2.44)	(0.17)

Consolidated Statement of Comprehensive Income

euro 000's	Note	H1 2020	H1 2019
Profit (loss) for the period (A)		(80,966)	(6,026)
Other comprehensive income that will be reclassified subsequently to profit and loss:			
Gains/(Losses) on derivative financial instruments (cash flow hedge)			
		1,330	401
Gains/(Losses) on currency translation of foreign subsidiaries			
		2,951	2,092
Gains/(Losses) on net investments in foreign operations			
		(1,106)	(252)
Total other comprehensive income that will be reclassified subsequently to profit and loss (B)			
		3,176	2,240
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)			
		(77,790)	(3,786)
Of which:			
Attributable to Shareholders of the Parent company			
		(77,446)	(3,489)
Attributable to non-controlling interests			
		(344)	(297)

Consolidated Statement of Financial Position

euro 000's	Note	06.30.20	12.31.19	06.30.19
Non current assets				
<i>Right of use assets</i>				
Right of use assets	11	424,169	446,126	434,086
Total Right of use assets		424,169	446,126	434,086
<i>Intangible fixed assets</i>				
Assets with indefinite useful life	12	565,934	565,934	566,642
Key money	12			
Other intangible assets	12	24,465	24,619	23,893
Total Intangible fixed assets		590,398	590,552	590,535
<i>Tangible fixed assets</i>				
Buildings and land	12	54,609	55,533	56,042
Plant and machinery	12	10,032	11,086	11,650
Equipment	12	11,309	11,945	11,697
Leasehold improvement	12	36,333	37,229	36,452
Others	12	31,819	34,796	33,477
Total Tangible fixed assets		144,103	150,589	149,317
<i>Other assets</i>				
Investment properties	13		15	17
Equity investments				
Deferred tax assets	14	70,972	51,913	63,399
Others		18,914	19,027	20,532
Total other assets		89,899	70,955	83,947
Total non current assets		1,248,571	1,258,222	1,257,885
Current assets				
Inventories	15	378,349	384,632	385,653
Trade receivables	16	72,860	97,170	98,078
Tax receivables		18,696	12,954	7,791
Derivative financial instruments		4,254	1,393	2,178
Others		70,667	67,355	63,583
Cash and cash equivalents	19	509,461	184,072	188,546
Total current assets		1,054,287	747,576	745,828
Non-current assets held for sale				57,172
Total assets		2,302,858	2,005,798	2,060,885

to be continued

euro 000's (continuing)	Note	06.30.20	12.31.19	06.30.19
Equity				
Share capital	17	66,187	66,187	66,187
Capital reserves	17	416,588	416,588	416,588
Hedging and translation reserves	17	18,616	15,441	13,589
Other reserves	17	582,368	537,138	537,946
Profit/(loss) attributable to the Group	17	(80,622)	46,283	(5,729)
Total Equity attributable to the Group		1,003,137	1,081,637	1,028,580
Non-controlling interest				
Share capital and reserves		(1,057)	(464)	(452)
Profit/(loss) attributable to non-controlling interests		(344)	(625)	(297)
Total Equity attributable to non-controlling interests		(1,401)	(1,089)	(748)
Total Equity		1,001,736	1,080,548	1,027,831
Non-current liabilities				
Provisions for risks	18	11,534	11,530	10,912
Deferred tax liabilities	14	36,254	39,047	50,251
Employee benefits		14,980	16,416	15,333
Derivative financial instruments		90	225	570
Bank borrowings	19	533,285	84,023	128,778
Non-current lease liabilities	11	330,826	344,201	324,083
Others		12,251	13,779	13,789
Total non-current liabilities		939,222	509,221	543,716
Current liabilities				
Trade payables		83,409	137,191	145,425
Tax payables		5,218	22,869	2,556
Derivative financial instruments		1,559	2,385	2,973
Others		43,620	45,409	91,827
Banks	19	134,088	112,130	152,199
Current lease liabilities	11	91,653	94,879	92,786
Provisions for risks		2,353	1,166	1,571
Total current liabilities		361,899	416,028	489,337
Total Equity and liabilities		2,302,858	2,005,798	2,060,885

Consolidated Statement of Cash Flows

euro 000's	Jan.-Jun. 20	Jan.-Jun. 19
Profit/(Loss) for the period	(80,966)	(6,026)
Adjustments to reconcile net profit (loss) to net cash provided by (used in) operating activities:		
Amortizat., deprec., revaluat., and write-downs	112,265	74,587
Other non monetary expenses/(income)	(5,817)	8,583
Income taxes for the period	(25,110)	52
Changes in operating assets and liabilities:		
Trade receivables	23,953	3,595
Inventories	(30,218)	(25,332)
Tax receivables and tax payables	(1,468)	(3,575)
Trade payables	(53,782)	(3,563)
Other assets and liabilities	(6,064)	40,048
Change in reserve for employee	394	1,144
Cash flows from operating activities	(66,812)	89,513
Interests (paid)/collected	(614)	(654)
Interests (paid) on lease liabilities	(7,132)	(5,482)
Income taxes (paid)/refunded	(18,667)	(722)
Net cash flows from operating activities (A)	(93,226)	82,654
Net investments in intangible and tangible assets	(14,603)	(21,858)
Acquisition of other subsidiaries		
Other changes in fixed assets		
Cash flows generated (used) in investing activities (B)	(14,603)	(21,858)
Dividends paid		(33,094)
Capital increase		
Other changes in Equity		
Repayments of lease liabilities	(38,055)	(44,730)
Repayments of financial liabilities	(40,833)	(182,003)
Proceeds from financial liabilities	517,774	195,000
Cash flows generated (used) in financing (C)	438,886	(64,826)
Translation differences (D)	569	(194)
Cash flows from continuing operations (E)=(A)+(B)+(C)+(D)	331,626	(4,224)
Cash flow from assets held for sale (F)		
Cash flows generated (used) (G)=(E)+(F)	331,626	(4,224)
Net cash and cash equivalents at the beginning of the period	160,609	173,344
Net cash and cash equivalents at the end of the period	492,235	169,120
Change in net cash and cash equivalents	331,626	(4,224)

Consolidated Statement of Changes in Equity

January-June 2020 euro 000's		Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non- controlling interests	Total
Balances as of 01.01.20	66,187	416,588		15,441	583,421	1,081,637	(1,089)	1,080,548
Profit & Loss account					(80,622)	(80,622)	(344)	(80,966)
Directly in equity				3,176		3,176		3,176
Total Comprehensive Income				3,176	(80,622)	(77,446)	(344)	(77,790)
Dividend paid								
Capital increase								
Share based payments								
Other					(1,053)	(1,053)	32	(1,022)
Balances as of 06.30.20	66,187	416,588		18,616	501,746	1,003,137	(1,401)	1,001,736

January-June 2019 euro 000's		Share Capital	Capital reserves	Hedging and reserve for translation	Retained earnings	Group interests	Non- controlling interests	Total
Balances as of 01.01.19	66,187	416,588		11,348	571,027	1,065,150	(452)	1,064,698
Profit & Loss account					(5,729)	(5,729)	(297)	(6,026)
Directly in equity				2,240		2,240		2,240
Total Comprehensive Income				2,240	(5,729)	(3,489)	(297)	(3,786)
Dividend paid					(33,094)	(33,094)		(33,094)
Capital increase								
Share based payments								
Other					13	13		13
Balances as of 06.30.19	66,187	416,588		13,589	532,217	1,028,580	(748)	1,027,831

TOD'S Group

Explanatory notes to the half year
Condensed Financial Statements

1. General notes

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

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

At June 30th, 2020 TOD'S S.p.A. share capital is owned by DI.VI. FINANZIARIA di DIEGO DELLA VALLE & C. S.r.l. for 50.291%.

The half-year condensed financial statements at June 30th, 2020 was approved by the Board of Directors of TOD'S S.p.A. on September 8th, 2020. 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, 2020, 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, 2019.

The half-year condensed financial statements includes the half-year condensed financial statements of TOD'S S.p.A. and its Italian and foreign subsidiaries, together identified as TOD'S Group, drafted with the reference date of June 30th, 2020 (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, 2019.

