PIQUADRO

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NOTICE OF CALL OF THE SHAREHOLDERS' MEETING

Piquadro S.p.A.
Registered office: Località Sassuriano, 246 - 40041 Silla di Gaggio Montano (Province of Bologna)
Subscribed and paid-up Share Capital: Euro 1,000,000
Bologna Register of Companies, Tax Code and VAT no. 02554531208

NOTICE OF CALL OF THE SHAREHOLDERS' MEETING

The persons entitled to attend and exercise voting rights are summoned to the Shareholders' Meeting of Piquadro S.p.A. on 10 September 2020 at 11:00 a.m., on first call, at the registered office, Località Sassuriano, 246, Silla di Gaggio Montano (Province of Bologna), and, if required, on second call, on 14 September 2020, in the same place and at the same time, in order to discuss and resolve on the following

Agenda

Ordinary session
1. Financial Statements at 31 March 2020:
1.1 approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2020; Board of Directors' Report on operations; Independent Auditors' Report; Board of Statutory Auditors' Report;
1.2 proposal for allocation of the profit for the period.
2. Presentation of the Report on remuneration and fees paid:
*(i) binding resolution on "Section I" concerning the remuneration policy prepared pursuant to Article 123-*ter*, paragraph 3-*bis*, of Legislative Decree no. 58/1998;*
*(ii) resolutions on "Section II" of the Report concerning fees paid, pursuant to Article 123-*ter*, paragraph 6, of Legislative Decree no. 58/1998.*
3. Proposal for authorisation for the purchase and sale of treasury shares; relevant and consequent resolutions.
Share capital and voting rights

The current share capital of Piquadro S.p.A., subscribed and paid up, is Euro 1,000,000 and is divided into no. 50,000,000 ordinary shares of no par value; each ordinary share is entitled to one vote at the ordinary and extraordinary shareholders' meetings of the Company.
As of today the Company does not hold treasury shares.
Any information about the composition of the share capital is available in the Investor Relations section on the Company's website at the address: www.piquadro.com.

Attendance to the Shareholders' Meeting

Pursuant to law, Article 13 of the Company's By-Laws and Article 83-*sexies* of Legislative Decree No. 58 of 24 February 1998, as amended and supplemented ("TUF", *Testo Unico della Finanza*, Consolidated Act on Finance), the right to attend the Shareholders' Meeting and to exercise voting rights is certified by a special notice to be given to the Company by an authorised intermediary, pursuant to law and according to its accounting records, in favour of the person who is entitled to vote on the basis of the records relating to the end of the accounting session of the seventh open-market day prior to the date set for the Shareholders' Meeting on first call, falling on 1 September 2020 (record date).

Those who will become holders of shares after that date will not be entitled to attend and vote at the Shareholders' Meeting. Therefore, the credit and debit entries entered in the accounts after this date are not relevant for the purposes of the right to exercise voting rights at the Shareholders' Meeting.

In order to facilitate the assessment of the right, the entitled persons are invited to produce a copy of the notice given to the Company by the intermediary which, in accordance with the regulations in force, is required to make available to them.

The abovementioned notices shall be sent to the Company by the intermediary within the time limits set out by the regulations in force, i.e. by the end of the third open-market day prior to the date set for the Shareholders' Meeting (i.e. 7 September 2020). This provision shall apply without prejudice to the right to attend the meeting and to vote in the event of the notices being received by the Company after the time limits specified, provided they are received by the beginning of the meeting's proceedings. The attendance by the shareholders at the Shareholders' Meeting is regulated by the relevant laws and regulations.

Each Shareholder who is entitled to attend the Shareholders' Meeting may be represented by others, by a written proxy pursuant to the current provisions of law. A proxy form is also available on the Company's website: www.piquadro.com, in the Section on Investor Relations, as well as at the registered office. The proxy may be notified to the Company, by registered letter to be sent to the registered office of the Company or by e-mail to be sent to the e-mail address investor.relator@piquadro.com. The preliminary notification (if any) does not exempt the proxy from the obligation to certify, at the time of the accreditation to access the meeting's proceedings, the compliance by the notified copy with the original document and the identity of the appointing party.

