INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP AS AT 30 SEPTEMBER 2019

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Corporate details

Piquadro S.p.A

Registered office: località Sassuriano, 246-40041 Silla di Gaggio Montano (Province of Bologna - BO)

Subscribed and paid-up share capital: Euro 1,000,000

Bologna Register of Companies, Fiscal Code and VAT no. 02554531208

Introduction

The consolidated interim financial report as at 30 September 2019 (the “Report”) was prepared in compliance with article 154-*ter* of Legislative Decree no. 58/1998, as amended, as well as with the Issuers’ Regulation issued by Consob (*Commissione Nazionale per le Società e la Borsa,* Italian Securities and Exchange Commission).
This Interim report on operations, prepared by the Directors, relates to the attached consolidated condensed interim financial statements of Piquadro S.p.A. (hereinafter also referred to as the “Company” or the “Parent Company”) and of its subsidiaries (“Piquadro Group” or the “Group”) relating to the half-year ended 30 September 2019. The financial statements were prepared in compliance with IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and were prepared according to the provisions under IAS 34, “Interim financial reporting”. The Interim report on operations must therefore be read together with the Financial Statements and the related Notes.

It should be noted that this interim Report on Operations provides, in addition to the indicators required by the financial statements’ schedules in accordance with the IFRS, some alternative performance indicators, which are used by the Management to monitor and assess the Group’s performance and are defined in a specific paragraph. Specifically, following the first-time adoption of the new accounting standard IFRS 16 on the accounting treatment of leases from 1 April 2019, there was the introduction of some adjusted performance indicators with reference to EBITDA, EBIT and the net financial position, in order to make the data at 30 September 2019 comparable to those posted in previous periods, as detailed in the paragraph on the “Summary economic-financial data and alternative performance indicators.”

Except as otherwise indicated, the amounts entered in this Report are shown in thousands of Euro, in order to facilitate its reading and to improve its clarity.

CORPORATE BODIES HOLDING OFFICE AT 30 SEPTEMBER 2019

- **BOARD OF DIRECTORS**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2022)

Marco Palmieri	*Chairman and CEO*
Marcello Piccioli	*Managing director*
Roberto Trotta	*Managing director*
Pierpaolo Palmieri	*Managing director*
Paola Bonomo	*Independent non-executive director*
Catia Cesari	*Independent non-executive director*
Barbara Falcomer	*Independent non-executive director*

- **AUDIT AND RISK COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2022)

Barbara Falcomer	*Chairman*
Paola Bonomo	*Independent non-executive director*
Catia Cesari	*Independent non-executive director*

- **REMUNERATION COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2022)

Catia Cesari	*Chairman*
Paola Bonomo	*Independent non-executive director*
Barbara Falcomer	*Independent non-executive director*

- **LEAD INDEPENDENT DIRECTOR**
  Paola Bonomo

- **BOARD OF STATUTORY AUDITORS**
  (holding office for three years until the approval of the financial statements as at 31 March 2022)

Regular members

Patrizia Lucia Maria Riva	*Chairman*
Giuseppe Fredella	*Standing Auditor*
Pietro Michele Villa	*Standing Auditor*

Substitute members
Giacomo Passaniti
Maria Stefania Sala

- **INDEPENDENT AUDITORS**
  (holding office for nine years until the approval of the financial statements as at 31 March 2025)

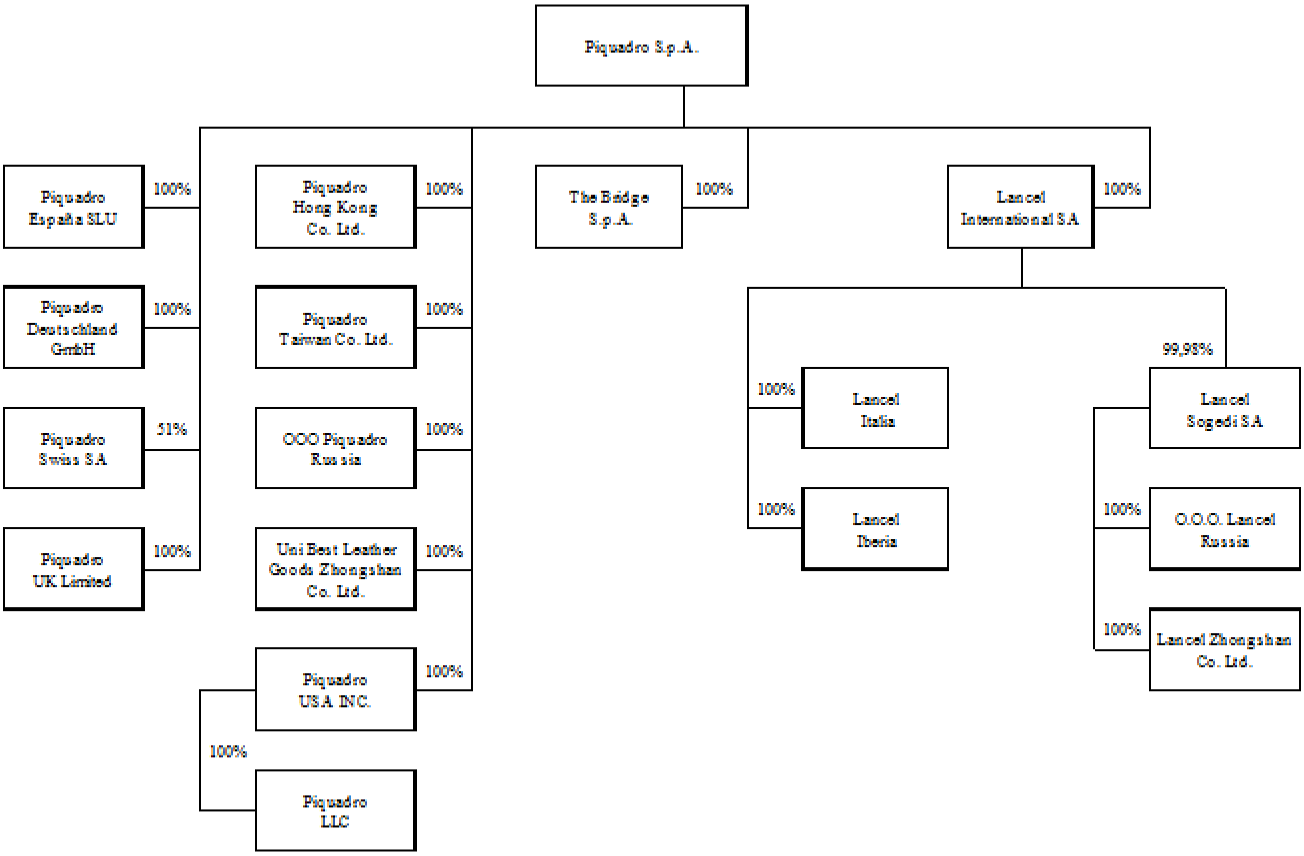
  Deloitte & Touche S.p.A.

- **FINANCIAL REPORTING MANAGER**
  Roberto Trotta

- **SUPERVISORY BOARD**
  Mario Panzeri

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 30 September 2019:



INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2019

Significant events for the half-year ended 30 September 2019

On 25 July 2019 the Shareholders' Meeting of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2019 and the distribution of a unit dividend of Euro 0.08 to the Shareholders, for a total amount of Euro 4 million. The dividend was paid starting from 31 July 2019 (the record date falling on 30 July 2019) with coupon no. 12 being detached on 29 July 2019.

The Shareholders' Meeting also approved:

- The new board of directors will remain in office for three financial years, namely until the approval of the financial statements at 31 March 2022. The new board, which has been confirmed as being composed of 7 members, is made up of Marco Palmieri, Pierpaolo Palmieri, Marcello Piccioli, Roberto Trotta, Paola Bonomo, Catia Cesari and Barbara Falcomer. Marco Palmieri, Pierpaolo Palmieri, Marcello Piccioli, Roberto Trotta, Paola Bonomo, Catia Cesari and Barbara Falcomer are candidates taken from the list submitted by the majority shareholder Piquadro Holding S.p.A., which holds a total of 34,186,208 ordinary shares, representing 68.37% of the share capital and entitled to vote at the Shareholders' Meeting.

  The Shareholders' Meeting also confirmed Marco Palmieri as Chairman of the Board of Directors and set a total annual remuneration of Euro 1,015,000.00, as fees due to the directors, to be distributed by the board of directors to all the directors, including those holding particular offices, without prejudice to the board's right to pay the directors holding particular offices an additional variable remuneration.

  Among the elected directors, Paola Bonomo, Catia Cesari and Barbara Falcomer declared that they met the independence requirements set out in the joint provisions of Articles 147- *ter*, paragraph 4, and 148, paragraph 3, of the TUF (*Testo Unico della Finanza*, Consolidated Act on Finance), as well as of Article 3 of the Corporate Governance Code promoted by Borsa Italiana S.p.A. and adopted by Piquadro S.p.A..

  It should be noted that, on the basis of the information available to the Company, the Director Marco Palmieri held 34,186,208 ordinary shares of the Company indirectly through Piquadro Hodling S.p.A. at the date of the Shareholders' Meeting. It should be noted that Marco Palmieri indirectly holds a stake of 93.34% of the share capital of Piquadro Holding S.p.A., while the remaining 6.66% of its share capital is held by the director Pierpaolo Palmieri. Again at the reporting date, the director Roberto Trotta held 3,000 ordinary shares of the Company.

- The new board of statutory auditors will remain in office for three financial years, namely until the approval of the financial statements at 31 March 2022.
  The new board of statutory auditors is made up of the standing auditors Patrizia Lucia Maria Riva (Chairman), Pietro Michele Villa and Giuseppe Fredella, and of the alternate auditors Giacomo Passaniti and Maria Stefania Sala. All the candidates are taken from the only list submitted by the majority shareholder Piquadro Holding S.p.A.. Finally, the Shareholders' Meeting set the remuneration for all the members of the board of statutory auditors at a maximum amount of Euro 58,000 per year, in addition to the statutory supplementary contribution and the reimbursement of expenses incurred to perform their duties.

- The first Section of the Remuneration Report that describes the Company's Policy governing the fees payable to the Company's Directors, Board of Statutory Auditors' members and Key Management members, in the implementation of the provisions of Article 123-*ter* of the TUF.

- The decision to authorise the purchase of the Company's ordinary shares, in one or more tranches, up to the maximum number permitted by law, having regard to treasury shares held directly and to those held by subsidiaries.
  The purchases may be made, according to Article 2357, paragraph 1, of the Italian Civil Code, within the limits of distributable profits and available reserves resulting from the most recent financial statements as duly approved, with a consequent reduction in equity, pursuant to Article 2357-*ter*, paragraph 3, of the

Italian Civil Code, in the same amount, through the recognition of a specific item with s negative sign in the balance sheet liabilities.
The purchase, sale, exchange or contribution of shares shall be accompanied by any appropriate accounting record in compliance with the provisions of law and applicable accounting standards.
In cases of sale, exchange or contribution, the corresponding amount may be reused for additional purchases, until the expiry of the time limit set out for the authorisation given by the Shareholders' Meeting, without prejudice to any quantitative and expenditure limits, as well as to the terms and conditions laid down by the Shareholders' Meeting.
The authorisation for the purchase of shares is given until the approval of the financial statements as at 31 March 2020 with effect from the date of this resolution.
The purchase price of the shares shall be determined from time to time, having regard to the methods selected to carry out the transaction and in accordance with the legislative, regulatory or permitted market practices, within a minimum and maximum limits that can be determined according to the following criteria:

- in any case the minimum consideration for the purchase shall not be less, by 20%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction;

- in any case, the maximum consideration for the purchase shall not be higher, by 10%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

Should the purchase of treasury shares be made within the scope of any market practice referred to in CONSOB resolution no. 16839/2009, the purchase price set for any proposed trading shall not exceed the higher of the price set for the most recent independent transaction and the current purchase price of the highest independent proposed trading in the market in which proposed purchases are launched, without prejudice to any additional limit set out in the resolution itself.
The abovementioned transactions shall be carried out, on one or more occasions, by purchasing shares, pursuant to Article 144-*bis*, paragraph l, letter b, of the Issuers' Regulation, on regulated markets or multilateral trading systems, which do not allow any direct matching of proposed purchase trading with predetermined proposed sales trading, according to operating procedures set out in the regulations governing the organisation and operation of the markets themselves, in compliance with Article 2357 and ff. of the Italian Civil Code, the equality of treatment of shareholders and any applicable legislation, including regulatory provisions, in force, including the principles referred to in Article 132 of the TUF (*Testo Unico della Finanza*, Consolidated Act on Finance), as well as with Regulation (EU) no. 596/2014 of 16 April 2014 ad related implementing provisions, if applicable. The purchases may take place according to procedures other than those specified above pursuant to Article 132, paragraph 3, of Legislative Decree no. 58/1998 or any other provision applicable from time to time on the day of the transaction;
-the decision to authorise, pursuant to and for the purposes of Article 2357-*ter* of the Italian Civil Code, the disposition, on one or more occasions, of any share that has been purchased according to this resolution or that in any case is already held in the Company's portfolio even well before having reached the maximum amount of shares that can be purchased, and any possible repurchase of the shares themselves to the extent that the treasury shares held by the Company do not exceed the limit set out in the authorisation. The disposition of shares is authorised with effect from the date of this resolution, without any time limit.
The consideration for any sale of treasury shares, which will be set by the Board of Directors, with the right of sub-delegating powers to one or more directors, may not be less by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.
Should the sale of treasury shares be carried out within the scope of the permitted market practices referred to above, without prejudice to any additional limit set out in CONSOB resolution no. 16839/2009, the sales price of any proposed trading shall not be less than the lower of the price of the most recent independent transaction and the current sales price of the lowest independent proposed trading in the market in which proposed sales are launched.
Should the treasury shares be the object of trading, exchange, contribution or any other act of non-cash disposition, the financial terms and conditions of the transaction shall be laid down based on its nature and features, while taking account of the market performance of the Piquadro S.p.A. stock.

The disposition of shares may take place according to such procedures as may be considered to be the most appropriate in the interest of the Company, and in any case in compliance with the applicable regulations and permitted market practices; and

- the decision to grant the Board of Directors and, through the same, any managing director, jointly and severally between them, the amplest powers required for the actual and full execution of the resolutions referred to in the points above in compliance with the provisions laid down in Article 132 of the TUF and the disclosure obligations referred to in Article 144-*bis*, paragraph 3, of the Issuers' Regulation and, if required, the disclosure obligations required by the abovementioned market practices and by Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable, with the right to proceed with the purchase and disposition of treasury shares, within the limits of the provisions laid down above, including through specialist intermediaries, also pursuant to and for the purposes of the abovementioned market practice governing operations in support of liquidity permitted by CONSOB under resolution no. 16839 of 19 March 2009 and pursuant to Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable.