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, 2020.

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

The impacts of the Coronavirus pandemic on the Group's operating results and cash flows at June 30th, 2020, were very serious and are likely to remain so for the rest of the year, although they cannot be determined clearly also owing to the climate of uncertainty surrounding possible changes in the pandemic in the coming months. As regards potential liquidity risks, in view of the analysis that has been conducted of liquidity at June 30th, which is mainly still available to the Group, as well as taking into account the short-term cash flow forecasts and also the Group's equity, the Directors of TOD'S S.p.A. deem that there are ample guarantees that it will continue to operate as a going concern, owing to both its financial solidity and its capacity to pursue its corporate strategies. Consequently, the condensed consolidated financial statements of the TOD'S Group at June 30th, 2020 have been prepared on a going-concern basis.

3. Accounting standards

The accounting standards and principles of consolidation applied to the preparation of these Condensed Consolidated Half-Year Financial Statements are consistent with those applied to the preparation of the Consolidated Financial Statements at December 31st, 2019, except for the new standards or interpretations endorsed by the European Union and applicable from January 1st, 2020.

Accounting standards, amendments and interpretations endorsed by the European Union, which are applicable from January 1st, 2020 and which were first adopted in the TOD'S Group's Condensed Consolidated Half-Year Financial Statements at June 30th, 2020.

- IAS 1 "*Presentation of Financial Statements*" and IAS 8 "*Accounting Policies, Changes in Accounting Estimates and Errors*". These amendments, which were published by the IASB on

October 31st, 2018, provide for a different definition of "material", i.e.: "*Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.*"

- IFRS 3 "*Business Combinations*". On October 22nd, 2018 the IASB published the document on the "*Definition of a Business (Amendments to IFRS 3)*", aimed at making some amendments to IFRS 3 in order to better clarify the definition of a business. In particular, the amendment clarifies that an output is not strictly required to identify a business if in any case there is an integrated set of activities, processes and assets. However, to meet the definition of a business, an integrated set of activities, processes and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. To this end, the IASB has replaced the wording on the "ability to create output" with the "ability to contribute to the creation of outputs" to make it clear that a business can exist even without the presence of all the inputs and processes necessary to create an output. The amendment also provided for a concentration test, to be used on an optional basis for the entity, to determine whether a set of activities, processes and assets acquired is a business. For this purpose, the amendment added numerous illustrative examples to IFRS 3 in order to enable understanding of the practical application of the new definition of a business in specific cases. The amendments shall apply to business combinations and acquisitions of assets after January 1st, 2020, with early application permitted.
- Amendments to the Conceptual Framework for Financial Reporting were published by the IASB on March 29th, 2018. The main amendments to the 2010 version include: i) a new chapter on measurement; ii) improved definitions and guidance, in particular with reference to the definition of a liability; iii) clarifications in important areas, such as stewardship, prudence and measurement uncertainty.
- IFRS 9 "*Financial Instruments*", IAS 39 "*Financial Instruments: Recognition and Measurement*" and IFRS 7 "*Financial Instruments": Disclosures*" (*Interest Rate Benchmark Reform*). These amendments focus on hedge accounting in order to clarify any potential effect arising from the uncertainty caused by the "Interest Rate Benchmark Reform". In addition, these amendments require companies to provide additional information to investors about their hedging relationships that are directly affected by these uncertainties.

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

- IFRS 17 "*Insurance Contracts*". This standard, which was issued on May 18th, 2017 sets out the principles for the recognition, measurement, presentation and disclosure of insurance contracts included in the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts, in order to give a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows. On June 21th, 2018 the IASB provided clarifications concerning the standard in order for the related interpretation to reflect the decisions made by the Board, with specific reference to some issues concerning the contracts subject to variable rates and issues correlated to IFRS 3 "*Business combinations*". The provisions of IFRS 17 will be effective from periods beginning on or after January 1st, 2021.
- IAS 1 "*Presentation of Financial Statements: Classification of Liabilities as Current or Non-Current*". The IASB has published amendments with the aim of clarifying how to classify payables and other liabilities among short- or long-term items. The amendments will become applicable from January 1st, 2022, with early application permitted.
- Amendments to IAS 16 "*Property, Plant and Equipment*" regarding proceeds accrued before intended use. They amend the standard to prohibit deducting from the cost of an item of property, plant and equipment the amount of proceeds from selling items produced while making that asset ready for use. These revenues from sales and related costs will be recognised through profit or loss.
- IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*". The amendments to IAS 37 will become applicable from January 1st, 2022, concerning onerous contracts and in particular the costs of fulfilling a contract, while clarifying which cost items must be considered to assess whether a contract is onerous.
- IFRS 16 "*Leases*". On May 28th, 2020 the IASB published an amendment to IFRS 16 – *Leases "COVID-19-Related Rent Concessions"*, which permits lessees not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic, entailing a reduction in rents expiring on June 30th, 2021, are lease modifications, thus accounting for them directly through profit or loss.

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.

It should be noted that, due to the changed context of global economy following the COVID-19 pandemic, our management has updated the estimates and assumptions compared to the financial statements for the financial year ended December 31st, 2019, mainly in relation to the recoverable value of goodwill and of other assets with an indefinite useful life (trademarks), the provision for bad debts, the provision for write-down of inventories, the recoverability of receivables for deferred tax assets, the right-of-use assets and related financial liabilities.

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 impairment indicators that require immediate valuation of eventual impairment losses or the occurrence of events that required reiteration of the procedure. It should be noted that the COVID-19 pandemic and the consequent deterioration of global economic conditions have constituted impairment indicators as they have had a significant impact on the Group's performance in the first half of 2020. Therefore, even in accordance with the recent recommendations issued by CONSOB and ESMA, management has deemed it appropriate to also arrange for the impairment test to be conducted when preparing the condensed Half-year Financial Statements for the period ended June 30th, 2020.

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:

	H1 2020		H1 2019	
	Exch. rates as of end of period	Average exch. rate	Exch. rates as of end of period	Average exch. rate
U.S. dollar	1.12	1.10	1.14	1.13
British pound	0.91	0.87	0.90	0.87
Swiss franc	1.07	1.06	1.11	1.13
Hong Kong dollar	8.68	8.55	8.89	8.86
Japanese yen	120.66	119.27	122.60	124.28
Hungarian forint	356.58	345.26	323.39	320.42
Singapor dollar	1.56	1.54	1.54	1.54
Korean won	1,345.83	1,329.53	1,315.35	1,295.20
Macao pataca	8.94	8.81	9.15	9.13
Chinese renmimbi	7.92	7.75	7.82	7.67
Indian rupee	84.62	81.70	78.52	79.12
Albanian lek	124.09	123.62	122.63	123.88
Canadian dollar	1.53	1.50	1.49	1.51
Australian dollar	1.63	1.68	1.62	1.60
Danish krone	7.45	7.46	7.46	7.47

4. Seasonal or cyclical nature of interim transactions

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

5. Alternative indicators of performances

In order to strip the results of the first six months of 2020 from the effects of exchange rates fluctuations, compared to the average values for the six months of 2019, the typical economic indicators (Revenues, EBITDA, EBIT) have been restated by applying the average exchange rates for the six months of 2019, thus making them fully comparable with those of the previous comparison period. Furthermore, it should be noted that, in order to provide a better understanding of the performance recorded by the Group in the first half of 2020, the "adjusted EBITDA" and "adjusted EBIT" indicators have been adopted, which do not include a non-recurring write-down of inventories for Euro 30 million made as a result of the effects of the COVID-19 pandemic (Note 9).