The persons entitled to vote may also grant a proxy to Società per Amministrazioni Fiduciarie Spafid S.p.A. ("Spafid S.p.A."), with registered office in Milan, as the representative appointed by the Company pursuant to Article 135-*undecies* of the TUF and Article 15.5 of the Company's By-Laws. Granting the proxy to the designated representative does not entail any expenses for the appointing party (except for postage expenses, if any).
The proxy must include voting instructions on all or part of the proposals on the agenda and is only effective for the proposals in relation to which voting instructions have been given. No proxy may be granted to Spafid S.p.A., unless in its capacity as the designated Representative of the Company.
In compliance with the Italian regulations in force, the proxy must be granted through the execution, by autograph signature or qualified electronic signature or digital signature, of the specific form available on the Company's website at the address: www.piquadro.com, in the Section on Investor Relations, at the registered office and shall be received as an original document by the end of the second Open-market day prior to the date set for the shareholders' meeting, including on second call (i.e. by 8 September 2020 or, if the Shareholders' Meeting is held on second call, on 10 September 2020). The proxy shall be accompanied by a copy of a current and valid identity document of the Appointing Shareholder or, if the Appointing Shareholder is a legal person, of the *pro-tempore* legal representative or of any other person who is duly empowered, together with such documents as are appropriate to certify their title and powers and sent to Spafid S.p.A., at the following address: Foro Buonaparte, 10 – 20121 Milan, Ref. "Proxy for the Shareholders' Meeting of Piquadro - 2020", by hand delivery in business hours (from 9:00 a.m. to 5:00 p.m.) or sent by registered letter with return receipt or by courier. Without prejudice to the service of the original document of the proxy accompanied by voting instructions, it may also be served by email sent to the certified email address: assemblee@pec.spafid.it. The service of the proxy through the aforesaid certified email address, as duly executed by digital signature pursuant to the regulations in force, meets the requirement of written form. The proxy and the voting instructions may be revoked within the same time limits referred to above.
The shares for which the proxy has been granted, even partially, are included in the calculation for the purposes of duly establishing the Shareholders' Meeting; in relation to the proposals for which no voting instructions have been given, the shares are not included in the calculation for the purposes of setting out the majority and the capital quota required for the approval of resolutions.

Questions

Pursuant to Article 127-*ter* of the T.U.F., the Shareholders may make questions on the issues on the agenda, also before the Shareholders' Meeting, provided this occurs by 3 September 2020, by sending the same to the Company's registered office by registered letter or by e-mail to the e-mail address investor.relator@piquadro.com; the questions shall be accompanied by an appropriate notice issued by the authorised intermediary, proving the entitlement to exercise the voting right. The questions received before the Shareholders' Meetings will be given a reply at the latest during the same. The Company may provide a single reply to the questions having the same content.

Voting procedures may not be carried out by correspondence or by electronic means.

Additions to the agenda and presentation of new proposals for resolution

Pursuant to Article 126-*bis* of the TUF, the Shareholders who represent, also jointly, at least a fortieth of the share capital, may ask, within 10 days of the publication of this notice (i.e. by 9 August 2020), to make additions to the list of issues to be discussed, specifying the additional proposed issues in the request, or submit proposals for resolution on issues that are already on the agenda.

The questions, together with the certification proving the ownership of the shareholding, shall be sent in writing, by registered letter with return receipt, to the registered office or by email sent to the address: investor.relator@piquadro.com.
The applicant shareholders shall deliver, by the time limit set out for the submission of request for additions, a report to the Board of Directors on the proposed issues for discussion or state the reasons for any additional proposal for resolution submitted on issues that are already on the agenda.
Additions to the agenda are not allowed for issues on which the Shareholders' Meeting resolves, pursuant to law, at the proposal of the Board of Directors or based on a project or report prepared by the same, other than the reports that are usually prepared by the Board of Directors on the issues on the agenda.
With reference to the limits, the procedures and/or the time limits for these additions, reference is made to the current laws and regulations and section 12.5 of the Company's By-Laws.

Documentation

The Company's By-Laws, whose current text is available to the Shareholders at the registered office, may be perused on the Company's website www.piquadro.com, in the Section on Investor Relations.

The documentation relating to the issues on the agenda required by the current regulations, the full texts of the proposed resolutions, together with the explanatory reports required by the current regulations and any other information under article 125-*quater* of the TUF are made available to the public at the registered office and published on the Company's website www.piquadro.com, in the Section on Investor Relations, and at the authorised storage system named
"eMarket STORAGE" that can be accessed from the address: www.emarketstorage.com, within the time limits set out by law and according to the procedures envisaged by the current regulations.