In addition to the above provisions, no significant events must be reported which occurred at Group level from 1 April 2019 to the date of this Report.

Summary economic-financial data and alternative performance indicators

The Piquadro Group uses the alternative performance indicators (APIs) in order to provide information on the performance of profitability of the businesses in which it operates, as well as on its own financial position and results of operations, in a more effective manner. In accordance with the guidelines published by the European Securities and Markets Authority (ESMA/2015/1415) on 5 October 2015 and consistently with the CONSOB notice no. 92543 of 3 December 2015, the content and the criterion to determine the APIs used in these financial statements are described below:

a) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation, or Gross Operating Margin) is an economic indicator that is not defined by the International Accounting Standards. EBITDA is a unit of measurement utilised by the Management to monitor and assess the Group's operational performance. The Management believes that EBITDA is an important parameter for the measurement of the Group's performance, as it is not affected by the volatility due to the effects of the various criteria for the determination of taxable income, by the amount and characteristics of the capital employed, as well as by the amortisation and depreciation policies. EBITDA is defined as the earnings for the period before depreciation and impairment of property, plant and equipment and amortisation of intangible assets, financial income and charges and the income taxes for the period.
b) Adjusted EBITDA is defined as EBITDA net of the effects arising from the adoption of IFRS 16.
c) EBIT – Earnings Before Interest and Taxes - is the Earnings for the period before financial income and charges and income taxes.
d) Adjusted EBIT is defined as EBIT net of the effects arising from the adoption of IFRS 16.
e) The Net Financial Position ("NFP") utilised as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the Statement of Financial Position, as required by CONSOB Notice no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, liquid securities under current assets, short-term financial receivables. Negative components: payables to banks, payables to other lenders, leasing and factoring Companies.
f) The adjusted Net Financial Position ("adjusted NFP") is defined as the Net Financial Position net of the effects arising from the adoption of IFRS 16.
g) The ROI, i.e. the return on net invested capital, is given by the ratio of net Operating Margin to net invested capital and is expressed as a percentage. This indicator is used as a financial target in both internal (business plans) and external (analysts and investors) presentations and intends to measure the ability to produce wealth through operations and therefore to remunerate both net worth and borrowed capital.
h) The ROE, i.e. the return on equity, is given by the ratio of net profit to equity and is expressed as a percentage. This indicator is used as a financial target in both internal (business plans) and external (analysts and investors) presentations and intends to measure the profitability obtained by investors on account of risks.

i) The ROS, i.e. the average operating result by revenue unit. This ratio expresses the Company's profitability in relation to the revenue flow's ability to generate remuneration.
j) Net Working Capital: this item includes "Trade receivables", "Inventories", current non-financial "Other Receivables", net of "Trade payables" and current non-financial "Other Payables".
k) The cash flow is given by cash flows from operating activities (operating cash flow), net of distributed dividends. The operating cash flow is calculated on the basis of the gross operating margin, to which must be added the changes in net working capital, net of increases in the provision for bad debts, the uses of the provisions for risks and the Staff Severance Pay, operating and financial investments, financial income and charges and taxes. This indicator is used as a financial target in both internal (business plans) and external (analysts and investors) presentations and intends to measure the Company's ability to generate cash and therefore its ability to self-finance its operations.

Below are reported the Group's main economic-financial indicators at 30 September 2019 and at 30 September 2018:

Economic and financial indicators *(in thousands of Euro)*	**30/09/2019**	**30/09/2018**
Revenues from sales	77,858	66,598
EBITDA	8,243	(256)
Adjusted EBITDA	987	(256)
EBIT	(812)	(2,203)
Adjusted EBIT	(840)	(2,203)
Result before tax	(1,391)	39,589
Group's profit for the period	(2,998)	38,231
Amortisation and depreciation, provisions and write-downs	9,385	2,367
Cash generation (Group net profit, net of amortisation and depreciation, write-downs)	6,387	40,598
Adjusted Net Financial Position	9,054	24,843
Net Financial Position	(59,572)	24,843
Equity	66,488	76,567

Below is a restatement of the income statement data aimed at showing the performance of the operating profitability ratio of EBITDA:

Financial indicators *(in thousands of Euro)*	**30/09/2019**	**30/09/2018**
Operating result	(812)	(2,203)
Amortisation, depreciation and write-downs	9,055	1,948
EBITDA	**8,243**	**(256)**
Adjusted EBITDA	**987**	**(256)**

Adjusted EBITDA, which is defined as EBITDA net of the effects arising from the adoption of IFRS 16, amounted to Euro 987 thousand, up compared to that posted in the first half of 2018/2019, which was negative for Euro 256 thousand.

The Piquadro brand's adjusted EBITDA amounted to Euro 5.72 million during the half-year ended 30 September 2019, up by 3.6% compared to the same figure in September 2018; The Bridge brand's adjusted EBITDA amounted to Euro 1.25 million during the half-year ended 30 September 2019, up by 9.8% compared to same figure in September 2018; Maison Lancel's adjusted EBITDA was negative for Euro 5.99 million during the half-year ended 30 September 2019, against Euro (6.9) million at 30 September 2018, which included additional charges of about Euro 1.4 million for the acquisition of Maison Lancel and in any case related to 4 months of operations of Maison Lancel only (June – September 2018).

Financial indicators *(in thousands of Euro)*	**30/09/2019**	**30/09/2018**
EBIT	**(812)**	**(2,203)**
Adjusted EBIT	**(840)**	**(2,203)**

The Piquadro Group recorded a negative EBIT of about Euro 812 thousand during the half-year ended 30 September 2019.

The adjusted EBIT, which is defined as EBIT net of the effects arising from the adoption of IFRS 16, was negative for Euro 840 thousand, showing an improvement compared to Euro (2.2) million during the first 2018/2019 half-year.

The Piquadro brand's adjusted EBIT amounted to Euro 4.67 million during the half-year ended 30 September 2019, up by 19.1% compared to the first half of the 2018/2019 financial year; The Bridge brand's adjusted EBIT amounted to Euro 0.92 million during the half-year ended 30 September 2019, up by 6.1% against September 2018, while Maison Lancel's adjusted EBIT amounted to Euro (6.43) million during the half-year ended 30 September 2019, against Euro (6.99) million at 30 September 2018, which included additional charges of about Euro 1.4 million for the acquisition of Maison Lancel and in any case related to 4 months of operations of Maison Lancel only (June – September 2018). Below is a restatement of the income statement data aimed at representing the performance of the Group's net result:

Financial indicators *(in thousands of Euro)*	**30/09/2019**	**30/09/2018**
Net Result/ (Loss) for the period	**(2,998)**	**38,231**
Net Result/ Adjusted (Loss) for the period	**(2,663)**	**38,231**

The Piquadro Group posted a Group Loss of about Euro 2.7 million during the half-year ended 30 September 2019.

The adjusted Group Loss which is defined as the Group's Net Result/(Loss) net of the effects arising from the adoption of IFRS 16, amounted to Euro (2.7) million against Euro 38.2 million at 30 September 2018, which included a non-recurring income of Euro 42.2 million arising from the acquisition of Maison Lancel and was, moreover, related to 4 months of operations of Maison Lancel only (June – September 2018).

The Group's Results of operations

In the first six months of the 2019/2020, financial year the Group reported a sales performance increasing by 16.9% compared to the same period in the 2018/2019 financial year. In the half-year ended 30 September 2019, the Piquadro Group reported, in fact, net sales revenues equal to Euro 77,858 thousand (+16.9%) compared to Euro 66,598 thousand reported in the corresponding period in the 2018/2019 financial year. The increase in revenues was mainly determined by the line-by-line consolidation of Maison Lancel's sales over a period of six months (compared to the fourth months relating to the half-year ended 30 September 2018), which reported revenues of Euro 25.3 million (Euro 16.5 million in the fourth months ended 30 September 2018), as well as by an increase of 10.0% in The Bridge-branded sales and 3.0% in the Piquadro-branded sales.

In the half-year ended 30 September 2019, the Piquadro Group reported EBITDA of about Euro 8.24 million in terms of profitability.

Adjusted EBITDA, which is defined as EBITDA net of the effects arising from the adoption of IFRS 16, amounted to Euro 0.99 million, up against Euro (0.26) million for the first 2018/2019 half-year.

The Piquadro brand's adjusted EBITDA amounted to Euro 5.72 million during the half-year ended 30 September 2019, up by 3.6% compared to the same figure in September 2018; The Bridge brand's adjusted EBITDA amounted to Euro 1.25 million during the half-year ended 30 September 2019, up by 9.8% compared to the same figure in September 2018; Maison Lancel's adjusted EBITDA amounted to Euro (5.99) million during the half-year ended 30 September 2019, against Euro (6.9) million at 30 September 2018, which included additional charges of about Euro 1.4 million for the acquisition of Maison Lancel and in any case related to 4 months of operations of Maison Lancel only (June – September 2018).

Following the adoption of the new accounting standard IFRS 16, the Piquadro Group posted EBIT of about Euro (0.81) million during the half-year ended 30 September 2019.

Adjusted EBIT, which is defined as EBIT net of the effects arising from the adoption of IFRS 16, amounted to Euro (0.84) million, showing an improvement compared to Euro (2.2) million in the first 2018/2019 half-year.
The Piquadro brand's adjusted EBIT amounted to Euro 4.67 million during the half-year ended 30 September 2019, up by 19.1% compared to the first half of 2018/2019 financial year; The Bridge brand's adjusted EBIT amounted to Euro 0.92 million during the half-year ended 30 September 2019, up by 6.1% versus September 2018, while Maison Lancel's adjusted EBIT amounted to Euro (6.43) million in the half-year ended 30 September 2019 compared to Euro (6.99) million at 30 September 2018, which included additional charges of about Euro 1.4 million for the acquisition of Maison Lancel and in any case related to 4 months of operations of Maison Lancel only (June – September 2018).

Following the adoption of the new accounting standard IFRS 16, the Piquadro Group posted a Group Net Result of about Euro (3.0) million during the half-year ended 30 September 2019.

The adjusted Group Net Result, which is defined as the Group Net Result net of the effects arising from the adoption of IFRS 16, was negative for Euro 2.7 million against Euro 38.2 million at 30 September 2018, which included a non-recurring income of Euro 42.2 million arising from the acquisition of Maison Lancel and was, moreover, related to 4 months of operations of Maison Lancel only (June – September 2018)..

Sales revenues

During the first half-year ended 30 September 2019, the Piquadro Group recorded sales of Euro 77.86 million, up by 16.9% compared to about Euro 66.60 million during the same period in the previous financial year. The increase in revenues was mainly determined by the line-by-line consolidation of Maison Lancel's sales over a period of six months (compared to the fourth months related to the half-year ended 30 September 2018), which reported revenues of Euro 25.3 million (Euro 16.5 million in the fourth months ended 30 September 2018), as well as by an increase of 10.0% in The Bridge-branded sales and 3.0% in Piquadro-branded sales.

Following the acquisition of Maison Lancel, which took place during the previous year (2 June 2019), the Piquadro Group's top management has reviewed the Group's results of operations posted for each brand (Piquadro, The Bridge, Lancel) in operational terms; accordingly, the disclosures under IFRS 8 concerning the Group's sales revenues are now reported on a brand basis (Piquadro, The Bridge, Lancel) starting from the previous financial year

The breakdowns of revenues by Brand and by geographical area are reported below.

Breakdown of revenues by Brand

The table below reports the breakdown of net consolidated revenues by Brand:

Brand *(in thousands of Euro)*	**Net revenues as at 30 September 2019**	**%**	**Net revenues as at 30 September 2018**	**%**	**% change 2019/2018**
PIQUADRO	38,295	49.2%	37,165	55.8%	3.0%
THE BRIDGE	14,285	18.3%	12,983	19.5%	10.0%
LANCEL	25,278	32.5%	16,450	24.7%	53.7%
Total	**77,858**	**100.0%**	**66,598**	**100.0%**	**16.9%**

Net sales revenues amounted to Euro 77.9 million during the first half of the financial year ended 30 September 2019, up by 16.9% compared to Euro 66.6 million during the same period in the previous financial year. As noted above, the increase in revenues was mainly due to the line-by-line consolidation of Maison Lancel's sales over a period of six months (compared to the fourth months related to the half-year ended 30 September 2018), which recorded revenues of Euro 25.3 million, as well as to an increase of 10.0% in The Bridge-branded sales and 3.0% in Piquadro-branded sales.

With reference to the Piquadro brand, revenues amounted to Euro 38.3 million during the first half-year, up by 3.0% compared to the same period ended 30 September 2018; this rise was due to an increase in sales from both the Wholesale and the DOS channels. In the first channel, which accounts for 61.7% of Piquadro-branded sales, the increase was equal to about 1.5%, while in the second channel, which includes the e-commerce website of Piquadro (up by 40.3%), the growth was 5.6% and has led the DOS channel to an impact of 38.3% of Piquadro-branded sales.

With reference to The Bridge brand, revenues amounted to Euro 14.28 million during the first half-year, up by 10.0% compared to the same period ended 30 September 2018; this rise was due both to an increase of 6.9% in sales from the Wholesale channel, accounting for 69.2% of The Bridge-branded sales, and to an increase of 17.6% in sales from the DOS channel accounting for 30.8% of The Bridge-branded sales which include the e-commerce website up by 50.7%.

Maison Lancel's sales revenues amounted to Euro 25.28 million during the first half-year and gave a contribution of about 13.2% to the growth in the Group's turnover (the revenues reported during the first half of the previous year amounted to Euro 16.45 million, but they related to the months from June to September 2018 only, i.e. the first fourth months of the inclusion of Maison Lancel in the scope of consolidation of the Piquadro Group). The sales achieved by Maison Lancel in the DOS channel (which includes the e-commerce website) accounted for 85.9% of Lancel-branded revenues.
In the first six months of the 2019/2020 financial year, assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not present in the previous financial year, the sales revenues reported by the DOS channel of Maison Lancel recorded an increase equal to about 10.7% (the same increase assuming an equal number of days of opening and constant rates of exchange) compared to the first half of the 2018/2019 financial year (noting that April and May 2018 were not included in the half-year sales of the Piquadro Group at 30 September 2018). Maison Lancel operates in the DOS channel through 57 directly-operated stores in France, 1 shop in Italy, 1 in Spain, 1 in Russia and 1 in China.