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, net financial indebtedness 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, 2020 changed in respect to June 30th, 2019 as explained below:

- Merger by incorporation of Del.Com. S.r.l., wholly owned by TOD'S S.p.A., which took place by a deed of December 23rd, 2019, and which became effective from December 31st, 2019. For accounting and tax purposes, the effects of the abovementioned merger were charged to the merging company's financial statements as from January 1st, 2019;
- Merger by incorporation of Italiantouch S.r.l., wholly owned by TOD'S S.p.A., which took place by a deed dated November 19th, 2019 and which became effective from December 31st, 2019. For accounting and tax purposes, the effects of the abovementioned merger were charged to the merging company's financial statements as from January 1st, 2019;
- Cross-border merger by incorporation of Holpaf B.V., a Dutch company that is wholly owned by TOD'S S.p.A., which took place by a deed dated December 9th, 2019. For accounting and tax purposes, the effects of the abovementioned merger were charged to the merging company's financial statements as from the date of registration of the abovementioned deed of merger with the register of companies, i.e. from December 9th, 2019;
- On April 3rd, 2020 the procedure was completed for the winding-up of subsidiary Tod's Danmark APS, which was already no longer operating;
- On January 30th, 2020 Tod's New Jersey Inc. was established, which is wholly owned by An.Del. USA Inc..

The only changes in the scope of consolidation concern the abovementioned companies Tod's New Jersey Inc. and Tod's Danmark APS compared to the financial statements at December 31st, 2019.

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, 2020:

Parent Company

TOD'S S.p.A.

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

Direct Subsidiaries

TOD'S Deutsch. GmbH Munich - Germany S.C. - euro 153,387.56 % held: 100%	TOD'S France Sas Paris - France S.C. - euro 780,000 % held: 100%	An.Del. USA Inc. New York - U.S.A S.C. - Usd 3,700,000 % held: 100%	TOD'S International BV Amsterdam - Netherlands S.C. - euro 2,600,200 % held: 100%
Roger Vivier S.p.A. S.Elpidio a Mare - Italy S.C. - euro 10,000,000 % held: 100%	TOD'S Austria GmbH Vienna - Austria S.C. - euro 50,000 % held: 100%	TOD'S Australia PTY Ltd. Re.Se.Del. S.r.l. Sydney - Australia S.C. - Aud 3,300,000 % held: 100%	S.Elpidio a Mare - Italy S.C. - euro 25,000 % held: 100%
Del.Pav. S.r.l. S.Elpidio a Mare - Italy S.C. - euro 50,000 % held: 100%	Filangieri 29 S.r.l. S.Elpidio a Mare - Italy S.C. - euro 100,000 % held: 50%	Italiantouch Shanghai Tr Shanghai - China S.C. - euro 2,900,000 % held: 100%	

Indirect subsidiaries

Cal.Del. USA Inc. Beverly Hills, Ca - U.S.A. S.C. - Usd 10,000 % held: 100%	TOD'S Tex Del USA Inc. Dallas, Tx - U.S.A S.C. - Usd 10,000 % held: 100%	Deva Inc. Wilmington, De - U.S.A. S.C. - Usd 500,000 % held: 100%	Flor.Del. USA Inc. Tallahassee, Fl - U.S.A. S.C. - Usd 10,000 % held: 100%
Hono.Del. Inc. Honolulu, Hi - U.S.A. S.C. - Usd 10,000 % held: 100%	Il.Del. USA Inc. Springfield, Il - U.S.A. S.C. - Usd 10,000 % held: 100%	Neva.Del. Inc. Carson City, Nv - U.S.A. S.C. - Usd 10,000 % held: 100%	Or.Del. USA Inc. Sacramento, Ca - U.S.A. S.C. - Usd 10,000 % held: 100%
Gen.Del SA Zurich - Switzerland S.C. - Chf 200,000 % held: 100%	TOD'S Belgique S.p.r.l. Bruxelles - Belgium S.C. - euro 300,000 % held: 100%	TOD'S Espana SL Madrid - Spain S.C. - euro 500,000 % held: 100%	Buena Ltd. London - Great Britain S.C. - Gbp 1 % held: 100%
TOD'S Hong Kong Ltd Hong Kong S.C. - Usd 16,550,000 % held: 100%	TOD'S Japan KK Tokyo - Japan S.C. - Jpy 100,000,000 % held: 100%	Alban.Del Sh.p.k. Tirana - Albania S.C. - euro 720,000 % held: 100%	TOD'S Retail India Pte Ltd Mumbai - India S.C. - Inr 193,900,000 % held: 51%
TOD'S Singapore Pte Ltd Singapore S.C. - Sgd 300,000 % held: 100%	Un.Del Kft Tata - Hungary S.C. - Huf 42,900,000 % held: 100%	TOD'S UK Ltd London - Great Britain S.C. - Gbp 350,000.00 % held: 100%	Webcover Ltd London - Great Britain S.C. - Gbp 2 % held: 100%
Roger Vivier Paris Sas Paris - France S.C. - euro 6,700,000 % held: 100%	TOD'S Korea Inc. Seoul - Korea S.C. - Won 2,600,000,000 % held: 100%	TOD'S Macao Ltd Macau S.C. - Mop 20,000,000 % held: 100%	TOD'S (Shanghai) Tr. Co. Shanghai - China S.C. - Usd 32,000,000 % held: 100%
Roger Vivier Japan KK Tokyo - Japan S.C. - Jpy 10,000,000 % held: 100%	Italiantouch USA Inc. New York - USA S.C. - Usd 1,000 % held: 100%	Roger Vivier Espana SL Madrid - Spain S.C. - euro 10,000 % held: 100%	Roger Vivier Deutsch. Munich - Germany S.C. - euro 25,000 % held: 100%
Roger Vivier 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%

Indirect subsidiaries			
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 Massachusetts Inc. Boston, Ma – U.S.A. S.C. – Usd 10,000 % held: 100%
Roger Vivier Australia Sydney – Australia S.C. – Aud 100,000 % held: 100%	Roger Vivier Canada Ltd. Toronto – Canada S.C. – Cad 350,000 % held: 100%	TOD'S New Jersey Inc. Princeton NJ – U.S.A. S.C. – Usd 1,000 % held: 100%	

7. Segment reporting

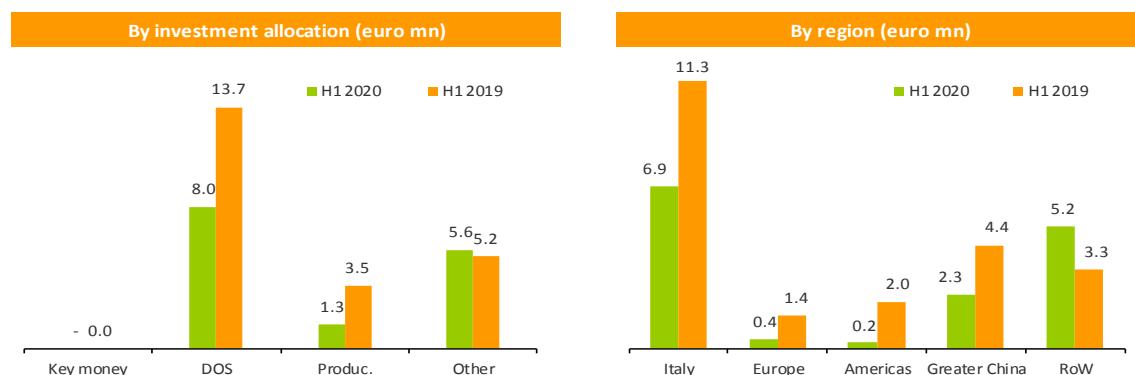
The search for higher levels of operating efficiency has identified as key element for maximising profitability via the sharing of a significant portion of service activities (first and foremost production), both at the central and peripheral levels; on the contrary, possible aggressive segmentation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