The annual financial report (including the draft financial statements, the consolidated financial statements, the report on operations and the certification required by article 154-*bis*, paragraph 5, of the TUF), the independent auditors' report, as well as the Board of Statutory Auditors' report will be made available to the public, at the registered office and made available on the Company's website www.piquadro.com, in the Section on Investor Relations, and at the authorised storage system named "eMarket STORAGE" that can be accessed from the address: www.emarketstorage.com, within the time limits set out by law and according to the procedures envisaged by the current regulations. The Shareholders are entitled to obtain a copy thereof.

The Shareholders' Meeting may be attended by experts, financial analysts and journalists who are invited to send, for this purpose, a request for participation at least two days before the meeting on first call to the following fax number: fax +39 0534 409090.

Other information

It is informed that the date and/or the place and/or the procedures to hold the Shareholders' Meeting provided in the notice of call may be subject to change if the regulations in force or any measure issued by the competent Authorities for the COVID-19 emergency, which will be effective at the date of the Shareholders' Meeting, prohibit or discourage the performance of events of this kind in the Emilia Romagna Region. Any possible change shall be notified promptly according to the same procedures as those required for the publication of the notice.
It is recommended, in any case, to use the service of the Designated Representative, an ample evidence of which is provided on our website. Where necessary, the Company reserves the right to also make use of remote attendance tools, in compliance with the regulations in force.

Silla di Gaggio Montano, 29 July 2020

The Chairman of the Board of Directors
Marco Palmieri

The extract from this notice of call is also published by the Company in the daily newspaper il Giornale on 30 July 2020.

Corporate details

Piquadro S.p.A

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

Subscribed and paid-up Share Capital: Euro 1,000,000

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

Introduction

This Report on Operations (or the "Report") relates to the consolidated and separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company" or the "Parent Company") and its Subsidiaries ("Piquadro Group" or the "Group") at 31 March 2020, as prepared in accordance with IAS/IFRS ("International Accounting Standards" and "International Financial Reporting Standards") issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission and supplemented by the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), which was previously named Standing Interpretations Committee (SIC), as well as with the orders enacted in the implementation of article 9 of Legislative Decree no. 38/2005.

The Report must be read together with the Financial Statements and the related explanatory Notes, which make up the financial statements relating to the financial year 1 April 2019 – 31 March 2020 (the "FY 2019/2020").

The financial year under consideration is compared to the data for the 2018/2019 financial year (the "FY 2018/2019") which relates to the period from 1 April 2018 to 31 March 2019.