Breakdown of revenues by geographical area

The table below reports the breakdown of net revenues by geographical area:

Geographical Area *(in thousands of Euro)*	**Net revenues as at 30 September 2019**	**%**	**Net revenues as at 30 September 2018**	**%**	**% change 2019/2018**
Italy	40,833	52.4%	38,476	57.8%	6.1%
Europe	34,960	44.9%	25,859	38.8%	35.2%
Rest of the world	2,065	2.7%	2,264	3.4%	(8.8)%
Total	**77,858**	**100.0%**	**66,598**	**100.0%**	**16.9%**

From a geographical point of view, at 30 September 2019 the Piquadro Group's turnover on the Italian market was equal to 52.4% of the total turnover (57.7% of consolidated sales at 30 September 2018), up by 6.1% compared to the same period in the 2018/2019 financial year. This increase was due to the Piquadro and The Bridge brands growth as well as to the inclusion of Maison Lancel in the Piquadro Group's scope of consolidation from June 2018.

In the European market, the Group recorded a turnover of Euro 34.9 million, equal to 44.9% of consolidated sales (38.8% of consolidated sales at 30 September 2018), up by 35.2% compared to the same period in the 2018/2019 financial year. This increase was mainly due to the inclusion of Maison Lancel in the Piquadro Group's scope of consolidation from June 2018 (with a contribution of about 34.3% to the growth on the European market), as well as to the increase in Piquadro-branded sales, specifically in Germany and Russia, and in The Bridge-branded sales.

In the non-European geographical area (named "Rest of the World"), the Group posted a turnover of Euro 2.06 million, equal to 2.6% of consolidated sales (3.4% of consolidated sales at 30 September 2018) with a relative decrease of about Euro 200 thousand.

Investments

Investments in intangible assets, property, plant and equipment and financial assets in the half-years ended 30 September 2019 and 30 September 2018 were equal to Euro 2,122 thousand and to Euro 1,741 thousand, respectively, as reported below:

(in thousands of Euro)	**30 September 2019**	**30 September 2018**
Investments		
Intangible assets	642	163
Property, plant and equipment	1,420	1,578
Non-current financial assets	60	0
Total	**2,122**	**1,741**

Increases in intangible assets came to Euro 642 thousand in the half-year ended 30 September 2019 and mainly related to the project to standardise the software platform which will involve Piquadro S.p.A., The Bridge S.p.A. and Lancel Sogedi SA.

Increases in property, plant and equipment came to Euro 1,420 thousand in the in the half-year ended 30 September 2019 and were mainly attributable to the purchase of workshop systems and machinery for Euro 90 thousand and to furniture and furnishings purchased for the refurbishment of already existing DOSs and the opening of new ones (Italy, France, Spain and Russia) for Euro 1,330 thousand.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is summarised the Group's consolidated statement of financial position as at 30 September 2019 (compared to the corresponding statement as at 31 March 2019 and 30 September 2018):

(in thousands of Euro)	**30 September 2019**	**31 March 2019**	**30 September 2018**
Trade receivables	43,289	34,543	40,940
Inventories	37,409	35,820	38,242
(Trade payables)	(36,100)	(36,219)	(38,644)
Total net current trade assets	*44,598*	*34,144*	*40,538*
Other current assets	6,006	5,409	6,610
Tax receivables	2,037	1,690	473
(Other current liabilities)	(10,817)	(10,165)	(10,094)
(Tax payables)	(3,780)	(2,284)	(3,492)
A) Working capital	***38,044***	***28,794***	***34,035***
Intangible assets	8,556	7,941	8,034
Property, plant and equipment	12,822	13,206	12,083
Right-of-use assets	68,185	0	0
Non-current financial assets	22	22	2
Receivables from others beyond 12 months	2,386	2,252	2,313
Deferred tax assets	2,761	2,448	2,334
B) Fixed assets	***94,732***	***25,869***	***24,766***
C) Non-current provisions and non-financial liabilities	***(6,716)***	***(6,801)***	***(7,077)***
Net invested capital (A+B+C)	**126,060**	**47,862**	**51,724**
FINANCED BY:			
D) Net financial debt	***59,572***	***(25,606)***	***(24,843)***
E) Equity attributable to Minority interests	***(299)***	***(266)***	***(235)***
F) Equity attributable to the Group	***66,787***	***73,734***	***76,802***
Total borrowings and Shareholders' Equity (D+E+F)	***126,060***	**47,862**	***51,724***

CONSOLIDATED NET FINANCIAL POSITION

The table below reports the breakdown of the net financial position calculated according to the criteria set out in the ESMA (based on the schedule provided for in CONSOB Communication no. 6064293 of 28 July 2006):

(in thousands of Euro)	**30/09/2019**	**31/03/2019**	**30/09/2018**
(A) Cash	345	369	402
(B) Other cash and cash equivalents (available current bank accounts)	36,069	51,977	53,899
(C) Liquidity (A) + (B)	**36,414**	**52,346**	**54,301**
(D) Finance leases	(17,223)	(12)	(36)
(E) Current portion of current debt	(11,250)	(7,357)	(15,119)
(F) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(820)	(820)	(70)
(G) Current financial debt (D) + (E) + (F)	**(29,292)**	**(8,189)**	**(15,225)**
(H) Short-term net financial position (C) + (G)	**7,121**	**44,157**	**39,076**
(I) Non-current bank debt	(10,126)	(13,598)	(8,532)
(L) Finance leases	(51,405)	0	(2)
(M) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(1,293)	(1,084)	(1,837)
(N) Payables to the Richemont Group for the acquisition of Maison Lancel	(3,869)	(3,869)	(3,863)
(O) Non-current financial debt (I) + (L) + (M)+(N)	**(66,693)**	**(18,551)**	**(14,233)**
(P) Net Financial Position (H) + (O)	**(59,572)**	**25,606**	**24,843**

The Piquadro Group's Net Financial Position posted a negative value of Euro 59.6 million in the half-year ended 30 September 2019. The negative impact arising from the adoption of the new accounting standard IFRS 16 amounted to about Euro 68.6 million.

The Piquadro Group's adjusted Net Financial Position, which is defined as the Net Financial Position net of the effects arising from the adoption of IFRS 16, posted a positive value of about Euro 9.0 million, against a positive value of Euro 24.8 million in net financial position posted at 30 September 2018 and a positive value of Euro 25.6 million in net financial position posted at 31 March 2019.

The change in the Piquadro Group's adjusted Net Financial Position at 30 September 2019 was affected, compared to the Net Financial Position recorded at 30 September 2018, by the payment of dividends of Euro 4.0 million, by investments of Euro 3.7 million made by the Group in the reporting period and by an increase of Euro 8.1 million in working capital due to seasonal factors as well as to the cash flow of the Lancel Group.

The change in the Piquadro Group's Net Financial Position at 30 September 2019 was affected, compared to the Net Financial Position recorded at 31 March 2019, by the impact of the adoption of the new accounting standard IFRS 16 equal to Euro 66.6 million, as well as by the payment of dividends of Euro 4.0 million, investments of Euro 2.1 million made by the Group in the reporting period and an increase of Euro 12.4 million in working capital relating to the different seasonality and the cash flow of the Lancel Group.

Reconciliation of the Parent Company's and consolidated Equity and profit (loss) for the period

Below is the statement of reconciliation of the Parent Company's equity and profit (loss) for the period resulting from its financial statements and the corresponding consolidated values at 30 September 2019:

(in thousands of Euro)	**Profit (loss) at 30 September 2019**	**Equity at 30 September 2019**	**Profit (loss) at 31 March 2019**	**Equity at 31 March 2019**
Equity and profit (loss) for the period as reported in the financial statements of Piquadro S.p.A.	**3,146**	**41,884**	**5,428**	**42,697**
Derecognition of the carrying amount of consolidated equity investments	(6,138)	(15,346)	(11,424)	(9,192)
Non-recurring income arising from the acquisition of the Lancel Group, net of transaction costs	0	40,752	40,752	40,752
Derecognition of the effects of transactions carried out between consolidated Companies:				
- Profits included among closing inventories	19	(877)	(393)	(896)
- Other minor effects	0	374	171	374
Group's equity and profit (loss) for the period	**(2,973)**	**66,787**	**34,534**	**73,734**
Minority interests' profit (loss) and Equity	(25)	(299)	(59)	(266)
Consolidated Equity and profit (loss)	**(2,998)**	**66,488**	**34,475**	**73,468**

OTHER INFORMATION

Human Resources

The products that the Group offers are conceived, manufactured and distributed according to the guidelines of an organisational model whose feature is that it monitors all the most critical phases of the chain, from conception and manufacturing to subsequent distribution. This entails great care with the correct management of human resources, which, while respecting the different local environments in which the Group operates, must necessarily lead to intense personal involvement, above all in what the Group considers the strategic phases for the success of the brand. As at 30 September 2019 the Group had 1,165 units, compared to 1,122 units as at 30 September 2018.
Below is reported the breakdown of staff by Country:

Country	30 September 2019	30 September 2018
Italy	423	388
China	318	331
Hong Kong	6	5
Germany	1	1
Spain	21	22
Taiwan	22	23
France	326	313
Switzerland	4	4
United Kingdom	5	4
Russia	39	31
Total	**1,165**	**1,122**

With reference to the Group's organisational structure, as at 30 September 2019, 20.2% of staff operated in the production area, 47.1% in the retail area, 21.4% in the support functions (Administration, IT Systems, Purchasing, Quality, Human Resources, etc.), 7.4% in the Research and Development area and 3.9% in the Wholesale area.

Research and development activity

The R&D work for the Piquadro brand is carried out in house by the Parent Company through a dedicated team that currently consists of 12 persons, mainly engaged in the product Research and Development department and the style office at the head office of the Company.
The plants of the Chinese subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. employ a staff of 29 people dedicated to prototyping and the production of new models according to the instructions defined by the central organisation.

The R&D work for The Bridge brand is carried out at the plant of subsidiary The Bridge S.p.A. through a team of 21 people.

The R&D work for the Lancel brand is carried out at the plant of the French subsidiary Lancel Sogedi S.A. through a team of 13 people.

Transactions with related parties

In compliance with the CONSOB Regulation on Related Parties, on 18 November 2010 the Board of Directors adopted the "Regulation governing transactions with Related Parties". This document is available on the website of Piquadro, www.piquadro.com, in the Section on Investor Relations.

Information required by articles 36 and 39 of the Markets' Regulation

With reference to the "Requirements for listing of shares of companies controlling companies established and regulated by the law of States not belonging to the European Union" ("*Condizioni per la quotazione di azioni di società controllanti società costituite e regolate dalla legge di Stati non appartenenti all'Unione Europea*") under Article 36 of the Markets' Regulation, the Piquadro Group declares that the only Group company as of today that meets the significance requirements under title VI, chapter II, of the Issuers' Regulation, established and regulated by the law of States not belonging to the European Union, is the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd..
Specifically, the Parent Company certifies that, with regard to said subsidiary:

a) it makes available to the general public the subsidiaries' accounting positions prepared for the purposes of drawing up the consolidated accounts, including at least the balance sheet and the income statement. These accounting positions are made available to the public by filing them with the registered office or by publishing them on the website of the controlling company;
b) it gathers from the subsidiaries the by-laws and the composition and powers of the corporate bodies;
c) it ensures that the subsidiaries: (i) provide the controlling company's independent auditors with the required information to conduct their audit of annual and interim accounts of the controlling company; (ii) are equipped with an administrative and accounting system that is suitable to allow the information on financial data, results of operations and cash flows required for preparing consolidated accounts to be regularly received by the Management and the independent auditors of the controlling company. The controlling company's control body will timely notify CONSOB and the market management company of any facts and circumstances as a result of which said system would be no longer possibly suitable to satisfy the conditions referred to above.

Significant events after the half-year end

No significant events must be reported which occurred at Group level from 1 October 2019 to the date of preparation of this Report.

Outlook

The results achieved by the Piquadro Group during the first half of the 2019/2020 financial year confirmed the Management's expectations and strengthened the opinion that the path embarked on was successful. Therefore, the Management expects to be able to confirm the achievement of consolidated sales of more than Euro 160 million by the end of the financial year in March 2020.
In terms of profitability, also in consideration of the commitments and the positive signals coming from the operations linked to the Maison Lancel turnaround, the Management confirms the expectation of bringing the Group's EBITDA, net of the effects of the adoption of IFRS 16, back to positive values again for the year ending 31 March 2020.
In this context the Group's key mission, in a scenario that is always very competitive, is always aimed at strengthening the R&D and Marketing activities in order to increase significantly the awareness and uniqueness of each brand.