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

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

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

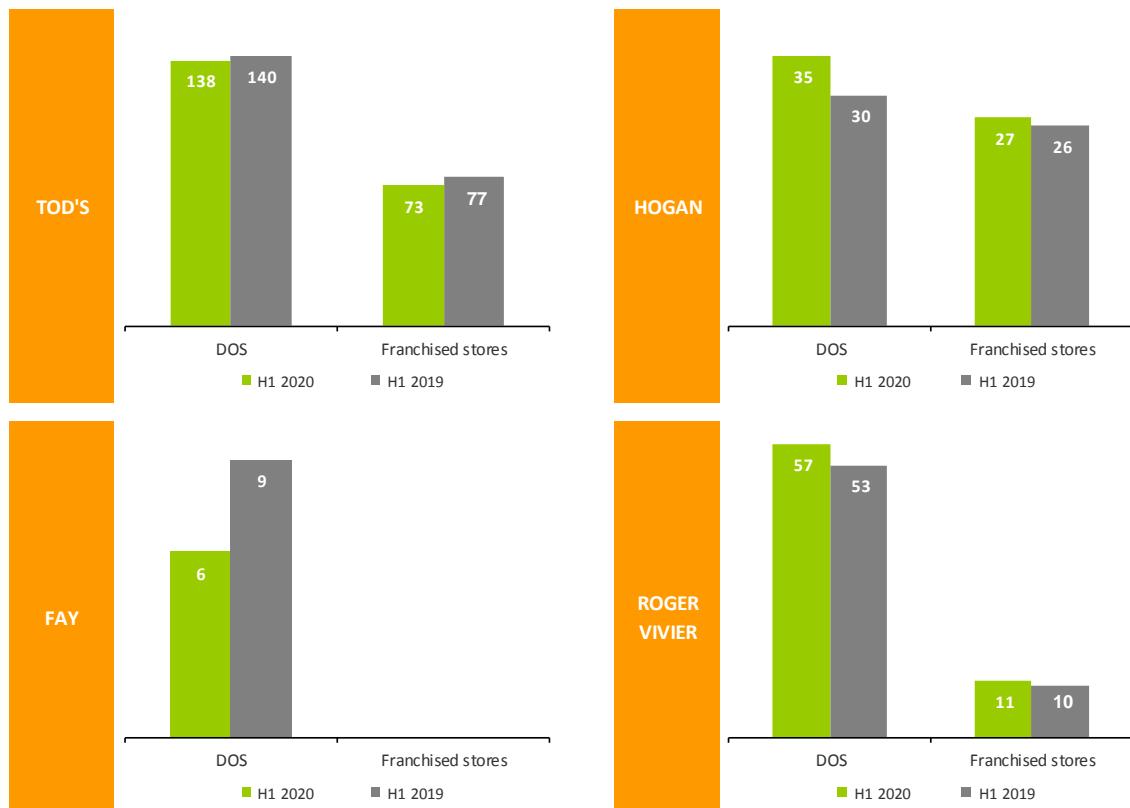
Capital expenditures at June 30th, 2020



Distribution network

TOD'S Group - Distribution channel		H1 2020	H1 2019
Italy	DOS	45	46
	FRANCHISED STORES	1	2
Europe	DOS	54	55
	FRANCHISED STORES	20	21
Americas	DOS	24	23
	FRANCHISED STORES	5	5
Greater China	DOS	92	92
	FRANCHISED STORES	40	39
RoW	DOS	77	72
	FRANCHISED STORES	46	47
Total DOS		292	288
Total FRANCHISED STORES		112	114

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



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.

An analysis of the risks to which the TOD'S Group is exposed is reported below, while also showing the level of its exposure in consideration of the recent COVID-19 pandemic:

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 through credit insurance transactions and stand-by letters of credit to protect collections. 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.

Below it is shown the ageing of trade receivables at June 30th, 2020, gross of allowances for doubtful accounts, compared with the one reported at December 31st, 2019:

06.30.20 euro 000's	Current	Overdue			Total
		0 > 60	60 > 120	Over	
From third parties	49,945	10,355	8,650	10,588	79,539

12.31.19 euro 000's	Current	Overdue			Total
		0 > 60	60 > 120	Over	
From third parties	71,663	16,819	5,221	9,789	103,492

As it can be inferred from the table reported above, despite the worsening of the economic and financial situation due to the Coronavirus pandemic, the Group has not seen a significant increase in its exposure in terms of risks associated with past due receivables compared to December 31st, 2019 (37.2% is the percentage weight of past due trade receivables at June 30th, 2020 compared to 30.8% at December 31st, 2019), thanks to a timely approach in the management of the most critical positions, which emerged during the lockdown period that placed serious limitations on the commercial activities of wholesale customers.

The allowances for doubtful accounts at June 30th, 2020 is 6.7 million euros (6.3 million euros at December 31st, 2019), it completely and accurately represents the estimated risk of the Group versus the third party receivables, also taking into account the current economic situation and the uncertainties related to the foreseeable future.

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 order to have the full availability of the financial resources required to implement the actions necessary to face the particular situation following the outbreak of the COVID-19 pandemic, the parent company TOD'S S.p.A. prudently used, during the first half of the year, the available lines of credit, previously unused, for Euro 450 million, which may be renewed by the Company every three months, or for longer terms, until the natural expiry of the contracts that is scheduled between the end of 2021 and the beginning of 2022, and made recourse to additional financing for Euro 57 million. The funding the Group has obtained, most of which still in hand, will enable it to meet any needs arising from possible developments in the pandemic more quickly and effectively and will provide the financial support for carry out the strategies necessary to kick-start business when the situation returns to normal.

Below it is shown the breakdown of the net financial debt in accordance with their maturities:

euro 000's	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
06.30.2020				
Bank borrowings		533,285		533,285
Other non-current liabilities		7,140		7,140
Trade payables	83,409			83,409
Bank	134,088			134,088
Derivative financial instruments	1,559	90		1,649
Other current liabilities	1,951			1,951
Total	221,007	540,516		761,523
 Cash and cash equivalents	 (509,461)			 (509,461)
Cash and self-liquidating credit lines	(118,112)			(118,112)
Total	(627,573)			(627,573)
 Total net financial liabilities	 (406,566)	540,516		133,950

euro 000's	Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
06.30.2020				
Lease liabilities	91,653	209,946	120,881	422,479
Total	91,653	209,946	120,881	422,479

With a view to careful and prudent management of liquidity risk, negotiations with credit institutions are being conducted at the moment to extend the main financial liabilities that mature soonest to the medium and long term. Nevertheless, in view of the pandemic's impacts on its operating results and cash flows, the Group has obtained all its lenders' consent not to apply the obligation to calculate financial covenants, where requested in current agreements, throughout the whole of 2020 and, if also required six-monthly, until June 30th, 2021.

Finally, as regards financial assets, the Group's policy is to continue to invest all of its available liquid funds in sight bank deposits or in short-term liquidity, without making use of financial instruments, including those of the money market, and dividing its deposits among an adequate number of banks, which are carefully selected by taking account the level of remuneration offered, in addition to the financial soundness and reliability.

iii. Market risk. IFRS 7 includes in this category all risks that are directly or indirectly connected with the fluctuation in prices on physical and financial markets to which the company is exposed:

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

Concerning the above mentioned risks, TOD'S Group is exposed to exchange rate and interest rate risk, since there is no physical market subject to actual fluctuations in the purchase prices for raw materials used in the production process.

Exchange rate risk. Due to its commercial operations, the Group is exposed to fluctuations in the exchange rates for currencies in which some of its commercial transactions are denominated (particularly USD, GBP, CHF and currencies of 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 countervales in euros according to changes in foreign exchange rates. The measured amount of this risk is recognised in the “translation reserve” in equity.

The Group monitors the changes of such exposure. No hedges of this risk existed at the reporting date. Governance of individual foreign currency operations by the Group's subsidiaries is highly simplified by the fact that they are wholly owned by the parent company.

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

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

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

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

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

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

The parent company TOD'S S.p.A. has the following outstanding loans at a variable interest rate:

- syndicated loan signed with Mediobanca and Crédite Agricole on July 2014, drawn down at the beginning for 300 million euros, quarterly refundable, which will expire on July 2021, on which a variable interest rate equal to EURIBOR 3M + 55 basis points (Note 19);
- loan signed on December 21st, 2018 with BNL S.p.A. (BNP Paribas Group) for an amount of 25 million euros, refundable in 16 instalments quarterly payables in arrears, expiring on December 21st, 2022. The agreed interest rate is the EURIBOR 3M + 0.7% (Note 19);
- loan signed on December 21st, 2018 with Intesa SanPaolo S.p.A. for an amount of 125 million euros, refundable in 6 instalments half yearly payables in arrears, expiring on December 31st, 2021. The agreed interest rate is the EURIBOR 6M + 0.7% (Note 19).