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

CORPORATE BODIES HOLDING OFFICE AT 31 MARCH 2020

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

Standing auditors

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

Alternate auditors
Giacomo Passaniti
Maria Stefania Sala

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

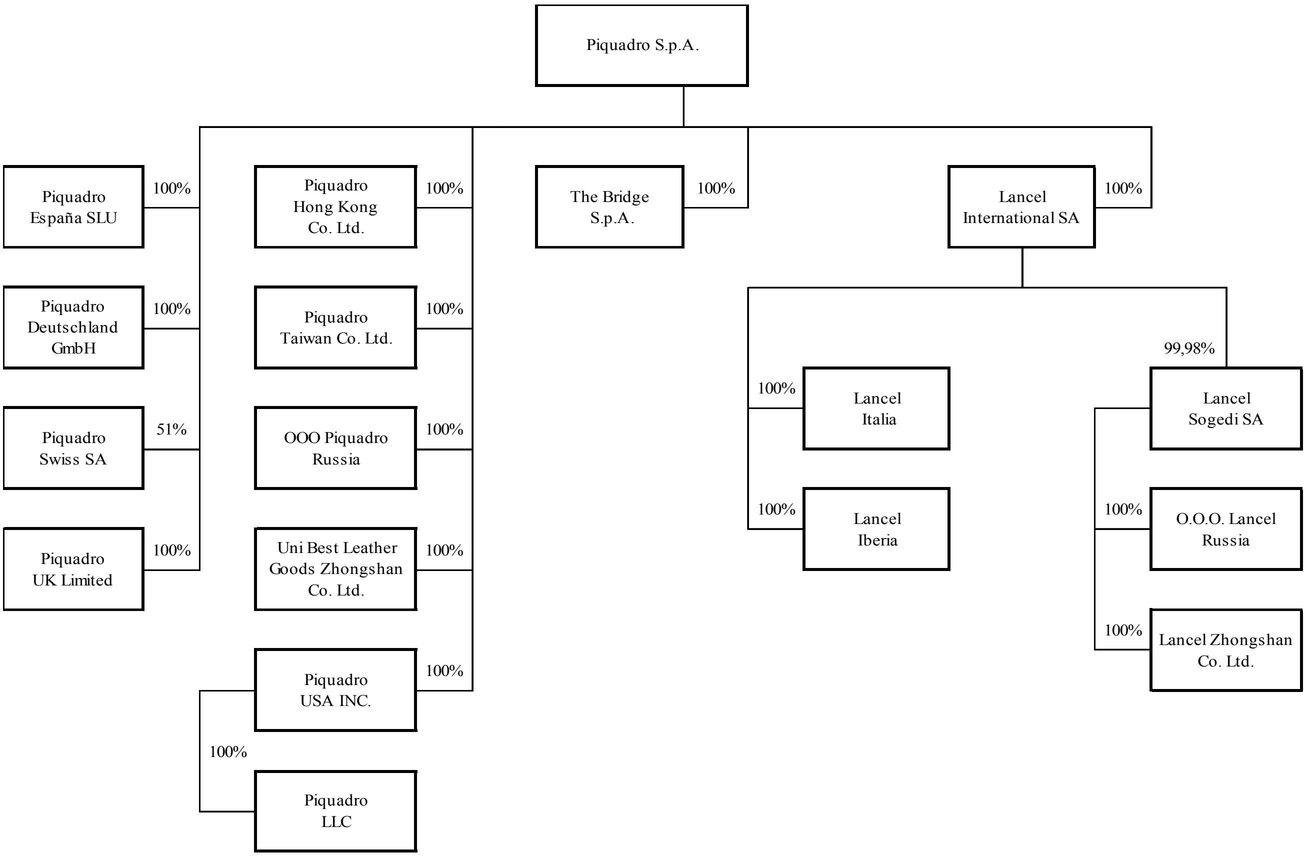
  Deloitte & Touche S.p.A.

- **FINANCIAL REPORTING OFFICER**
  Roberto Trotta

- **SUPERVISORY BOARD**
  Mario Panzeri

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group at 31 March 2020:



Significant events during the financial year

The event that marked the financial year ended 31 March 2020 was certainly the Covid-19 pandemic, an in-depth scrutiny of which is reported below.

COVID-19 VIRUS

Spread of the Covid-19 virus and general scenario

As from January 2020, in China and Asia firstly and then from February and March 2020 in Europe, America and the rest of the world, the national and international scenario was characterised by the spread of the Covid-19 virus, which was recognised and defined by the World Health Organization as a "pandemic" on 11 March 2020, due to the rate and spread of contagion, as well as by the resulting restrictive measures taken by the public authorities of the countries concerned in order to contain the virus. These measures involved, among other things, the prohibition and/or restriction on the mobility and movement of people and goods (lockdown), the closure of commercial activities and venues for sales to the public, with an exceptionally adverse impact on tourist flows all around the world. This circumstance led to the closure of most of the outlets in the Company's distribution network. The government authorities' intervention also entailed a series of restrictions on industrial and production activities, while encouraging employees to work remotely (smart working) and taking the already known measures regarding social distancing, personal hygiene and the use of medical devices aimed at containing the spread of the virus. The Covid-19 pandemic and the measures imposed by public authorities to contain its spread have had a significant impact on the personal and professional life of people and on the operations of companies worldwide.

Our Company's response to the epidemiological emergency

Piquadro immediately coped with this new scenario by conforming to all the guidelines issued by the Italian Government, as well as by the governments and public authorities of the countries in which the Piquadro Group operates, implementing extraordinary measures aimed at the maximum protection of the health of its employees and collaborators, as well as of its image. In particular, among others, measures were adopted in relation to distancing and hygiene at all the Group's offices and, as soon as authorised to reopen, inside its stores and points of sale, as well as to the organisation of work from remotely for office staff, in order to ensure the continuity of operations, in full compliance with the provisions of national regulations and the recommendations of national and international health authorities, since Piquadro's primary objective has always been and will always be the safety and health of its employees and customers.