Silla di Gaggio Montano (BO), 21 November 2019

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
Marco Palmieri

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	Notes	30 September 2019	31 March 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	3,898	3,283
Goodwill	(2)	4,658	4,658
Right-of-use assets	(3)	68,185	0
Property, plant and equipment	(3)	12,822	13,206
Non-current financial assets	(4)	22	22
Receivables from others	(5)	2,386	2,252
Deferred tax assets	(6)	2,761	2,448
TOTAL NON-CURRENT ASSETS		**94,732**	**25,869**
CURRENT ASSETS			
Inventories	(7)	37,409	35,820
Trade receivables	(8)	43,289	34,543
Other current assets	(9)	5,871	5,331
Derivative assets	(10)	135	78
Tax receivables	(11)	2,037	1,690
Cash and cash equivalents	(12)	36,414	52,346
TOTAL CURRENT ASSETS		**125,155**	**129,808**
TOTAL ASSETS		**219,887**	**155,677**

(in thousands of Euro)	Notes	30 September 2019	31 March 2019
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		2,008	2,041
Retained earnings		65,752	35,159
Group profit for the period		(2,973)	34,534
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		**66,787**	**73,734**
Capital and reserves attributable to minority interests		(274)	(207)
Profit/(loss) for the period attributable to minority interests		(25)	(59)
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**(299)**	**(266)**
TOTAL EQUITY	(13)	**66,488**	**73,468**
NON-CURRENT LIABILITIES			
Borrowings	(14)	10,126	13,598
Payables to other lenders for lease agreements	(15)	51,405	0
Other non-current liabilities	(16)	7,446	7,159
Provision for employee benefits	(17)	4,092	3,977
Provisions for risks and charges	(18)	2,624	2,824
Deferred tax liabilities	(19)	0	0
TOTAL NON-CURRENT LIABILITIES		**75,693**	**27,558**
CURRENT LIABILITIES			
Borrowings	(20)	11,245	7,351
Payables to other lenders for lease agreements	(21)	17,223	12
Derivative liabilities	(22)	5	6
Trade payables	(23)	36,100	36,219
Other current liabilities	(24)	9,353	8,779
Tax payables	(25)	3,780	2,284
TOTAL CURRENT LIABILITIES		**77,706**	**54,651**
TOTAL LIABILITIES		**153,399**	**82,209**
TOTAL EQUITY AND LIABILITIES		**219,887**	**155,677**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	**Notes**	**30 September 2019**	**30 September 2018**
REVENUES			
Revenues from sales	(26)	77,858	66,598
Other income	(27)	549	691
TOTAL REVENUES (A)		**78,407**	**67,289**
OPERATING COSTS			
Change in inventories	(28)	(1,597)	(3,215)
Costs for purchases	(29)	19,860	21,062
Costs for services and leases and rentals	(30)	30,747	31,608
Personnel costs	(31)	20,559	17,312
Amortisation, depreciation and write-downs	(32)	9,385	2,367
Other operating costs	(33)	265	357
TOTAL OPERATING COSTS (B)		**79,219**	**69,491**
OPERATING PROFIT (A-B)		**(812)**	**(2,202)**
FINANCIAL INCOME AND COSTS			
Financial income	(34)	556	2,627
Non-recurring income arising from the acquisition of the Lancel Group		0	42,265
Financial costs	(35)	(1,135)	(3,101)
TOTAL FINANCIAL INCOME AND COSTS		**(579)**	**41,791**
RESULT BEFORE TAX		**(1,391)**	**39,589**
Income tax	(36)	(1,607)	(1,358)
PROFIT FOR THE PERIOD		**(2,998)**	**38,231**
attributable to:			
EQUITY HOLDERS OF THE COMPANY		(2,973)	38,266
MINORITY INTERESTS		(25)	(35)
(Basic) Earnings (loss) per share in Euro	(37)	(0.060)	0.765

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**30 September 2019**	**30 September 2018**
Profit for the period (A)	**(2,998)**	**38,231**
Components that can be reclassified through profit or loss		
Profit/(Loss) arising from the translation of financial statements of foreign companies	(23)	635
Profit/(Loss) on cash flow hedge instruments	41	310
Components that cannot be reclassified through profit or loss		
Actuarial gain (losses) on defined-benefit plans	0	8
Total Profits recognised in equity (B)	**18**	**953**
Total comprehensive Income for the period (A) + (B)	**(2,980)**	**39,184**
Attributable to		
- Group	(2,946)	39,229
- Minority interests	(33)	(45)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of Euro)

Description			**Other reserves**										
	Share capital	**Share premium reserve**	**Translation reserve**	**Fair value reserve**	**Reserve for Employee Benefits**	**Other reserves**	**Total Other Reserves**	**Retained earnings**	**Group profit**	**Equity attributable to the Group**	**Capital and Reserves attributable to minority interests**	**Profit/ (Loss) attributable to minority interests**	**Total Equity attributable to the Group and minority interests**
Balances as at 31.03.2018	**1,000**	**1,000**	**88**	**(115)**	**(114)**	**497**	**356**	**33,378**	**4,840**	**40,574**	**(123)**	**(67)**	**(40,383)**
Profit for the period									38,266	**38,266**		(35)	38,231
Other comprehensive result as at 30 September 2018:													
- Exchange differences from translation of financial statements in foreign currency			645				**645**			**645**	(10)		635
- Reserve for actuarial gains (losses) on defined-benefit plans					8		**8**			**8**			8
- Other changes (consolidation area)							**0**			**0**			0
- Fair value of financial instruments				310			**310**			**310**			310
Comprehensive Income for the period	**0**	**0**	**645**	**310**	**8**	**0**	**963**	**0**	**38,266**	**39,299**	**(10)**	**(35)**	**39,184**
- Distribution of dividends to shareholders									(3,000)	**(3,000)**			(3,000)
- Allocation of the result for the year at 30 September 2018 to reserves								1,840	(1,840)	**0**	(67)	67	0
Fair value of Stock Option Plans							**0**			**0**			0
Balances as at 30 September 2018	**1,000**	**1,000**	**733**	**195**	**(106)**	**497**	**1,319**	**35,218**	**38,266**	**76,802**	**(200)**	**(35)**	**76,567**
Balances as at 31 March 2019	**1,000**	**1,000**	**1,603**	**52**	**(169)**	**497**	**1,982**	**35,218**	**34,534**	**73,733**	**(207)**	**(59)**	**73,468**
Profit for the period									(2,973)	**(2,973)**		(25)	(2,998)
Other comprehensive result as at 30 September 2019:													
- Exchange differences from translation of financial statements in foreign currency			(15)				**(15)**			**(15)**	(8)		(23)
- Reserve for actuarial gains (losses) on defined-benefit plans							**0**			**0**			0
- Other changes (consolidation area)							**0**			**0**			0
- Fair value of financial instruments				41			**41**			**41**			41
Comprehensive Income for the period	**0**	**0**	**(15)**	**41**	**0**	**0**	**26**	**0**	**(2,973)**	**(2,946)**	**(8)**	**(25)**	**(2,980)**
- Distribution of dividends to shareholders									(4,000)	**(4,000)**			(4,000)
- Allocation of the result for the year at 30 September 2019 to reserves								30,534	(30,534)	**0**	(59)	59	0
Balances as at 30 September 2019	**1,000**	**1,000**	**1,588**	**93**	**(169)**	**497**	**2,008**	**65,752**	**(2,973)**	**66,786**	**(274)**	**(25)**	**66,488**

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)	**30 September 2019**	**30 September 2018**
Profit before tax	**(1,391)**	**39,589**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,631	1,428
Amortisation of Right-of-use assets	7,228	0
Write-downs of property, plant and equipment and intangible assets	195	519
Provision for bad debts	330	420
Non-recurring income arising from the acquisition of the Lancel Group	0	(42,265)
Net financial costs/(income), including foreign exchange differences	579	474
Cash flow from operating activities before changes in working capital	**8,573**	**165**
Change in trade receivables (including the provision)	(9,076)	(11,314)
Change in inventories	(1,589)	(3,172)
Change in other current assets	(674)	(130)
Change in trade payables	(541)	4,824
Change in provisions for risks and charges	(85)	478
Change in other current liabilities	861	651
Change in tax receivables/payables	1,125	3,451
Cash flow from operating activities after changes in working capital	**(1,406)**	**(5,047)**
Taxes paid	(1,896)	(2,049)
Interest paid	(157)	(474)
Cash flow generated from operating activities (A)	**(3,459)**	**(7,570)**
Cash and cash equivalents acquired, net of the price for the acquisition of the Lancel Group	0	43,906
Investments in intangible assets	(1,082)	(991)
Disinvestments from intangible assets	0	748
Investments in property, plant and equipment	(975)	(2,161)
Disinvestments from property, plant and equipment	0	-
Changes generated from investing activities (B)	**(2,057)**	**41,501**
Financing activities		
Change in short- and medium/long-term borrowings	422	172
- New loans	4,000	8,000
- Repayments and other net changes in Borrowings	(3,578)	(7,828)
Changes in financial instruments	(17)	(119)
Repayments for lease liabilities	(6,797)	(878)
Other minor changes	0	(6)
Dividends paid	(4,000)	(3,000)
Cash flow generated from/(used in) financing activities (C)	**(10,392)**	**(3,831)**
Change in translation reserve (D)	(23)	648
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	(15,932)	30,749
Cash and cash equivalents at the beginning of the period	**52,346**	**23,552**
Cash and cash equivalents at the end of the period	**36,414**	**54,301**

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2019

GENERAL INFORMATION

The Group's business

Piquadro S.p.A. (hereinafter also referred to as "Piquadro", "the Company" or "the Parent Company") and its subsidiaries ("the Piquadro Group" or "the Group") design, produce and market leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.
The Company was established on 26 April 2005. The Share Capital has been subscribed through the contribution of the branch of business relating to operating activities on the part of the former Piquadro S.p.A (now Piqubo S.p.A., the ultimate company controlling the Company), which became effective for legal, accounting and tax purposes on 2 May 2005.
Effective from 14 June 2007, the registered office of Piquadro S.p.A. was moved from Riola di Vergato (Bologna), via Canova no. 123/O-P-Q-R to Località Sassuriano 246, Silla di Gaggio Montano (Bologna).
As of today's date, the Company is owned by Marco Palmieri through Piqubo S.p.A., which is 100% owned. Piqubo S.p.A., in fact, holds 93.34% of the Share Capital of Piquadro Holding S.p.A., which in its turn, holds 68.37% of the Share Capital of Piquadro S.p.A., a Company which is listed on the Milan Stock Exchange since 25 October 2007.
It should be noted that for a better understanding of the Company's economic performance, reference is made to the extensive information reported in the Interim Report on operations prepared by the Directors.
These consolidated condensed interim financial statements were approved by the Board of Directors on 21 November 2019.

BASIS OF PREPARATION OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS, THE GROUP STRUCTURE AND THE SCOPE OF CONSOLIDATION

Accounting standards and policies

This half-year financial report, which includes the Piquadro Group's consolidated condensed interim financial statements as at 30 September 2019, was prepared pursuant to Article 154-*ter* of Legislative Decree no. 58/98 and in accordance with International Accounting Standards (IAS/IFRS) adopted by the European Union and in particular with the accounting standard applicable to interim financial reporting (IAS 34).
IAS 34 allows interim financial statements to be prepared in a "condensed" form, i.e. on the basis of minimum disclosures substantially less detailed than required by IFRS as a whole, provided that a complete set of financial statements prepared on the basis of IFRS has been previously made available to the public.
These consolidated condensed interim financial statements have been prepared in a "condensed" form and they must therefore be read together with the Group's consolidated financial statements ended 31 March 2019 prepared in accordance with IFRS adopted by the European Union, to which reference is made for a better understanding of the Group's business and structure and of the accounting standards and criteria adopted.
The preparation of interim financial statements in accordance with IAS 34 – Interim Financial Reporting requires judgments, estimates and assumptions that impact on the value of the assets, liabilities, costs and revenues. It should be noted that the final results may prove different from those obtained as a result of these estimates.

The consolidated accounting statements (consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated cash flow statement and statement of changes in consolidated equity) are prepared in an extended form and are the same as those adopted for the consolidated Financial Statements at 31 March 2019. It should be noted that, following the adoption of the accounting standard IFRS 16 from 1 April 2019, the consolidated statement of financial position has been amended by including, among non-current assets, a specific financial statement line separate from intangible assets and property, plant and equipment, relating to right-of-use assets. For more details, reference should be made to the information provided in the paragraph on "**Change in international accounting standards.**"

Economic data, changes in equity and cash flows for the half-year ended 30 September 2019 are compared to the half-year ended 30 September 2018. Financial data as at 30 September 2019 are compared to the corresponding values as at 31 March 2019 (relating to the last consolidated annual accounts).
For a better description, accounting data are reported in thousands of Euro in both the accounting statements and these Notes, except as otherwise specified.
The reporting currency of these consolidated financial statements is the Euro, since this currency prevails in the economies of the countries where the Piquadro Group companies conduct their business.

Except as previously illustrated in the Interim report on operations and in the subsequent explanatory notes relating to the acquisition of the Lancel Group, the Management believes that no other significant non-recurring events or transactions occurred in the half-year ended 30 September 2019, nor did any atypical or unusual transactions significantly affect the operating result.

Principles of consolidation

<u>*Subsidiaries*</u>

Control is defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. A company, therefore, has control over an entity when it is exposed, or has a right, to variable returns from its involvement with the entity and, at the same time, has the ability to affect these returns through its power over the investee. Control exists, therefore, when an investor has all the following elements:

- the power to direct the investee's relevant activities
- exposure to the investee's future returns;
- the ability to use its power over the investee to affect the investor's returns.

The power to direct the activities that significantly affect the investee's results (relevant activities) is most commonly exercised through voting rights (including potential voting rights), but also by virtue of contractual arrangements.

The criteria adopted in applying the method of consolidation on a line-by-line basis are mainly the following:

- the book value of the equity investments held by the Parent Company or by the other companies being consolidated is eliminated against the related equity in consideration of the assumption of assets and liabilities of the investee companies;
- the surplus, if any, of the total cost of the businesses acquired with respect to the portion in the fair value pertaining to identifiable assets and liabilities and potential liabilities is recognised under item Goodwill, under Intangible Assets;
- significant transactions occurred between consolidated companies are also eliminated, as well as credit and debt items and profits not yet realised which arise from transactions between Group companies;
- the portion of Total Equity pertaining to minority shareholders is recognised under a special item, while the portion of result for the period pertaining to minority interests is recognised separately in the consolidated income statement;
- the companies acquired or sold in the course of the financial year are consolidated for the period in which control was exercised.

Scope of consolidation

The consolidated condensed interim financial statements at 30 September 2019 include the interim financial statements of the Parent Company Piquadro S.p.A. and of all companies over which it exercises control, either directly or indirectly.

The complete list of the companies included in the scope of consolidation as at 30 September 2019, with the related shareholders' equity and share capital recognised according to local accounting standards (as the Group companies have prepared their interim financial statements according to the local regulations and accounting standards, and have only prepared the consolidation file according to IFRS functionally to the consolidation into Piquadro) are reported in the tables below:

Scope of consolidation as at 30 September 2019

Name	HQ	Country	Currency	Share Capital (local currency/000)	Shareholders' equity (local currency/000)	Control %
Piquadro S.p.A.	Gaggio Montano (BO)	Italy	EUR	1,000	41,985	Parent Company
Piquadro España SLU	Barcelona	Spain	EUR	898	855	100%
Piquadro Deutschland GmbH	Munich	Germany	EUR	25	44	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	4,679	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	1,028	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	30,223	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(658)	51%
Piquadro UK Limited(*)	London	United Kingdom	GBP	1,000	1,044	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	978	100%
Piquadro LLC	Delaware	USA	USD	995	946	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	58,026	100%
The Bridge S.p.A.	Scandicci	Italy	EUR	50	2,311	100%
Lancel International SA	Villar–Sur-Glane	Switzerland	CHF	35,090	47,663	99.98%
Lancel Sogedi	Paris	France	EUR	20,000	(12,223)	100%
Lancel Italia	Gaggio Montano (BO)	Italy	EUR	100	(201)	100%
Lancel Iberia	Barcelona	Spain	EUR	3	1	100%

Lancel Russia	Moscow	Russia	RUB	10	(18,593)	100%
Lancel Zhongshan	Guangdong	People's Republic of China	CNY	6,000	4,493	100%

It should be noted that the scope of consolidation at 30 September 2019 reported changes due to including Lancel Zhongshan, compared to 30 September 2018, while Piquadro France Sarl and Piquadro Trading Shenzhen Co. Ltd have been excluded since they are no longer existing.