Moreover, TOD'S S.p.A. has the following outstanding credit lines:

- Banco BPM S.p.A. signed on January 26th, 2018 for a maximum amount of 100 million euros with expiring date on January 26th, 2022 drawn down on March and April 2020. Interest rate is EURIBOR 3M + a margin linked to a leverage ratio (currently equal to 0.4%);
- Crédit Agricole Corporate and Investment Bank and Cassa di Risparmio di Parma e Piacenza S.p.A. (Crédit Agricole Group), signed on January 27th, 2016, and renewed on December 5th, 2018, for a maximum amount of 100 million euros, with expiring date on December 5th, 2021, drawn down on March and April 2020. Interest rate is EURIBOR 3M + a margin linked to a leverage ratio (currently equal to 0.6%);
- Unicredit S.p.A., signed on November 9th 2016, and renewed on November 7th, 2018, for a maximum amount of 100 million euros, with expiring date on November 8th, 2021, drawn down on March and April 2020. Interest rate is EURIBOR 3M+0.3%;
- B.N.L. S.p.A., signed on November 28th 2016, and renewed on December 21st, 2018, for a maximum amount of 100 million euros, with expiring date on November 28th, 2021, drawn down on March 2020. Interest rate is EURIBOR 3M+0.8%;
- Intesa Sanpaolo S.p.A. signed on December 21st, 2018 for a maximum amount of 50 million euros, with expiring date on December 31st, 2021, drawn down on April 2020. Interest rate is EURIBOR 3M+0.8%.

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

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

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

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

8.1 Categories of measurement at fair value

The fair value of derivative financial instruments outstanding at June 30th, 2020 is classified as Level 2 and has been determined using exchange rate that are quoted in active markets.

Note that during the first half 2020 there have not been any transfers between fair value levels indicated by the IFRS 13.

9. Impacts of the pandemic caused by COVID-19

Revenues from sales during the period were badly affected by the stringent measures to limit the spread of the COVID-19 pandemic imposed by governments all over the world. This situation generated a 43.5% fall in the Group's revenues compared to the same period of the previous year, a fall that was particularly severe in the second quarter because in April and May more than half of the DOSSs in the Group's retail network were temporarily closed, only gradually and in some cases only partially reopening from the middle of May onwards. The fall in sales was also of course determined by the performance in the wholesale channel, since the shops operated by third parties also underwent the restrictions imposed by various governments in the countries concerned during the period.

The pandemic did not have an impact on primary margin in percentage terms: this was practically unvaried, confirming the excellent positioning of the Group's brands, net of write-downs of inventories recognised in the period. However, the operating results for the half-year were affected by a considerable reduction in sales, as well as by a substantial write-down of inventories, totalling Euro 30 million, carried out in order to take into account the increase in inventories of finished products generated by the pandemic, which it will be arduous to dispose of through the usual channels.

The exceptional event of the pandemic, therefore, led to the need to take a number of steps to keep down and save operating costs in order to limit the serious impact on the results of operations from the restrictions imposed by various governments. Particular attention was paid to communication costs, which were optimised and reorganised. Furthermore, as regards costs

for services, savings were also made in other areas by deferring a number of projects or supporting activities to the following financial year that were deemed not to have priority in the present circumstances.

Another effect of the extraordinary situation concerned the renegotiation of lease agreements in place with the main lessors, in order to obtain concessions to mitigate the effects of the prolonged periods of closure suffered by directly operated stores. The benefits arising from the negotiations on lease agreements completed within the scope of application of IFRS 16 during the first half-year amounted to Euro 10.6 million.

Furthermore, the Group applied to benefit from the measures of assistance to support jobs where circumstances permitted, made available by local governments, following the epidemiological emergency, to support the economy and businesses during the lockdown periods. Moreover, among the action taken to keep operating costs down we mention the offer by the Chairman and the Vice-Chairman voluntarily to waive the emoluments that it had been decided to pay them for the 2020 financial year; the Parent Company's Board of Directors approved the offer, setting its previous resolution aside. Furthermore, the other members of the Executive Committee and the Group's managers also voluntarily reduced their current year's fees.

The significant reduction in sales and operating results, compared to the corresponding period of the previous financial year and compared to the budget approved by the Board of Directors of the Parent Company TODS'S S.p.A. on January 30th, 2020, as a consequence of the effects of the COVID-19 pandemic, was also considered by the Group as a trigger event: consequently, the impairment test was prepared in accordance with IAS 36, as described in Note 13 (Impairment losses). The analyses carried out did not reveal any write-downs to be made as at June 30th, 2020. Finally, additional effects concern the result of financial operations, which were impacted by the increase in net financial debt, mainly as a result of a prudent use of the available lines of credit, previously unused, for Euro 450 million. The funding the Group has obtained, most of which still in hand, will enable it to meet any needs arising from possible developments in the pandemic more quickly and effectively and will provide the financial support for carry out the strategies necessary to kick-start business when the situation returns to normal.

10. Comments on the main income statement figures

10.1 Sales revenues

Sales revenues at June 30th, 2020 have been equal to 256,913 thousand euros while they were 454,606 thousand euros at June 30th, 2019. For further comments see the interim report on operations.

10.2 Costs for services

The reduction in expenses for services is mainly attributable to the cost control and efficiency measures aimed at mitigating the impact of the pandemic on operating results. Cost control activities have concerned many types of services, with the aim of deferring to subsequent financial periods those activities and projects that are considered to be non-priority in the current context. The expenses that have mainly benefited from savings are those related to communication, style and services for production and maintenance, which, inevitably, have also suffered the most from the effects of the lockdown imposed by the various governments worldwide. Costs for services also benefit, for the amount accrued in the period, from the waiver of compensation for 2020 on the part of the Chairman and Vice Chairman of the parent company's Board of Directors as already mentioned above.

10.3 Costs of use of third party assets

As at June 30th, 2020 costs for leases and rentals came to 19.3 million euros compared to 28 million euros at June 30th, 2019. The reduction was mainly due to the leases with variable fees depending on sales, as well as to efficiency improvement actions taken on some short-term contracts.

10.4 Rent concessions

The economic benefits deriving from the reductions obtained from lessors on the rents under the existing lease agreements (recorded in these financial statements in accordance with IFRS 16) amounted to a total of Euro 10.6 million during the period. These rent concessions, which were obtained following the negotiations started with lessors to mitigate the effects of the COVID-19 pandemic and which did not entail any additional substantial amendment to contracts, have been accounted for as a partial write-off of a lease liability by applying paragraph 3.3.1 of IFRS 9 - *Financial Instruments*, while recognising the benefit in the income statement of the half-year financial statements at June 30th, 2020 as a reduction in operating costs.

In this regard, it should be noted that the amendment to IFRS 16, published by the IASB on May 28th, 2020, concerning the accounting treatment of reductions in lease rents obtained as a result of the COVID-19 pandemic, has not yet completed all the formal steps necessary for its endorsement on the part of the European Union: consequently, it cannot be adopted for the purposes of preparing these financial statements; furthermore, in taking account of the strictly operational nature of lease agreements, against which the related financial liabilities are reported in the financial statements as required by IFRS 16, the accounting treatment adopted in the circumstances is considered to be consistent with recent interpretations of the relevant accounting standards applicable as of today's date.

Furthermore, in view of the significance of the abovementioned benefit, amounting to 10.6 million euros, and in order to provide clear and correct information in these financial statements, its effects have been reported in a separate line of the income statement.

10.5 Personnel costs

Personnel costs showed a decrease compared to June 30th, 2019 from Euro 107,450 thousand to Euro 93,301 thousand. The reduction is mainly due to the effects of the measures implemented by the various governments following the COVID-19 pandemic, to which the Group has made recourse, where possible. As at June 30th, 2020, the Group's workforce consisted of 4,657 employees, down by 158 and 152 respectively, compared to that reported at December 31st, and June 30th, 2019.

10.6 Financial income and expenses

The breakdown of financial income and expenses are illustrated below:

euro 000's	H1 2020	H1 2019	Change
Income			
Interest income on bank account	97	218	(121)
Foreign exchange gains	13,389	10,303	3,086
Other	115	16	99
Total income	13,601	10,537	3,064
Expenses			
Interest on medium-long term financing	(1,131)	(562)	(569)
Interest on short term borrowings	(104)	(119)	15
Interest expenses on leases	(7,183)	(7,303)	120
Foreign exchange losses	(16,081)	(12,960)	(3,121)
Other	(1,035)	(1,390)	355
Total expenses	(25,534)	(22,334)	(3,200)
Total net financial income and expenses	(11,933)	(11,797)	(136)

11. IFRS 16

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

The application of IFRS 16 has had a significant impact on the half-year consolidated financial statements of the TOD'S Group as a consequence of the operational activity linked to the retail

distribution network which represents the main part of the business. In fact, TOD'S Group is the lessee of a series of lease contracts that have been analyzed for the purpose of applying the new IFRS 16 principle and which mainly concern the directly operate stores (DOS), warehouses, production facilities, offices and showrooms, company cars, equipment and office and electronic machinery. The leases of DOS represent the main category, representing approximately 90% of the total lease liabilities.

Right of use assets at June 30th, 2020 are 424,169 thousand euros while they were 446,126 thousand euros at December 31st, 2019. The net increases for the period, following new lease agreements signed during the first half and lease modifications of current agreements, are 34,607 thousand euros while depreciations for the first half are 54,659 thousand euros.

Lease liabilities at June 30th, 2020 are 420,674 thousand euros while they were 437,303 thousand euros at December 31st, 2019. The increases for the period are 34,357 thousand euros while payments are 38,055 thousand euros.

Lease financial charges are 7,183 thousand euros at June 30th, 2020 while they were 7,303 thousand euros at June 30th, 2019.

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

- In applying paragraph 3.3.1 of IFRS 9, the item "Rent concessions" from lessors include the economic benefit of Euro 10.6 million relating to the reductions in rents under the lease agreements falling within the scope of IFRS 16, which were obtained strictly in relation to the pandemic;
- Lease payments included in the definition of the short term leases envisaged by IFRS 16 amounted to 3,103 thousand euros at June 30th, 2020 (7,328 thousand euros at June 30th, 2019);
- Lease payments relating to those assets included in the definition of low value assets envisaged by IFRS 16 amounted to 122 thousand euros at June 30th, 2020 (107 thousand euros at June 30th, 2019);
- The rents relating to those contracts which provide for a variable fee and which therefore were not included in the valuation of the lease liability amounted to 11,332 thousand euros at June 30th, 2020 (16,805 thousand euros at June 30th, 2019).

12. Intangible and Tangible fixed assets

Intangible assets with undefined useful life include the values of the Group own brands, for about 553,649 thousand euros (unchanged in respect to December 31st, 2019) and value of goodwill, for about 12,285 thousand euros (unchanged in respect to December 31st, 2019),

related to acquisitions of controlled companies and they have been determined in accordance with the acquisition method (IFRS 3).

Intangible assets with definite useful life include long-term amounts to protect the brands owned by the Group, software and other intangible assets. This item includes the net book value related to the agreement signed by the holding TOD'S S.p.A. for financing the restoration work on the Coliseum, amounting to 4,792 thousand euros.

The increase in the period, relating to intangible assets, amounted to 3,969 thousand euros, mainly referring to the development activities of the digital channel and company management systems (software).

Tangible assets capital expenditure in H1 2020 totalled 10,969 thousand euros, of which 8,014 thousand euros invested in the DOS network for both new DOS openings and for renovation activities of the existing stores. The remaining investment quota in the period regarded the normal processes of modernising the structures and industrial equipment (mainly lasts and moulds).

13. Impairment losses

As required by IAS 36, the Group has assessed whether there is any possible evidence of impairment with reference to the financial statements for the financial year ended June 30th, 2020. In particular, the Group has considered, as a trigger event, the significant reduction in sales and operating results, compared to the corresponding period of the previous year and compared to the budget approved by the Board of Directors of the Parent Company TODS'S S.p.A. on January 30th, 2020, as a consequence of the effects of the COVID-19 pandemic in the economic context in which the Group operates.

Consequently, on September 8th, 2020, the Board of Directors of TOD'S S.p.A. approved the update of the impairment procedure, aimed at setting out the operating methods to be used in conducting the test concerning the consolidated financial statements at June 30th, 2020, as well as the results of the analyses performed.

The recoverability of the value of Intangible assets with an indefinite useful life (brands and goodwill) was determined in particular to ensure that assets with a value higher than the recoverable value were not recognised on the financial statements, which refers to their "value in use"; this is determined based on the current value of expected future cash flows (Discounted cash-flow analysis - DCF), which is presumed to derive from the continual use of an asset, as discounted at a net discounting rate that reflects current market rates for borrowing money and the specific risk associated with the individual cash generating unit.

In continuity with the actions taken at December 31st, 2019 and in previous years, the organisational structure and type of business were considered in determining the CGU. Therefore only one CGU has been identified at the TOD'S Group level, and the net invested capital of the

Group has been tested as a whole. This approach is based on the unified view of the business (also see Note 7 Segment reporting), organised as a matrix structure, which may be alternatively broken down by brand, product, channel and region, according to the different functions/activities on the value chain, where the transverse nature of many central and peripheral service activities (especially the Supply chain, Sales and distribution, Finance and administration, Legal, Human resources and Information technology), ensures maximisation of the levels of profitability.

In accordance with the abovementioned procedure approved by the Board of Directors, and owing to the particularly difficult situation of uncertainty in the present macroeconomic scenario and the consequent impossibility of preparing up-to-date and reliable business plans and in a continuously evolving scenario, the test was conducted using the Company's forecasts of performance in the second half of 2020 and, with reference to the medium-term (over a period of 5 additional years), considering the forecasts concerning the foreseeable business performance in the sector in these circumstances, which were strongly affected by the pandemic, on the basis of a series of studies by third-party analysts.

The main assumptions, previously approved, which have been used in preparing the model are specified below:

- i. the compound annual growth rate ("CAGR") of 3% considered in the period before and after the COVID-19 pandemic (2019-2025), a constant EBITDA margin and a constant tax rate, equal to 25.7%, the latter being determined as the weighted average tax rate of the countries in which the Group operates. Assumptions regarding the CAGR reflect, as mentioned above, the estimates available concerning the performance in the luxury sector as a whole in the foreseeable future, which take account of scenarios related to the foreseeable effects of the COVID-19 pandemic;
- ii. the Terminal value was determined as perpetuity, using, for future forecasts, a medium- to long-term growth rate of 2.5% (3% at December 31st, 2019), determined as an average between the mean rate of inflation expected in the long term for the countries in which the Group operates and the expected CAGR in the sector, as inferred from a series of studies conducted by third-party analysts in the period from 2019 to 2025;
- iii. to determine the "value in use," a WACC, net of tax effect, of 6.90% was used (equal to 6.30% at December 31st, 2019), determined according to the method set out in IAS 36, which, compared to the previous year, is affected by the present market context and the climate of uncertainty on the economic and financial scene.

An expected overall discounted cash flows higher than the amount of net invested capital (cover) emerged from the analyses of the recoverability of the assets included in net invested capital, including the Group's fixed assets with an indefinite useful life (of which 553.6 million euros are made up of the owned trademarks and 12.3 million euros are made up of goodwill from business combinations) and right-of-use assets recognised in accordance with IFRS 16 (equal to 424.2

million euros).

The Group has also conducted the usual sensitivity analyses required by IAS 36, in order to reveal the effects produced on the "value in use" by a reasonable change in the basic assumptions (WACC and growth rates). From the sensitivity analysis conducted, it is pointed out that, in order to render the "value in use" equal to the book value of Group assets (the breakeven hypothesis), a change would be required in the following parameters, as considered individually and the other parameters remaining equal: *i*) an increase of 7.5% in WACC, *ii*) a growth rate "g" used in the terminal value, equal to 1.6%.