The companies that the Parent Company Piquadro S.p.A. controls, either directly or indirectly, and either legally or in practice, are consolidated according to the line-by-line consolidation method, which consists in reporting all the assets and liabilities items in their entirety from the date on which control has been acquired up to the date control ceases.

The financial statements expressed in a foreign currency other than the Euro are translated into Euro by applying the exchange rates applied below for the half-years ended 30 September 2019 and 30 September 2018 (foreign currency corresponding to Euro 1). Furthermore, the financial statements also report the closing exchange rates at 31 March 2019 for comparison purposes.

Foreign currency	**Average**		**Closing**		
	30/09/2019	**30/09/2018**	**30/09/2019**	**31/03/2019**	**30/09/2018**
Hong Kong Dollar (HKD)	8.75	9.24	8.53	8.82	9.06
Renminbi (CNY)	7.73	7.76	7.76	7.54	7.97
Taiwan Dollar (NTD)	34.83	35.58	33.80	34.66	35.34
Swiss Franc (CHF)	1.11	1.16	1.08	1.12	1.13
Great Britain Pound (GBP)	0.88	0.88	0.88	0.86	0.89
US Dollar (USD)	1.11	1.18	1.09	1.12	1.16
Russian Rouble (RUB)	72.20	75.16	70.75	72.86	76.14

Main events that occurred during the financial year ended 30 September 2019 and related significant accounting effects

Change in international accounting standards

The following accounting standards, amendments and IFRS interpretations were applied by the Group for the first time as from 1 April 2019:

- On 13 January 2016, the IASB published IFRS 16 – *Leases* which intended to replace IAS 17 – *Leases*, as well as the interpretations IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases—Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

  The Standard provides a new definition of lease and introduces a principle based on the concept of control (right of use) of an asset, distinguishing leases from contracts for the supply of services, on the basis of whether the following key requirements are met, i.e. an identified asset, the right to substitute an identified asset, the right to obtain substantially all economic benefits from the use of the asset and, finally, the right to direct the use of the asset underlying the contract.

  The Standard establishes a single model for the disclosure and measurement of leases for lessee, which provides for the recognition of the asset involved in the lease, including operating leases, under assets against an entry under financial payables. On the contrary, the standard does not include significant amendments for lessors.

  The Group has decided to apply the standard on a retrospective basis, while recognising the cumulative effect arising from the adoption of the Standard in equity at 1 April 2019 (while not changing the comparative data of 2018), as required by paragraphs IFRS 16:C7-C13. Specifically, the Group accounted, in relation to agreements previously classified as operating leases, for:

a) a financial liability, equal to the present value of future payments still outstanding on the transition date, as discounted back by using the incremental borrowing rate applicable on the transition date for each agreement;
b) a right of use equal to the value of the financial liability on the transition date, net of accrued income and prepaid expenses, as well as of accrued expenses and deferred income (if any), relating to the lease and recognised in the balance sheet on the reporting date of these financial statements;
c) variable lease payments, which do not depend from an index or a rate, but which mainly depend from the sales volume, continue to be accounted for costs for third-party assets through profit or loss.

The table below reports the estimated impact from the adoption of IFRS 16 at the transition date:

(in millions of Euro)	**Impact on the transition date 01.04.2019**
ASSETS	
Non-current assets	
Rights of use	69.2
Total Assets	**69.2**
SHAREHOLDERS' EQUITY AND LIABILITIES	
Shareholders' equity	
Profits carried forward	0
Non-current liabilities	
Financial liabilities for non-current leases	54.0
Current liabilities	
Financial liabilities for current leases	15.2
Total Shareholders' Equity and Liabilities	**69.2**

In adopting IFRS 16, the Group has made use of the exemption granted by paragraph IFRS 16:5(a) in relation to the short-term leases for the following classes of assets:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices;
- Sundry leases.

Likewise, the Group has made use of the exemption granted by IFRS 16:5(b) as regards lease agreements for which the underlying asset is qualified as a low-value asset (i.e. the assets underlying the lease agreement do not exceed Euro 5,000 Euro when they are new assets). The contracts for which the exemption has been applied mainly fall within the scope of the following categories:

- Computers, telephones and tablets;
- Printers;
- Other electronic devices.

For these agreements the adoption of IFRS 16 did not entail the recognition of the financial liability of the lease and of the related right of use, but lease payments are recognised through profit or loss on a linear basis for the term of the respective agreements.

The Company has used the following practical options provided for in IFRS 16:

- Separation of non-lease components: the Company intends to make use of the exemption granted by IFRS 16:15 for the following categories of assets:

- Vehicles;
- Apartments/Offices;
- Shops;
- Warehouses/Parking areas.

  The non-lease components on these assets will not be separated and accounted for separately with respect to lease components, but will be considered together with the latter in determining the financial liability of the lease and of related right of use.

The transition to IFRS 16 introduces some professional judgment elements that entail the design of some accounting policies and the use of assumptions and estimates in relation to the lease term, as well as to the definition of the incremental borrowing rate. The major of them are summarised below:

- The Company has decided not to adopt IFRS 16 for agreements containing a lease, whose underlying asset is an intangible asset;
- The Group has analysed all the lease agreements, thus defining the lease term for each of them, which is given by the "non-cancellable" period, together with the effects of possible clauses of extension or early termination the exercise of which has been regarded as reasonably certain. Specifically, this valuation has considered the specific facts and circumstances of each asset for properties.
- Since most of lease agreements entered into by the Group do not provide for an implied rate of interest, the discount rate to be applied to future lease payments has been determined as the rate applied to 10-year Bonds of each country in which the agreements have been entered into, with maturities commensurate to the term of each lease agreement, as increased by the specific Credit spread of the Group equal to 0.70%.
- Deferred taxation on the impact of IFRS 16 calculated by the Group is to be regarded as provisional since a specific tax measure is being adopted which will regulate the treatment of the balances arising from the abovementioned transaction for income tax purposes.

- On 12 October 2017, the IASB published an amendment to **IFRS 9 - *Prepayment Features with Negative Compensation***. This document specifies that the instruments providing for early redemption might pass the *Solely Payments of Principal and Interest* ("SPPI") test even when the "reasonable additional compensation" to be paid for early redemption is a "negative compensation" for the lending entity. The adoption of this amendment did not have any effect on the Group's consolidated financial statements.
- On 7 June 2017, the IASB published the interpretation "***Uncertainty over Income Tax Treatments (IFRIC Interpretation 23)***". The interpretation deals with the uncertainty over income tax treatments. In particular, the Interpretation requires an entity to analyse the uncertain tax treatments (individually or as a whole, depending on their features), while always assuming that the tax authorities consider the tax position in question, being fully aware of any and all material information. If the entity believes that it is not likely that the tax authority will accept the tax treatment applied, the entity must report the effect of uncertainty in the measurement of its current and deferred income taxes. Furthermore, the document does not provide for any new disclosure obligation but points out that the entity shall establish whether it is necessary to provide information on the considerations made by the management in relation to uncertainty inherent in accounting for taxes, in accordance with IAS 1.

  The new interpretation was applied from 1 January 2019. The adoption of this amendment did not have any effect on the Group's consolidated financial statements.

- On 12 December 2017, the IASB published **"*Annual Improvements to IFRSs 2015-2017 Cycle*"** which adopt the amendments to some standards within the related annual improvement process. The major amendments concern:
  - IFRS 3 *Business Combinations* and IFRS 11 *Joint Arrangements*: the amendment clarifies that when an entity acquires control over a business that constitutes a joint operation, it must make a new measurement of the interest previously held in this business. This process is not required when there is joint control.
  - IAS 12 *Income Taxes*: the amendment clarifies that all tax effects arising from dividends (including payments on financial instruments classified in equity) should be accounted for consistently with the transaction that generated these profits (income statement, OCI or equity).

- IAS 23 *Borrowing costs*: the amendment clarifies that in case of loans that remain outstanding even after the relevant qualifying asset is already ready for use or sale, they are added to the set of loans used to calculate borrowing costs.

The adoption of this amendment did not have any effect on the Group's consolidated financial statements.

- On 7 February 2018, the IASB published "***Plant Amendment, Curtailment or Settlement (Amendments to IAS 19)"***. The document clarifies how an entity must recognise a change (i.e. a curtailment or a settlement) to defined-benefit plans. The amendments require the entity to update its assumptions and make a new measurement of the net liability or asset arising from the plan. They also clarify that, after the occurrence of this event, an entity uses updated assumptions to measure the current service cost and interest for the remaining period of reference after the event. The adoption of this amendment did not have any effect on the Group's consolidated financial statements.

- On 12 October 2017, the IASB published the document on "***Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)***". This document clarifies the requirements to apply IFRS 9, including impairment requirements, to other long-term interests in associates and joint ventures for which the equity method is not applied. The adoption of this amendment did not have any effect on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations not yet endorsed by the European Union

As at the reporting date of these interim financial statements, the competent bodies of the European Union had not yet completed the endorsement process required for the adoption of the amendments and standards described below.

- On 18 May 2017, the IASB published IFRS 17 – *Insurance Contracts* which intended to replace IFRS 4 – *Insurance Contracts*.

  The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from the insurance contracts issued. The IASB has developed the standard in order to remove inconsistencies and weaknesses from the existing accounting policies, providing a single principle-based framework to take account of any and all types of insurance contracts, including reinsurance contracts that are held by an insurer.

  The new standard also provides for the reporting and disclosure requirements required to improve the comparability between the entities belonging to this sector.

  The new standard measures an insurance contract on the basis of a General Model or a simplified version thereof, named Premium Allocation Approach ("PAA").

  The main features of the General Model are:
  - Estimates and assumption of future cash flows are always current;
  - The measurement reflects the time value of money;
  - The estimates envisage an extensive use of information observable on the market;
  - There exists a current and explicit measurement of risk;
  - The expected profit is deferred and aggregate in groups of insurance contracts upon initial recognition; and,
  - The expected profit is recognised in the period of contract insurance cover taking account of adjustments arsing from changes in the assumptions concerning cash flows relating to each group of contracts.

  The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, upon initial recognition, the entity expects that this liability will reasonably represent an approximation of the General Model. The contracts with a term of cover of one year or less are automatically eligible for the PAA approach. The simplifications arising from the application of the PAA method do not apply to the valuation of liabilities for outstanding claims, which are measured according to the General Model. However, it is not necessary for those cash flows to be discounted if it is expected that the payment or collection of the balance concerned will take place within one year from the date when the claim arose.

The entity must apply the new standard to the insurance contracts issued, including any reinsurance contract issued and any reinsurance contract held, as well as to investment contracts with a discretionary participation feature (DPF).

The standard will be applicable from 1 January 2021 with early adoption permitted for entities that apply IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers* only.

- On 22 October 2018, the IASB published "Definition of a Business (Amendments to IFRS 3)". The document provides some clarifications as to the definition of business for the purposes of the correct application of IFRS 3. Specifically, the amendment clarifies that while a business usually produces an output, an output is not strictly required to identify a business in the presence of an acquired set of activities/processes and assets. However, in order to meet the definition of business, an acquired 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 outputs. For this purpose the IASB has replaced the term "ability to create outputs" with the "ability to contribute to the creation of outputs" to clarify that a business can exist even without the presence of all inputs and processes required to create an output.

  The amendment has also introduced an optional concentration test for the entity, to determine whether an acquired set of activities/processes and assets is not a business. If the test is passed, the acquired set of activities/processes and assets does not constitute a business and the standard does not require additional audits. If the test is not passed, the entity shall carry out additional analyses on the acquired activities/processes and assets to identify the presence of a business. For this purpose, the amendment has added numerous explanatory examples to IFRS 3 in order allow the practical application of the new definition of business in specific cases. The amendments apply to all business combinations and acquisitions of assets carried out after 1 January 2020, with early adoption permitted.

  In considering that this amendment will be applied for the new acquisitions that will be completed as from 1 January 2020, any possible effect will be recognised in the consolidated financial statements closed after said date.

- On 31 October 2018, the IASB published "Definition of Material (Amendments to IAS 1 and IAS 8)". The document introduced an amendment to the definition of "material" provided for in IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. This amendment is aimed at making this definition more specific and has added the concept of "obscured information" to the concepts of omitted or misstated information already provided for in the two standards subject to amendment. The amendment clarifies that information is obscured when it has been described so as to have, on the primary users of the financial statements, an effect similar to the effect that would have been produced had this information been omitted or misstated.
  The amendments introduced by the document apply to any and all transactions carried out after 1 January 2020.

  The directors expect that the adoption of this amendment will not entail any significant effect on the Group's consolidated financial statements.

- On 11 September 2014, the IASB published an amendment to IFRS 10 and IAS 28 - *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture*. The document was published for the purpose of solving the present conflict between IAS 28 and IFRS 10.
  As required by IAS 28, profits or losses arising from the sale or contribution of a non-monetary asset to a joint venture or associate in exchange for an interest in the latter's capital are limited to the interest held in the joint venture or associate by the other investors that have not taken part in the transaction. On the contrary, IFRS 10 provides for the recognition of the full profit or loss if there is a loss of control over a subsidiary, even if the entity continues to hold a non-controlling interest therein, this case also including the transfer or contribution of a subsidiary to a joint venture or associate. The amendments introduced

provide that, in the transfer or contribution of a business or of a subsidiary to a joint venture o associate, the amount of profit or loss to be recognised in the financial statements of the transferor or of the contributing party depends on whether the assets or the subsidiary that are transferred or contributed constitute a business, in the meaning provided for in IFRS 3. If the assets or the subsidiary that are transferred or contributed constitute a business, the entity must recognize the profit or loss on the entire interest previously held; while, otherwise, the amount of profit or loss relating to the interest still held by the entity must be derecognised. At present the IASB has suspended the application of this amendment. The directors expect that the adoption of these amendments will not entail any significant effect on the Group's consolidated financial statements.

- On 30 January 2014, the IASB published IFRS 14 – *Regulatory Deferral Accounts,* which only allows the first-time adopters of IFRS to continue to recognise the amounts relating to the Rate-regulated Activities according to the accounting standards previously adopted. Since the Company/Group is not a first-time adopter, this standard is not applicable. The directors expect that the adoption of these amendments will not entail any significant effect on the Group's consolidated financial statements.