Furthermore, in accordance with IAS 36, an estimate has been made of the recoverable value of each Group-owned brand, intangible assets with an indefinite useful life. The recoverable value is calculated by using a market valuation approach, consisting of the application of the royalties method and using the following assumptions, which were previously approved by the Board of Directors of the Parent Company TOD'S S.p.A. on September 8th, 2020:

- i. the medium-term projection of forecasted data relating to the second half of 2020 has been made over a further period of five years using a CAGR in line with the performance expected in the sector as a whole on the basis of the reports prepared by some third-party analysts;
- ii. the terminal value has been determined using the perpetual annuity method, using a medium/long-term growth rate of 2.5% for future projections, determined as stated above;
- iii. a WACC has been used, which is specific for each brand, determined net of tax effect, which take account of the riskiness of the stand-alone asset, increased with respect to the company as a whole.

The analysis carried out has not revealed any impairment since the net book value of each brand is less than the relative recoverable value.

In this case too, sensitivity analyses have been carried out in order to highlight the effects on the "value in use" caused by a reasonable change in the basic assumptions (WACC and growth rates). From the analysis carried out, it should be noted that, with reference to the FAY and ROGER VIVIER Group-owned brands, for which a specific WACC has been used, equal to 7.9% and 7.1%, respectively, changes would need to be made, in order to make their respective recoverable values equal to book values (break-even hypothesis), in the following parameters, as considered individually and the other parameters remaining equal: *i*) an increase in WACC of 9.6% and 7.4%, respectively, *ii*) a "g" rate used in the terminal value, equal to 0.2% and 2.2%, respectively.

With reference to the TOD'S and HOGAN brands, sensitivity analysis has shown that in order to determine a break even situation, parameters should be considered which are completely unrealistic.

Finally, it should be noted that the average value of market capitalisation of TOD'S S.p.A. during the first half of 2020 was about 1,006 million, strongly affected by the spread of the pandemic (a capitalisation of Euro 1,364 million at December 31st, 2019), which had a very significant impact

on financial markets, causing a general decline in valuations. The financial markets are still highly volatile and the stock market indices of the main financial markets have only partially recovered the considerable depreciation recorded with the spread of the pandemic. In this context, the current stock market capitalisation of the Group is still much lower than the average values recorded before the spread of the COVID-19 pandemic, as well as lower than the value of the Group's equity. In considering the extraordinary nature of the performance of the main international financial markets, as well as taking account of the results of the impairment test mentioned above, which benefits from the performance expected in the medium to long-term period, when the current particular market situations will no longer exist, the Directors believe that this valuation is temporary only and does not represent the actual value of the Group.

14. Deferred tax assets and liabilities

At June 30th, 2020, recognition of the effects of deferred taxes, determined on the basis of temporary differences between the carrying amount of assets/liabilities and its tax base, lead to the following tax assets and liabilities:

euro 000's	06.30.20	12.31.19	Change
Deferred tax assets	70,972	51,913	19,059
Deferred tax liabilities	(36,254)	(39,047)	2,793
Net Balance	34,718	12,866	21,852

Deferred tax assets, recognised on fiscal losses that can be carried forward pursuant to local tax laws, and not yet used by the Group at June 30th, 2020, totalled 33,673 thousand euros (HY 2019: 20,610 thousand euros). New deferred tax assets for 14,214 thousand euros were recognised at June 30th, 2020 for fiscal losses suffered in the current period that can be carried forward, taking into account the hypotheses of recovery in the foreseeable future, while, during the period, deferred tax assets for 53 thousand euros have been used on previous years fiscal losses. Moreover, during the period, 1,102 thousand euros of deferred tax assets related to previous years fiscal losses have been written off as a consequence of the fact that the subsidiaries who suffered such losses consider no more probable the recoverability of such fiscal losses within the related expiring date. Not recognised deferred tax assets on previous years fiscal losses amount to 30,139 thousand euros, as a consequence of the fact that it is not probable that future taxable profits will be available against which the deductible temporary differences can be utilised.

15. Inventories

They totalled 378,349 thousand euros at June 30th, 2020 (384,632 thousand euros at December 31th, 2019). The allowance for inventory write-downs reasonably reflects the obsolescence of the Group's inventories. The increase for the period of the allowance for inventory include an extraordinary write-downs for 30 million euros attributable to the effect of the pandemic COVID 19.

euro 000's	06.30.20	12.31.19
Opening balance	62,333	56,441
Increase	39,014	9,617
Utilization	(2,506)	(3,728)
Reversal		
Translation effects	(7)	3
Closing balance	98,834	62,333

16. Trade receivables

At June 30th, 2020 the breakdown of trade receivables is shown below:

euro 000's	06.30.20	12.31.19	Change
Trade receivables	79,539	103,492	(23,953)
Allowances for doubtful accounts	(6,679)	(6,322)	(357)
Net trade receivables	72,860	97,170	(24,310)

The allowances for doubtful accounts represent the reasonable estimate of impairment due to the expected losses arising from the risk of not being able to collect the trade receivables recognised on the financial statements and it take into account even the possible credit losses as a consequence of the current situation affected by the COVID 19 pandemic. The amount accrued for HY 2020 totalled 1,000 thousand euros (600 thousand euros for HY 2019).

17. Equity

17.1 Share Capital

At June 30th, 2020, the parent company share capital totalled 66,187,078 euros, and was divided into 33,093,539 shares, fully subscribed and paid in.

The Group did not own treasury shares in the parent TOD'S S.p.A., and it did not execute any transactions on those shares during the period.

17.2 Dividends

The Board of Directors' meeting of the parent company TOD'S S.p.A., held on March 30th, 2020, following the worsening of the Coronavirus pandemic, proposed not to proceed with the distribution of any dividend, while confirming, however, the allocation of an amount of Euro 457 thousand, equal to 1% of the consolidated net result, to a specific Reserve for the pursuit of solidarity projects at a local level.

18. Provisions for risks and charges

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

Below it is showed the variation of the provision for risks and charges:

euro 000's	06.30.20	12.31.19
Provisions for risks - non current		
Opening balance	11,530	5,476
Increase	150	92
Utilization	(43)	(195)
Reversal		(69)
Translation effects	(72)	(29)
Other	(30)	6,256
Closing balance	11,534	11,530
Provisions for risks - current		
Opening balance	1,166	1,200
Increase	1,438	532
Utilization	(277)	(670)
Reversal		
Translation effects	(3)	
Other	30	103
Closing balance	2,353	1,166

It should also be noted that, during the first half of the year, the parent company TOD'S S.p.A. was audited by the Italian tax authority, with reference to tax periods 2015, 2016 and 2017. The audit had not yet been completed at the reporting date and the Company is actively collaborating in providing the documentation requested by the inspectors.

19. Net Financial Indebtedness

At June 30th, 2020, net financial indebtedness was 580,391 thousand euros (it was 451,162 thousand euros at December 31st, 2019 and 509,300 thousand euros at June 30th, 2019 respectively). Cash and cash equivalents are 509,461 thousand euros while financial liabilities are

1,089,853 thousand euros, of which 864,112 thousand euros as non-current financial liabilities. It is noted that the net financial indebtedness include both non-current and current lease liabilities for 422,479 thousand euros (Note 11).

		euro 000's	06.30.19	06.30.20	12.31.19	Change
	Net financial indebtedness					
	Current financial assets					
188,546	Cash and cash equivalents			509,461	184,072	325,389
188,546	Cash (A)			509,461	184,072	325,389
	Current financial liabilities					
19,426	Current account overdraft			17,226	23,463	(6,236)
132,773	Current share of medium-long term financing			116,861	88,668	28,194
92,786	Current lease liabilities			91,653	94,879	(3,226)
244,985	Current financial liabilities (B)			225,741	207,009	18,732
56,438	Current net financial indebtedness/(Surplus) (C) = (B) - (A)			(283,720)	22,937	(306,658)
	Non-current financial liabilities					
128,778	Medium-long term financing			533,285	84,023	449,262
324,083	Non-current lease liabilities			330,826	344,201	(13,375)
452,862	Non-current financial indebtedness (D)			864,112	428,225	435,887
509,300	Net financial indebtedness/(surplus) (C) + (D)			580,391	451,162	129,229

The breakdown of current and non-current financial liabilities at June 30th, 2020 is shown below (net of Current account overdraft):

Currency 000's	Counterpart	Currency	Maturity	Res. Debt in currency	Res. Debt in Euro
Type					
Medium and long term bank pool loan	Mediobanca - Crédit Agricole	Eur	2021	49,761	49,761
Medium and long term loan	Banca Nazionale del Lavoro S.p.A.	Eur	2023	18,750	18,750
Medium and long term loan	Intesa SanPaolo S.p.A.	Eur	2021	62,500	62,500
Medium and long term loan	Cassa di Risparmio di Fermo S.p.A.	Eur	2021	20,000	20,000
Medium and long term loan	Cassa Depositi e Prestiti S.p.A.	Eur	2021	20,000	20,000
Revolving credit facility	Unicredit S.p.A.	Eur	2021	100,000	100,000
Revolving credit facility	Banco BPM S.p.A.	Eur	2022	100,000	100,000
Revolving credit facility	Banca Nazionale del Lavoro S.p.A.	Eur	2021	100,000	100,000
Revolving credit facility	CACIB/Crédit Agricole Italia S.p.A.	Eur	2021	100,000	100,000
Revolving credit facility	Intesa SanPaolo S.p.A.	Eur	2021	50,000	50,000
Hot money credit facility	Monte dei Paschi di Siena S.p.A.	Eur	2020	17,000	17,000
Revolving credit facility	BNP Paribas	Jpy	2020	300,000	2,486
Revolving credit facility	Intesa SanPaolo S.p.A.	Jpy	2020	1,000,000	8,288
Total financing					648,785
Other financial liabilities		Inr	n.a.	76,850	908
Interest accruals and amortised cost		Eur	n.a.	453	453
Total financing and other financial liabilities					650,147

In respect to the financial statements of December 31st, 2019, the following loans have been signed during the first half of 2020:

- loan signed on May 13th, 2020 with Cassa di Risparmio di Fermo S.p.A. for an amount of 20 million euros, totally refundable at the expiring date on November 13th, 2021. The agreed interest rate is 0.7% payable quarterly;

- loan signed on May 12th, 2020 with Cassa Depositi e Prestiti S.p.A. for an amount of 20 million euros, totally refundable at the expiring date on November 11th, 2021. The agreed interest rate is 0.96% payable half-yearly;

Moreover, on April 20th, 2020 TOD'S S.p.A. used an hot money credit line for 17 million euros totally refundable at the expiring date on July 20th, 2020, subsequently renewed until October 20th, 2020.

Finally, it should be noted that the parent company TOD'S S.p.A. prudentially used the available revolving lines of credit, for an overall amount of Euro 450 million in March and April 2020.

Nevertheless, in view of the pandemic's impacts on its operating results and cash flows, the Group has obtained all its lenders' consent not to apply the obligation to calculate financial covenants, where requested in current agreements, throughout the whole of 2020 and, if also required six-monthly, until June 30th, 2021.

20. Earnings per share

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

i. Reference profit

euro 000's	H1 2020	H1 2019
For continuing and discontinued operations		
Profit used to determine basic earning per share	(80,622)	(5,729)
Dilution effects		
Profit used to determine diluted earning per share	(80,622)	(5,729)

euro 000's	H1 2020	H1 2019
For continuing operations		
Profit for the year	(80,622)	(5,729)
Income (Loss) from discontinued operations		
Profit used to determine basic earning per share	(80,622)	(5,729)
Dilution effects		
Profit used to determine diluted earning per share	(80,622)	(5,729)

In both periods, first half 2020 and 2019, 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 2020	H1 2019
Weighted average number of shares to determine basic earning per share	33,093,539	33,093,539
Share Options		
Weighted average number of shares to determine diluted earning per share	33,093,539	33,093,539

21. Transactions with related parties

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

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

Most significant transactions concluded during the period.

No significant transactions are reported, which were completed during the period. With regard to new transactions of lesser importance, we note that a new two-year contract, effective from June 1st, 2020, has been signed for the manufacture of prototypes of leather goods, as well as their subsequent mass production, on the part of the Group, on behalf of the related company Elsa Schiaparelli Sas, which holds the exclusive rights to use the Schiaparelli trademark. The transaction takes the form of a "related-party transaction" since Elsa Schiaparelli Sas is a company that is wholly owned, through Diego Della Valle & C. S.r.l., by the Chairman, Diego Della Valle, and by the Vice Chairman, Andrea Della Valle, and is controlled by the former.

Related party transactions at June 30th, 2020.

In continuation of contractual relationship already existing in 2019, during the first half of 2020, TOD'S Group continued to maintain a series of contractual relationship with related parties

(directors/controlling or significant shareholders). The main objects of the transactions were the sale of products, lease of sales spaces, show rooms and offices.

i. Commercial transactions with related parties – Revenue

euro 000's	Sales of products	Rendering of services	Royalties	Operating lease	Other operations
06.30.20					
Parent Company (*)	75			5	
Total	75	-	-	5	-
06.30.19					
Parent Company (*)	16	6		5	
Total	16	6	-	5	-

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

ii. Commercial transactions with related parties – Costs

euro 000's	Purchases of products	Rendering of services	Royalties	Operating lease	Other operations
06.30.20					
Parent Company (*)		39		3,207	2
Total	-	39	-	3,207	2
06.30.19					
Parent Company (*)		156		3,211	4
Total	-	156	-	3,211	4

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

iii. Commercial transactions with related parties – Receivables and payables

euro 000's	06.30.20				06.30.19				
	Asset		Liabilities		Asset		Liabilities		
	Right of use	Trade Receivables	Leasing liability	Trade Payables		Right of use	Trade Receivables	Leasing liability	Trade Payables
Parent Company (*)	23,661	60	24,127	89	22,488	4	22,623	160	
Total	23,661	60	24,127	89	22,488	4	22,623	160	

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

Note that the figure Assets with indefinite useful life includes, for 415 million euros, the carrying amount of ROGER VIVIER brand, purchased by Roger Vivier S.p.A. on January 2016 from the related party Gousson Consultadaria e Marketing S.r.l., a company controlled by the President of the board of directors, Mr. Diego Della Valle.

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

Compensation of Directors, Statutory Auditors and General Managers

Compensation of Directors and Executives with strategic responsibilities of TOD'S S.p.A. have been determined in accordance with the Compensation Policy adopted by TOD'S S.p.A. Board of Directors resolution at March 12th, 2020 as approved by the shareholder meeting at June 3rd, 2020. For the first half of 2020 (including compensation for the activities performed at subsidiaries) compensation amount to respectively 0.3 million euros and 0.5 million euros.

It is noted that, during the first half, the President and Vice President of TOD'S S.p.A. board of directors have waived their compensation already resolved for the full year 2020. In addition, even the compensations of the other members of the Executive Committee have been partially subject to voluntary waivers.

Compensation for Statutory Auditors of TOD'S S.p.A. at June 30th, 2020 amount to 0.2 million of euro.

22. Significant non-recurring transactions and events

The Group did not carry out any significant non-recurring transactions in the first half of year 2020.

23. Significant events occurred after the reporting period

No significant events occurred after the reporting period.

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

1. The undersigned Umberto Macchi Di Cellere, Chief Executive Officer of TOD'S S.p.A., and Rodolfo Ubaldi, manager responsible for the drawing up of the financial reports of TOD'S S.p.A. certify, in accordance with the provisions of Article 154-bis, subsections 3 and 4, of Legislative Decree no. 58 of February 24th, 1998:
 - the adequacy in terms of the company's characteristics and
 - effective applicationof administrative and accounting procedures for preparation of the 2020 Half Year condensed financial statements during the period January 1st to June 30th, 2020.
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 Council, dated July 19th, 2002;
 - b) correspond with the account book and ledger entries;
 - c) give a true and fair view of the assets, liabilities, income and financial position of the issuer and entities included in the scope of consolidation.
3. Interim report on operations provides a reliable analysis of the significant events for the first six months of the current fiscal year and the impact of such events on the Half year condensed financial statements as well as a description of the main risks and uncertainties for the second half of the year in addition to a reliable analysis of the information on the significant related party transactions.

Milan, September 8th, 2020

Chief Executive Officer

Umberto Macchi Di Cellere

*Manager responsible for drawing
up of the financial report*

Rodolfo Ubaldi