COMMENTS ON THE MAIN ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

Note 1 – Intangible assets

As at 30 September 2019 the value of intangible assets was equal to Euro 3,898 thousand (Euro 3,283 thousand as at 31 March 2019).
Below is reported the statement of changes of this item:

(in thousands of Euro)	**30 September 2019**
Balance as at 31 March 2019	3,283
Investments in intangible assets	642
Change in consolidation area	0
Sales and disposals	0
Other changes	440
Amortisation	(419)
Write-downs	(48)
Total	**3,898**

In the half-year ended 30 September 2019, the increases in intangible assets came to Euro 642 thousand and mainly related to the project to standardise the software platform which will involve Piquadro S.p.A., The Bridge S.p.A. and Lancel Sogedi SA. Other changes of Euro 440 thousand related to exchange rate delta in the period.

Note 2 – Goodwill

The assets with an indefinite useful life include goodwill recognised for a value equal to Euro 4,658 thousand relating to the business combination involving The Bridge S.p.A., which has been accounted for in accordance with the provisions laid down in IFRS 3 revised. Specifically, the Management has carried out a measurement of assets or liabilities and potential liabilities at fair value, on the basis of the information on existing facts or circumstances which was available on the date of the acquisition.
In accordance with IAS 36, no impairment test was conducted on the goodwill value stated at 30 September 2019, since there was no evidence of permanent impairment losses.

Note 3 - Property, plant and equipment and Right-of-use assets

As at 30 September 2019, the value of property, plant and equipment was equal to Euro 12,822 thousand (Euro 13,206 thousand as at 31 March 2019), while Right-of-use assets came to Euro 68,185 thousand. Below is reported the statement of changes of property, plant and equipment:

(in thousands of Euro)	**30 September 2019**
Balance as at 31 March 2018	13,206
Investments in property, plant and equipment	1,420
Change in consolidation area	0
Reclassifications	(56)
Sales and disposals	0
Other changes	(389)
Depreciation	(1,212)
Write-downs	(147)
Total	**12,822**

Increases in property, plant and equipment came to Euro 1,420 thousand in the in the half-year ended 30 September 2019 and were mainly attributable to the purchase of workshop systems and machinery for Euro 90 thousand and to furniture and furnishings purchased for the refurbishment of already existing DOSs and the opening of new ones (Italy, France, Spain and Russia) for Euro 1,330 thousand. Other changes of Euro (389) thousand related to exchange rate delta in the period.

Below is reported the breakdown of historical cost, depreciation fund and net value of the "Right of use" item at 30 September 2019*:*

Right-of-use asset *(in thousands of Euro)*	**Land and Buildings**	**Equipment**	**Other Assets**	**Total**
First adoption of IFRS 16	68,512	13	633	69,158
Increases/Other changes	6,658	-	110	6,768
Decreases	(753)	-	(4)	(757)
Depreciation	(7,109)	(3)	(116)	(7,228)
Translation differences	220	-	24	244
Total at 30.09.2019	**67,528**	**10**	**647**	**68,185**

The "Right-of-use" item amounted to Euro 68,185 thousand at 30 September 2019 and was mainly made up of assets relating to lease agreements for shops, the Group's showroom, offices or logistics and, to a lesser extent, long-term car hire.

Note 4 – Non-current financial assets

Non-current financial assets, equal to Euro 22 thousand, related to quotas held in minor companies that do not belong to the Group.

Note 5 – Receivables from others

Receivables from others, equal to Euro 2,386 thousand as at 30 September 2019 (against Euro 2,252 thousand as at 31 March 2019), mainly relate to the guarantee deposits paid for various utilities, including those relating to directly-operated stores and to deposits relating to the lease of DOSs.

Note 6 – Deferred tax assets and liabilities

As at 30 September 2019, the amount of deferred tax assets was equal to Euro 2,761 thousand (Euro 2,448 thousand as at 31 March 2019). The amount was the net balance between deferred tax assets (Euro 2,985 thousand) and deferred tax liabilities (Euro 224 thousand).
The increase compared to the previous year includes Euro 106 thousand of deferred taxes liabilities calculated as a result of the economic effect of the adoption of IFRS 16, since the "interest+amortisation for the period" calculated according to IFRS 16 differ from the rentals for the period, which are the only item that is relevant for tax purposes. An average rate has been used for the calculation since the Group includes companies based outside Italy.

CURRENT ASSETS

Note 7 – Inventories

The tables below report the breakdown of net inventories into the relevant classes and the changes in the provision for write-down of inventories (entered as a direct reduction in the individual classes of inventories), respectively:

(in thousands of Euro)	**Gross value as at 30 September 2019**	**Provision for write-down**	**Net value as at 30 September 2019**	**Net value as at 31 March 2019**
Raw Materials	7,426	(1,790)	5,636	6,419
Semi-finished products	808	0	808	593
Finished products	41,423	(10,459)	30,964	28,807
Inventories	**49,657**	**(12,249)**	**37,408**	**35,820**

As at 30 September 2019, inventories showed an increase of about Euro 1.6 million compared to the corresponding values as at 31 March 2019, mainly due to the effect of the seasonality in the period as well as to higher sales revenues.

Finally, below is reported the breakdown and the changes in the provision for write-down of inventories:

(in thousands of Euro)	**Provision as at 31 March 2019**	**Use**	**Allocation**	**Provision as at 30 September 2019**
Provision for write-down of raw materials	1,761	(222)	251	1,790
Provision for write-down of finished products	11,333	(965)	91	10,459
Total provision for write-down of inventories	**13,094**	**(1,187)**	**342**	**12,249**

Note 8 – Trade receivables

As at 30 September 2019, trade receivables were equal to Euro 43,289 thousand compared to Euro 34,543 thousand as at 31 March 2019. The increase was equal to 25.3% compared to 31 March 2019 and was mainly attributable to the effect of the seasonality of the business and to higher revenues for Piquadro and The Bridge brands.
The increase in the trade receivables for the Lancel brand was attributable both to an increase in receivables and to the effect of the seasonality, as well as to the new development strategies implemented in various commercial channels that the new Management is implementing.

The adjustment to the face value of receivables from customers at their presumed realisable value is obtained through a special provision for bad debts, whose changes, in the half-year under consideration, are showed in the table below:

(in thousands of Euro)	**Provision as at 30 September 2019**	**Provision as at 31 March 2019**
Balance at the beginning of the year	3,098	2,822
Accrual to provision	330	938
Change in consolidation area	0	168
Uses	(274)	(830)
Total provision for bad debts	**3,155**	**3,098**

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**30 September 2019**	**31 March 2019**
Other assets	1,247	1,143
Accrued income and prepaid expenses	4,624	4,188
Other current assets	**5,871**	**5,331**

Other assets mainly related to INAIL advances of Euro 204 thousand, advances from suppliers for Euro 650 thousand, social security advances for Euro 81 thousand and advances from international circuits for acceptance of credit cards for Euro 312 thousand.

The increase of Euro 435 thousand in accrued income and prepaid expenses was mainly attributable to prepaid expenses on rents for shops, while, for the remaining portion, it concerned costs relating to advertising and media arising from strengthening Marketing activities aimed at significantly increasing the awareness and uniqueness of each brand.

Note 10 – Derivative assets

As at 30 September 2019, here were currency forward purchases (USD), the positive fair value of which was equal to Euro 135 thousand (compared to a positive value of Euro 78 thousand as at 31 March 2019). The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix the exchange rate at a level that is in line with the budget forecasts.

Note 11 - Tax receivables

As at 30 September 2019, tax receivables were equal to Euro 2,037 thousand (Euro 1,690 thousand at 31 March 2019) and were mainly made up of VAT credits of the Italian companies.

(in thousands of Euro)	**30 September 2019**	**31 March 2019**
Receivables for income taxes	268	1,066
VAT Credit	1,769	583
Other receivables	0	41
Tax receivables	**2,037**	**1,690**

Note 12 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents:

(in thousands of Euro)	**30 September 2019**	**31 March 2019**
Available current bank accounts	36,069	51,977
Cash, cash on hand and cheques	345	369
Cash and cash equivalents	**36,414**	**52,346**

The balance represents cash and cash equivalents and the existence of money and cash on hand at the closing date of the periods. For a better understanding of the dynamics in the Company's liquidity, reference is made to the Cash Flow Statement and the breakdown of Net Financial Position.

LIABILITIES

NON-CURRENT LIABILITIES

Note 13 – EQUITY

Share capital

As at 30 September 2019, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

Share premium reserve

This reserve, which remained unchanged compared to the financial year ended at 31 March 2019, was equal to Euro 1,000 thousand.

Translation reserve

As at 30 September 2019 the translation reserve was positive for Euro 1,603 thousand (it reported a positive balance of Euro 1,588 thousand as at 31 March 2019). This item is referred to the foreign exchange differences due to the consolidation of the companies with a relevant currency other than the Euro, i.e. Piquadro Hong Kong Co. Ltd. (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods Zhongshan Co. Ltd and Lancel Zhongshan (the relevant currency being the Chinese Renminbi), Piquadro Taiwan Co. Ltd (the relevant currency being the Taiwan Dollar), Piquadro Swiss and Lancel International S.A. (the relevant currency being the Swiss Franc), Piquadro UK Limited (the relevant currency being the Great Britain Pound), Piquadro USA INC and Piquadro LLC (the relevant currency being the US Dollar), OOO Piquadro Russia and Lancel Russia (the relevant currency being the Russian Rouble).

Group Result/(Loss)

This item relates to the recognition of the loss reported by the group for the period, equal to Euro 2,973 thousand, in the half-year ended 30 September 2019.

Profits and reserves attributable to minority interests

The item refers to the portions of reserves and profits, equal to a negative value of Euro 299 thousand (against a negative value of Euro 266 thousand at 31 March 2019), which are attributable to the minority interests of Piquadro Swiss SA and of which the Parent Company owns 51% of the share capital and of Lancel International S.A., of which the Parent Company owns 99.9958%.

Note 14 – Non-current borrowings

Below is the breakdown of non-current payables to banks:

(in thousands of Euro)	**30 September 2019**	**31 March 2019**
Borrowings from 1 to 5 years	10,126	13,598
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	**10,126**	**13,598**

As at 30 September 2019, borrowings, which were mainly attributable to the Parent Company Piquadro S.p.A., were related to non-current liabilities for Euro 10,126 thousand and to current liabilities for Euro 11,245 thousand (Note 20) and included:

1. Euro 377 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 10 June 2016 (against an initial amount of Euro 2,000 thousand), of which a current portion of Euro 377 thousand.
2. Euro 4,169 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 16 November 2018 (against an initial amount of Euro 5,000 thousand), of which a current portion of Euro 987 thousand and a non-current portion of Euro 3,182 thousand.
3. Euro 1,132 thousand relating to the unsecured loan granted by Cassa di Risparmio in Bologna (for an initial amount of Euro 2,500 thousand) on 30 November 2016, of which a current portion of Euro 501 thousand and a non-current portion of Euro 631 thousand.
4. Euro 941 thousand relating to the unsecured loan granted by Credem – Credito Emiliano (for an initial amount of Euro 3,000 thousand) on 7 December 2016, of which a current portion of Euro 752 thousand and a non-current portion of Euro 189 thousand

5. Euro 1,132 thousand relating to the unsecured loan granted by UniCredit (for an initial amount of Euro 3,000 thousand) on 10 January 2017, of which a current portion of Euro 754 thousand and a non-current portion of Euro 378 thousand.
6. Euro 1,797 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena (for an initial amount of Euro 3,000 thousand) on 30 January 2017, of which a current portion of Euro 598 thousand and a non-current portion of Euro 1,199 thousand.
7. Euro 4,488 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena (for an initial amount of Euro 5,000 thousand) on 27 November 2018, of which a current portion of Euro 996 thousand and a non-current portion of Euro 3,493 thousand.
8. Euro 1,497 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 22 March 2017, of which a current portion of Euro 1,497 thousand.
9. Euro 1,656 thousand relating to the unsecured loan granted by UBI Banca (for an initial amount of Euro 3,000 thousand) on 22 May 2017, of which a current portion of Euro 600 thousand and a non-current portion of Euro 1,056 thousand.
10. Payables to banks of Euro 182 thousand.

Below is reported the breakdown of loans:

(in thousands of Euro)	**Interest rate**	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current borrowings**	**Amort. cost (S/T)**	**Non-current borrowings**	**Amort. Cost (L/T)**	**Total**
BPER loan	0.73% p.a.	10 June 2016	2,000	Euro	378	(1)	0	0	377
BPER loan	0.125% quarterly	27 November 2018	5,000	Euro	991	(4)	3,188	(6)	4,169
Carisbo loan	0.38% six-monthly	30 November 2016	2,500	Euro	502	0	630	0	1,132
Credem loan	0.4% six-monthly	07 December 2016	3,000	Euro	752	0	189	0	941
Unicredit loan	0.51% six-monthly	10 January 2017	3,000	Euro	754	0	378	0	1,132
MPS loan	0.7% p.a.	30 January 2017	3,000	Euro	600	(2)	1,200	(1)	1,797
MPS loan	Euribor 3m+1.1 spread	16 November 2018	5,000	Euro	1,000	(4)	3,500	(8)	4,488
Mediocredito loan	0.43% + spread 2	22 November 2017	5,000	Euro	1,500	(3)	0	0	1,497
UBI Loan 04/01025637	0.73% p.a.	22 May 2017	3,000	Euro	601	(1)	1,057	(1)	1,656
Unicredit Advance for dividend		05 June 2019	5,000	Euro	4,000				4,000
Payables to the banks					182				182
					11,260	**(15)**	**10,143**	**(16)**	**21,371**

There are no covenants on these borrowings.

Note 15 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	30 September 2019	31 March 2019
Non-current portion:		
Lease liabilities	51,405	0
Current portion:		
Lease liabilities	17,223	12
Payables to other lenders for lease	**66,628**	**12**

The adoption of the new IFRS 16 generated the recognition of a financial liability, equal to the present value of future payments still outstanding. As at 30 September 2019 the item under consideration amounted to Euro 51,405 thousand classified among non-current Lease liabilities and Euro 17,221 thousand among non-current ones, while an amount of Euro 2 thousand related to residual lease agreements involving the fittings of The Bridge-brand outlets.

Note 16 – Other non-current liabilities

Below is the related breakdown:

(in thousands of Euro)	30 September 2019	31 March 2019
Other payables	7,446	7,159
Other non-current liabilities	**7,446**	**7,159**

"Other payables" equal to Euro 7,446 thousand at 30 September 2019, included the residual deferred payment of the price of acquisition of The Bridge S.p.A., equal to Euro 1,293 thousand, which also included the value of the call option valued by an independent expert as at 31 March 2019. The portion expiring within 12 months, equal to Euro 820 thousand, has been classified to other current liabilities.
As regards this item, the Piquadro S.p.A. Group's Management has quantified, in accordance with IFRS 3, the consideration for the acquisition ("consideration transferred") of the Lancel Group, as determined by adding the fair value of the Annual Earn-Out, equal to about Euro 3,869 thousand (for more information, reference should be made to the paragraph on "Business combinations – Acquisition of the Lancel Group" of the Report as at 31 March 2019).
This item also includes Euro 2,284 thousand relating to payables for deferred rentals (straight lines) of subsidiary Lancel Sogedi. These payables for deferred rentals mainly relate to the linearisation of lease payments over the contract lease term of the properties in France.

Note 17 – Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit made by an independent actuary based on IAS 19. The actuarial assumptions used for calculating the provision are not changed compared to the information reported in the paragraph *Accounting standards – Provision for employee benefits* in the Notes to the consolidated financial statements as at 31 March 2019.
The value of the provision as at 30 September 2019 amounted to Euro 4,092 thousand (Euro 3,977 thousand at 31 March 2019).

Note 18 – Provisions for risks and charges

Below are the changes in provisions for risks and charges as at 30 September 2019:

(in thousands of Euro)	Provision as at 31 March 2019	Use	Allocation	Provision as at 30 September 2019
Provision for supplementary clientele indemnity	1,200	(118)	86	1,168
Other provisions for risks	1,624	(168)	0	1,456
Total	**2,824**	**(286)**	**86**	**2,624**

The “Provision for supplementary clientele indemnity” represents the potential liability with respect to agents in the event of Group Companies’ terminating agreements or agents retiring.
The balance of this provision amounted to Euro 1,168 thousand at 30 September 2019, showing a decrease of Euro 32 thousand compared to 31 March 2019 (Euro 1,200 thousand).

“Other Provisions for risks” amounted to Euro 1,456 thousand as at 30 September 2019 and are made up as follows:

- *Provision for returns,* Euro 754 thousand (Euro 891 thousand at 31 March 2019)
- *Provision for taxes*, Euro 130 thousand (unchanged compared to 31 March 2019);
- *Provision for product warranty and repair*, Euro 31 thousand (unchanged compared to 31 March 2019);
- *Provision for Legal Disputes/Employees*, Euro 541 thousand (Euro 572 thousand at 31 March 2019): the provision mainly related to the amount set aside for legal risks and disputes with employees. The uses for the period related to the indemnities paid to employees and executives the employment relationship of which has already been terminated.

Note 19 – Deferred tax liabilities

At 30 September 2019 current borrowings were equal to Euro 224 thousand and were attributable to the Parent Company for Euro 119 thousand and to subsidiaries for Euro 105 thousand. The amount has been reclassified net of the receivables for deferred tax assets and liabilities reported in Note 6.

CURRENT LIABILITIES

Note 20 – Current borrowings

As at 30 September 2019 current borrowings were equal to Euro 11,245 thousand against Euro 7,351 thousand as at 31 March 2019. The balance related to a current portion of loans for Euro 7,245 thousand, payables to banks of Euro 4,000 thousand for advance on dividends distributed on the profit as at 31 March 2019 relating to the short-term loan disbursed by Unicredit.

For more information, reference is made to Note 14 above.

Note 21 - Payables to other lenders for lease agreements

As at 30 September 2019, the amount was equal to Euro 17,223 thousand (Euro 12 thousand as at 31 March 2019). The change in this item has been described in Note 15.

NET FINANCIAL POSITION

The table below reports the breakdown of the Net Financial Position, which includes the net financial debt determined according to the ESMA scheme (as required by CONSOB Communication no. 6064293 of 28 July 2006):

(in thousands of Euro)	**30/09/2019**	**31/03/2019**	**30/09/2018**
(A) Cash	345	369	402
(B) Other cash and cash equivalents (available current bank accounts)	36,069	51,977	53,899
(C) Liquidity (A) + (B)	**36,414**	**52,346**	**54,301**
(D) Finance leases	(17,223)	(12)	(36)
(E) Current portion of current debt	(11,250)	(7,357)	(15,119)
(F) Payables to Il Ponte SpA for the acquisition of The Bridge	(820)	(820)	(70)
(G) Current financial debt (D) + (E) + (F)	**(29,292)**	**(8,189)**	**(15,225)**

(H) Short-term net financial position (C) + (G)	**7,121**	**44,157**	**39,076**
(I) Non-current bank debt	(10,126)	(13,598)	(8,532)
(L) Finance leases	(51,405)	0	(2)
(M) Payables to Il Ponte SpA for the acquisition of The Bridge	(1,293)	(1,084)	(1,837)
(N) payables to the Richemont Group for the acquisition of Maison Lancel	(3,869)	(3,869)	(3,863)
(O) Non-current financial debt (I) + (L) + (M)+(N)	**(66,693)**	**(18,551)**	**(14,233)**
(P) Net Financial Position (H) + (O)	**(59,572)**	**25,606**	**24,843**

The Net Financial Position of the Piquadro Group posted a negative value of Euro 59.6 million in the half-year ended 30 September 2019. The negative impact of the adoption of the new accounting standard IFRS 16 was equal to about Euro 68.6 million.

The adjusted Net financial Position of the Piquadro Group, which is defined as the Net financial Position net of the effects arising from the adoption of IFRS 16, was positive and equal to about Euro 9.0 million, against a positive net financial position of Euro 24.8 million recorded at 30 September 2018 and a positive net financial position of Euro 25.6 million recorded at 31 March 2019.

The change in the adjusted Net financial Position of the Piquadro Group, recorded at 30 September 2019, was affected, compared to the Net Financial Position recorded at 30 September 2018, by the payment of dividends of Euro 4.0 million, investments of Euro 3.7 million made by the Group in the reporting period and an increase of Euro 8.1 million in working capital due to seasonal factors as well as to the cash flow of the Lancel Group.

The change in the Net Financial Position of the Piquadro Group, recorded at 30 September 2019, was affected, compared to the Net Financial Position recorded at 31 March 2019, by the impact of the adoption of the new accounting standard IFRS 16 of Euro 66.6 million, the payment of dividends of Euro 4.0 million, investments of Euro 2.1 million made by the Group in the reporting period and an increase of Euro 12.4 million in working capital relating to the different seasonality and the cash flow of the Lancel Group

Note 22 – Derivative liabilities

As at 30 September 2019 derivative liabilities, equal to Euro 5 thousand (Euro 6 thousand at 31 March 2019), related to the measurement of the derivative Interest Rate Swap (IRS) contract linked to the Mediocredito loan with an initial amount of Euro 5,700 thousand.

Note 23 - Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**30 September 2019**	**31 March 2019**
Payables to suppliers	**36,100**	**36,219**

At 30 September 2019 payables to suppliers amounted to Euro 36,100 thousand, substantially in line compared to 31 March 2019 (Euro 36,219 thousand).

Note 24 – Other current liabilities

(in thousands of Euro)	**30 September 2019**	**31 March 2019**
Payables to social security institutions	1,975	2,199
Payables to pension funds	208	218
Other payables	2,400	1,621

Payables to employees	4,183	4,326
Advances from customers	216	70
IRPEF tax payables and other tax payables	0	223
Accrued expenses and deferred income	372	122
Other current liabilities	**9,353**	**8,779**

"Other current liabilities", totalling Euro 9,353 thousand, showed an increase of Euro 574 thousand compared to 31 March 2019.

The item included: payables to social security institutions, which mainly related to the Parent Company and Lancel Sogedi's payables due to INPS and payables to employees as at 30 September 2019, equal to Euro 4,183 thousand (Euro 4,326 thousand as at 31 March 2019) which mainly included the Group's payables for remunerations to be paid and deferred charges with respect to employees.

Note 25 – Tax payables

Tax payables for IRES and IRAP tax, equal to Euro 3,780 thousand (Euro 2,284 thousand at 31 March 2019) relate to the allocation of taxes on an accruals basis on the income produced in the period, an amount reported net of any advances paid. The delta compared to the balance at 31 March 2019 was attributable to the circumstance in which no tax advances had been paid on 30 September 2019 as the Company claimed a credit amount as at 31 March 2019.

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

Note 26 – Revenues from sales

The breakdowns of revenues by Brand and by geographical area are reported below.

Breakdown of revenues by Brand

The table below reports the breakdown of consolidated net revenues by Brand:

In relation to the breakdown of revenues from sales by distribution channel, reference is made to the Directors' Report on the performance of operations.

The Group's revenues are mainly realised in Euro.

Brand *(in thousands of Euro)*	**Net Revenues as at 30 September 2019**	**%**	**Net Revenues as at 30 September 2018**	**%**	**% Change 2019/2018**
PIQUADRO	38,295	49.2%	37,165	55.8%	3.0%
THE BRIDGE	14,285	18.3%	12,983	19.5%	10.0%
LANCEL	25,278	32.5%	16,450	24.7%	53.7%
Total	**77,858**	**100.0%**	**66,598**	**100.0%**	**16.9%**

During the half-year ended 30 September 2019, net revenues from sales were equal to Euro 77.9 million, up by 16.9% compared to Euro 66.6 million during the same period in the previous financial year. As reported above, the increase in revenues was mainly determined by the line-by-line consolidation of Maison Lancel's sales over a period of six months (compared to the fourth months related to the half-year ended 30 September 2018), which reported revenues of Euro 25.3 million, as well as by an increase of 10.0/ in The Bridge-branded sales and 3.0% in the Piquadro-branded sales.

With reference to the Piquadro brand, revenues amounted to Euro 38.3 million during the first half-year, up by 3.0% compared to the same period ended 30 September 2018; this rise was due to an increase in sales both from the Wholesale channel and DOS channel. In the first channel, which accounts for 61.7% of Piquadro-branded sales, the increase was equal to about 1.5%, while in the second channel, which includes the e-commerce website of Piquadro (up by 40.3%), the growth was 5.6% and led the DOS channel to an impact of 38.3% of Piquadro-branded sales.

With reference to The Bridge brand, revenues amounted to Euro 14.29 million during the first half-year, up by 10.0% compared to the same period ended 30 September 2018; this rise was due both to an increase of 6.9% in sales from the Wholesale channel, which accounts for 69.2% of The Bridge-branded sales and to an increase of 17.6 in sales from the DOS channel which account for 30.8% of The Bridge-branded sales and include the e-commerce website of The Bridge up by 50.7%.

Maison Lancel's revenues from sales amounted to Euro 25.28 million during the first half-year and gave a contribution of about 13.2% to the growth in the Group's turnover (the revenues reported during the first half of the previous year amounted to Euro 16.45 million, but they related to the months from June to September 2018, i.e. the first fourth months of the inclusion of Maison Lancel in the scope of consolidation of the Piquadro Group). The sales achieved by Maison Lancel in the DOS channel (which also includes the e-commerce website) accounted for 85.9% of Lancel-branded revenues.
In the first six months of the 2019/2020 financial year, assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not present in the previous financial year, the sales revenues reported by the DOS channel of Maison Lancel recorded an increase equal to about 10.7% (the same increase assuming an equal number of days of opening and constant rates of exchange) compared to the first half of the 2018/2019 financial year (noting that April and May 2018 were not included in the half-year sales of the Piquadro

Group at 30 September 2018). Maison Lancel operates in the DOS channel through 57 directly-operated stores in France, 1 shop in Italy, 1 in Spain, 1 in Russia and 1 in China.

Breakdown of revenues by geographical area

The table below reports the breakdown of net revenues by geographical area:

Geographical Area *(in thousands of Euro)*	**Net revenues as at 30 September 2019**	**%**	**Net revenues as at 30 September 2018**	**%**	**% change 2019/2018**
Italy	40,833	52.4%	38,476	57.8%	6.1%
Europe	34,960	44.9%	25,859	38.8%	35.2%
Rest of the world	2,065	2.7%	2,264	3.4%	(8.8)%
Total	**77,858**	**100.0%**	**66,598**	**100.0%**	**16.9%**

From a geographical point of view, at 30 September 2019, the Piquadro Group's turnover on the Italian market was equal to 52.4% of the total turnover (57.7% of consolidated sales at 30 September 2018), up by 6.1% compared to the same period in the 2018/2019 financial year. This increase was due to the Piquadro and The Bridge brands growth as well as to the inclusion of Lancel in the Piquadro Group's scope of consolidation from June 2018.

In the European market, the Group recorded a turnover of Euro 34.9 million, equal to 44.9% of consolidated sales (38.8% of consolidated sales at 30 September 2018), up by 35.2% compared to the same period in the 2018/2019 financial year. This increase was mainly due to the inclusion of Maison Lancel in the Piquadro Group's scope of consolidation from June 2018 (with a contribution of about 34.3% to the growth on European market), as well as to the increase in Piquadro-branded sales, specifically in Germany and Russia, and The Bridge-branded sales.

In the non-European geographical area (named "Rest of the World"), the Group posted a turnover of Euro 2.06 million, equal to 2.7% of consolidated sales (3.4% of consolidated sales at 30 September 2018) with a relative decrease of about Euro 200 thousand.

Note 27 – Other income

In the half-year ended 30 September 2019, other income amounted to Euro 549 thousand (Euro 691 thousand in the half-year ended 30 September 2018). and was broken down as follows:

(in thousands of Euro)	**30 September 2019**	**30 September 2018**
Charge-backs of transport and collection expenses	54	56
Insurance and legal refunds	0	17
Other sundry income	495	618
Revenues from sales	**549**	**691**

In the half-year ended 30 September 2019, other income came to Euro 549 thousand, of which Euro 320 thousand related to the Piquadro brand, Euro 107 thousand related to The Bridge brand and Euro 122 thousand for the Lancel brand.

Note 28 – Change in inventories

The change in inventories was positive in the half-year ended 30 September 2019 (Euro 1,597 thousand) compared to the half-year ended 30 September 2018 (positive for an amount of Euro 3,215 thousand), with a net difference of Euro 1,618 thousand between the two periods.

Note 29 – Costs for purchases

In the half-year ended 30 September 2019, costs for purchases were equal to Euro 19,860 thousand (Euro 21,602 thousand in the half-year ended 30 September 2018).
The item essentially includes the cost of materials used for the production of corporate goods and of the consumables for the Group's Piquadro, The Bridge and Lancel brands.

Note 30 – Costs for services and leases and rentals

Below is the breakdown of costs for services:

(in thousands of Euro)	**30 September 2019**	**30 September 2018**
External production	9,701	8,079
Advertising and marketing	6,047	3,280
Transport services	3,334	3,325
Business services	2,603	2,590
Administrative services	1,440	2,750
General services	2,103	1,775
Services for production	2,121	1,543
Total Costs for services	**27,349**	**23,342**
Costs for leases and rentals	**3,398**	**8,266**
Costs for services and leases and rentals	**30,747**	**31,608**

The increase in costs for services was attributable to the line-by-line consolidation of Maison Lancel over a period of six months (compared to the fourth months related to the half-year ended 30 September 2018), as well as to strengthening the R&D and Marketing activities that were have increased with the aim of significantly increasing the awareness and uniqueness of each brand.
Costs for leases and rentals recorded a decrease as a result of the adoption of the new accounting standard IFRS 16. The remaining amount of Euro 3,398 thousand was attributable to fully variable lease rentals, specifically for some shops of subsidiary Lancel Sogedi, with a term of less than the financial year.

Note 31 – Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**30 September 2019**	**30 September 2018**
Wages and salaries	15,325	12,460
Social security contributions	3,959	3,616
TFR	1,275	1,236
Personnel costs	**20,559**	**17,312**

The table below reports the exact number by category of employees:

Category	**30 September 2019**	**30 September 2018**	**31 March 2019**
Executives	11	9	8
Office workers	790	740	778
Manual workers	364	373	382
Total	**1,165**	**1,122**	**1,168**

In the half-year ended 30 September 2019, personnel costs reported an increase of 18.8%, from Euro 17,312 thousand in the half-year ended 30 September 2018 to Euro 20,559 thousand in the half-year ended 30 September 2019. The increase in personnel costs was mainly due to the line-by-line consolidation of Maison Lancel over a period of six months (compared to the fourth months related to the half-year ended 30 September 2018), as well as to the appointment of new key professionals in the Retail area and production management.

To supplement the information provided, below is also reported the average number of employees for the half-years ended 30 September 2019 and 30 September 2018 and for the financial year ended 31 March 2019:

Average unit	**30 September 2019**	**30 September 2018**	**31 March 2019**
Executives	9	8	8
Office workers	785	531	631
Manual workers	368	379	377
Total for the Group	**1,162**	**918**	**1,016**

Note 32 – Amortisation, depreciation and write-downs

In the half-year ended 30 September 2019, amortisation, depreciation and write-downs were equal to Euro 9,385 thousand (Euro 2,367 thousand in the half-year ended 30 September 2018).
As reported above, it should be noted that the amortisation or depreciation rate of Euro 7,228 thousand relates to the adoption of the new accounting standard IFRS 16.
The Piquadro Group's amortisation and depreciation amounted to Euro 2,157 thousand in the half-year ended 30 September 2019, net of the impact of the accounting standard IFRS 16.

Amortisation and depreciation, equal to Euro 1,631 thousand at 30 September 2019 (Euro 1,428 thousand at 30 September 2018), compared to the half-year ended 2018, showed a decrease of Euro 78 thousand for the Piquadro brand (Euro 1,073 thousand in the half-year ended 30 September 2018), an increase of Euro 55 thousand for The Bridge brand (Euro 282 thousand in the half-year ended 30 September 2018) and included the effect of the line-by-line consolidation of Maison Lancel for Euro 299 thousand (Euro 74 thousand in the half-year ended 30 September 2018).

The accrual to the provision for bad debts, equal to Euro 330 thousand at 30 September 2019 (Euro 420 thousand in 2018), showed, compared to the half-year ended 30 September 2018, a decrease of Euro 70 thousand for the Piquadro brand (Euro 320 thousand in the half-year ended 30 September 2018) and Euro 23 thousand for Lancel brand (Euro 40 thousand in the half-year ended 30 September 2018) while it was substantially in line for The Bridge brand (Euro 60 thousand in the half-year ended 30 September 2018).

The write-downs of some categories of assets, equal to Euro 195 thousand in September 2019 (Euro 519 thousand at 30 September 2018) related to the closure of stores for subsidiary Lancel Italia in Serravalle as well as to the refurbishment of the Piquadro S.p.A.'s store in Turin.

Note 33 – Other operating costs

Other operating costs in the financial year ended 30 September 2019 came to Euro 265 thousand (Euro 357 thousand at 30 September 2018) attributable to greater efficiency in the current operations of the companies.

Note 34 - Financial income

In the half-year ended 30 September 2019, financial income was equal to Euro 556 thousand compared to Euro 44,982 thousand in the half-year ended 30 September 2018.
It should be noted that at 30 September 2018 this item had accounted for a "*Non-recurring income arising from the acquisition of the Lancel Group*" in an amount of Euro 42,265 thousand. This income related to the excess fair value of the assets acquired and of the liabilities assumed by the Lancel Group on the date of acquisition (2 June 2018) with respect to the acquisition price paid out, as reported in the note on "Business combinations" of the Financial Report at 31 March 2019.

Note 35 - Financial costs

Below is the breakdown of financial costs:

(in thousands of Euro)	30 September 2019	30 September 2018
Interest payable on current accounts	28	34
Interest and expense subject to final payment	5	7
Financial costs on loans	119	92
Other charges	223	14
Net financial costs on defined-benefit plans	0	11
Charges on assets and rights of use	468	0
Foreign exchange losses (both realised and estimated)	292	2,941
Financial costs	**1,135**	**3,101**

Financial costs showed an increase relating to the adoption of the new accounting standard IFRS 16, which entailed an impact of Euro 468 thousand. There was also a decrease of Euro 292 thousand in foreign exchange losses compared to Euro 2,941 thousand at 30 September 2018. The exchange rate delta corresponds to the fluctuations relating to the conversion of financial statements and to intercompany financial eliminations.

Note 36 – Income taxes

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	30 September 2019	30 September 2018
IRES tax and other income taxes	1,437	1,745
IRAP tax	353	304
Deferred tax liabilities	(48)	(537)
Deferred tax assets	(135)	(153)
Total taxes	**1,607**	**1,358**

Note 37 – Earnings (loss) per share

As at 30 September 2019, basic earnings (loss) per share amounted to Euro (0.060) and are calculated on the basis of the consolidated Result for the period attributable to the Group, equal to Euro (2,973) thousand, divided by the weighted average number of ordinary shares outstanding in the half-year, equal to 50,000,000 shares.

(in thousands of Euro)	30 September 2019	30 September 2018
Group profit (loss) (in thousands of Euro)	(2,973)	38,231
Average number of outstanding ordinary shares	50,000	50,000
Basic earnings per share (in Euro)	**(0.060)**	**0.765**

Note 38 - Segment reporting

In order to provide disclosures regarding the results of operations, financial position and cash flows by segment (Segment Reporting), as well as following the acquisition of Maison Lancel, which took place in 2018/2019 financial year, the Piquadro Group's top management has reviewed, in operational terms, the Group's results of operations, reporting them for each brand (Piquadro, The Bridge, Lancel).
The table below illustrates the segment data of the Piquadro Group broken down by brand: Piquadro, The Bridge and Lancel, relating to the financial years ended 30 September 2019 and 30 September 2018. The segment economic performance is monitored by the Company's Management up to the "Segment result before amortisation and depreciation".

	30 September 2019					30 September 2018				
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**Inc. % (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**Inc. % (*)**
Revenues from sales	**38,295**	**14,286**	**25,278**	**77,859**	**100%**	**37,165**	**12,983**	**16,450**	**66,598**	**100%**
Segment result before amortisation and depreciation	8,560	1,967	(2,285)	8,242	10.6%	5,521	1,143	(6,921)	(256)	(0.5)%
Amortisation and depreciation					(5.5)%				(1,947)	(3.0)%
Financial income and costs					(1.8)%				(473)	-0.7%
Non-recurring income arising from the acquisition of the Lancel Group					0.0%				42,265	63.5%
Result before tax					(1.8)%				**39,589**	59.,4%
Income taxes					(2.0)%				(1,358)	(2.9)%
Profit for the half-year					(3.9)%				**38,231**	57.4%
Result attributable to minority interests					0.0%				0	0.0%
Group net profit					(3.9)%				**38,231**	57.4%

Note 40 – Relations with related parties

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The Subsidiaries, except for The Bridge S.p.A. and the Lancel Group companies, which sell The Bridge- and Lancel-branded products, respectively, mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Co. Ltd., Piquadro Deutschland GmbH, Piquadro Taiwan Co. Ltd., Piquadro Swiss SA, Piquadro UK Limited, Piquadro LLC e OOO Piquadro Russia), or production (Uni Best Leather Goods Zhongshan Co. Ltd.).
The relations with such Group companies are mainly commercial and are regulated at arm's length. There are also financial relations (inter-group loans) between the Parent Company and some Subsidiaries, conducted at arm's length.

On 18 November 2010 Piquadro S.p.A. adopted, pursuant to and for the purposes of article 2391-*bis* of the Italian Civil Code and of the "Regulation on transactions with related parties" as adopted by CONSOB resolution, the procedures on the basis of which Piquadro S.p.A. and its subsidiaries operate to complete transactions with related parties of Piquadro S.p.A. itself.

The Directors report that, in addition to Piqubo S.p.A., Piquadro Holding S.p.A. and Palmieri Family Foundation, there are no other related parties (pursuant to IAS 24) of the Piquadro Group.

In the financial year ended 30 September 2019, Piqubo S.p.A., the ultimate parent company, charged Piquadro S.p.A. the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse, the lease costs of which is reported in the table below. This lease agreement has been entered into at arm's length.

On 29 June 2012 a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property to be used as offices and located in Milan, Piazza San Babila n. 5, used as a

Showroom of Piquadro S.p.A. and the rent costs of which are reported in the table below. This lease agreement has been entered into at arm's length.

In the first half-year of the 2019/2020 financial year, no transactions were effected with Palmieri Family Foundation which is a non-profit foundation, whose founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.

Below is reported the breakdown of the main financial relations maintained with related companies:

(in thousands of Euro)	**Receivables**		**Payables**	
	30 September 2019	**31 March 2019**	**30 September 2019**	**31 March 2019**
Financial relations with Piqubo S.p.A.	0	0	0	0
Financial relations with Piquadro Holding S.p.A.	0	0	0	0
Financial relations with Palmieri Family Foundation	0	0	0	0
Total Receivables from and Payables to controlling and affiliate companies	**0**	**0**	**0**	**0**

The table below reports the breakdown of the economic relations with these related companies in the first half of the 2019/2020 and 2018/2019 financial years:

(in thousands of Euro)	**Costs**		**Revenues**	
	30 September 2019	**30 September 2018**	**30 September e 2019**	**30 September 2018**
Economic relations with Piqubo S.p.A.	38	38	0	0
Economic relations with Piquadro Holding S.p.A.	124	123	0	0
Economic relations with Palmieri Family Foundation	0	0	0	0
Total costs and revenues to controlling and affiliate companies	**162**	**161**	**0**	**0**

Fees due to the Board of Directors

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors of Piquadro S.p.A., in relation to the first half of the 2019/2020 financial year, for the performance of their duties in the Parent Company and other Group companies, and the fees accrued by any executives with strategic responsibilities (as at 30 September 2019, Directors had not identified executives with strategic responsibilities):

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees due for the position	Non-monetary benefits	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/19-30/09/19	2022	250	4	26	**280**
Pierpaolo Palmieri	Vice-Chairman– Executive Director	01/04/19-30/09/19	2022	125	2	3	**130**
Marcello Piccioli	Executive Director	01/04/19-30/09/19	2022	90	2	6	**98**
Roberto Trotta	Executive Director	01/04/19-30/09/19	2022	1)	2	109	**111**
Paola Bonomo	Independent Director	01/04/19-30/09/19	2022	9	0	1	**10**
Catia Cesari	Independent Director	01/04/19-30/09/19	2022	9	0	1	**10**
Barbara Falcomer	Independent Director	01/04/19-30/09/19	2022	9	0	1	**10**
				492	**10**	**147**	**649**

1) He waived his fees for the period from 1 April 2019 to 30 September 2019.

Events after the period end

No significant events are reported which occurred from 1 October 2019 to the date of this Report.

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CERTIFICATION ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-*ter* of CONSOB Regulation No. 11971 of 14 May 1999, as amended and supplemented

The undersigned Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as the Financial Reporting Manager of Piquadro S.p.A., certifies, also taking account of the provisions under Article 154-*bis*, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- adequacy in relation to the characteristics of the Company and
- actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the half-year April 2019-September 2019.

The evaluation of the adequacy of administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements at 30 September 2019 has been based on a process defined by Piquadro S.p.A. consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission which represents a reference framework generally accepted at international level

It is also certified that the consolidated condensed interim financial statements at 30 September 2019:

- have been prepared in accordance with the applicable international accounting standards acknowledged by the European Union pursuant to regulation (EC) no. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and in particular to IAS 34 – Interim Financial Reporting, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005;
- correspond to the results in the accounting books and records;
- have been prepared in accordance with the International Financial Reporting Standards adopted by the European Union, as well as with the measures issued to implement Article 9 of Legislative Decree no. 38/2005, and, as far as we know, are suitable to give a true and correct representation of the equity, economic and financial position of the Issuer and of all the companies included in the scope of consolidation.

The interim report on operations includes a reliable analysis of the references to the significant events that occurred during the first six months of the financial year and of their impact on the consolidated condensed interim financial statements, together with a description of the main risks and uncertainties for the remaining six months of the financial year. The interim report on operations also includes a reliable analysis of the information on significant transactions with related parties.

Silla di Gaggio Montano (BO), 21 November 2019

Marco Palmieri
Chief Executive Officer

Roberto Trotta
Financial Reporting Manager

Marco Palmieri

Roberto Trotta

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REPORT ON REVIEW OF THE HALF-YEARLY CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders of
Piquadro S.p.A.

Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Piquadro S.p.A. and subsidiaries (the "Piquadro Group"), which comprise the statement of financial position as of September 30, 2019 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the criteria recommended by the Italian Regulatory Commission for Companies and the Stock Exchange ("Consob") for the review of the half-yearly interim financial statements under Resolution n° 10867 of July 31, 1997. A review of half-yearly condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Piquadro Group as at September 30, 2019 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Bologna, Italy
December 2, 2019

This report has been translated into the English language solely for the convenience of international readers.