Our Company's measures to contain the Covid-19 virus

In order to go into detail on the actions carried out by the Group to adapt to the situation, conform to the urgent measures taken by government authorities and counteract their adverse impact as far as possible, it should be noted that the Piquadro Group, among other things:

- immediately made available any and all exhaustive information and the largest assistance on the Covid-19 virus to its staff members, providing them with the health protection and hygiene equipment required by current regulations;
- temporarily closed its DOSs in Italy from 11 March 2020;
- temporarily closed its DOSs in France from 15 March 2020;
- temporarily closed its headquarters in Gaggio Montano and the offices of The Bridge S.p.A. from 13 March 2020;
- temporarily closed the Lancel headquarters in Paris from 16 March 2020;
- facilitated smart working of office employees from 16 March 2020.

Moreover, the Group stores are all operational from 18 May 2020.
In addition, priority has been given to the digital platform and, therefore, to e-commerce sales in order to continue to stay in touch with customers unable to visit our stores, thus always trying to offer the products of all the Group companies.

Covid-19 emergency management costs

In order to limit the impact of the Covid-19 emergency on the business of all the Group companies, costs were incurred for the protection of the Group's personnel and the sanitization of offices and stores in order to tackle the pandemic emergency in a significant manner.

These costs were mainly incurred by the Group's Italian and French companies as from April 2020 and therefore concerned both the purchase by all the Group companies of PPE such as masks, gloves and sanitising gels and the sanitation of store premises. It should be noted that the costs incurred by the Chinese manufacturing company were of a smaller amount.
As from January 2021, the Group will apply, for the Italian companies only, for the 60% tax credit provided for in the Relaunch Decree (Decree Law No. 34/2020) for these costs, which currently amount to less than about Euro 100 thousand.
No refunds of this type are provided for by the French Government.
At present there are no significant additional costs relating to the management of the pandemic emergency.

Effects of the epidemiological emergency on the results of operations and our Company's response

The rapid spread of the COVID-19 pandemic also resulted in prohibiting and blocking international trade and traffic, as well as the closure of most of the DOSs of the Piquadro and The Bridge brands as early as from 11 March 2020 and of Lancel from 14 March 2020. As a result of these circumstances, the Piquadro Group's revenues decreased by 24.3%, equal to about Euro 9.7 million, during the last quarter of the financial year ended 31 March 2020 compared to the last quarter of the financial year ended in March 2019.
Revenues from sales of the Piquadro brand showed, in the last quarter of the year, a total decline of 27.8%, equal to about Euro 5.9 million, compared to the same period of the previous year. The DOS channel (including Piquadro's e-commerce website) recorded a decrease of 16%, equal to about Euro 1.3 million, while the wholesale channel recorded a decrease of 35.2%, equal to Euro 4.6 million.
Revenues from sales of The Bridge brand showed, in the last quarter of the year, a total decline of 28.7%, equal to about Euro 1.7 million, compared to the same period of the previous year. The DOS channel (including The Bridge's e-commerce website) showed a decrease of 11.8%, equal to about Euro 0.2 million, while the wholesale channel recorded a decrease of 38.2%, equal to Euro 1.5 million.
Revenues from sales of Lancel showed, in the last quarter of the year, a total decline of 16.5%, equal to about Euro 2.1 million, compared to the same period of the previous year. The DOS channel (including Lancel's e-commerce website) recorded a decrease of 16.6%, equal to about Euro 1.7 million, while the wholesale channel recorded a decrease of 16.3%, equal to Euro 0.4 million.
In order to limit the impact of the Covid-19 emergency on the Group's business, the Management staff have taken actions to reduce costs and protect the Group's financial position. Among these, the Group started to apply redundancy and wage supplement schemes for the Italian Group companies from 11 March 2020 and temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi from 15 March.
The application of redundancy schemes for the month of March, achieving 36% of hours worked at Group level, is therefore reflected in the financial statements for the financial year ended 31 March 2020 and has led to a reduction in personnel costs for approximately Euro 125 thousand.
The Group has continued to apply redundancy and wage supplement schemes from April 2020 for both the Italian companies and the French company, with a ratio of 63% hours of redundancy / *chômage partiel* schemes out of total workable hours.
In addition, the Group's Management staff have taken steps to request a reduction in rents from landlords and lessors of the Group's DOSs such as to mitigate the impact of lost sales on their operations. In particular, the reduction in March has been taken as a decrease in the rights of use stated among assets. In this regard, the financial statements at 31 March 2020 include a provision set aside for the tax credit relating to the payment of rents for the month of March 2020, as required by the "Cure Italy" Decree (Decree Law no. 18/2020). The total amount allocated at Group level has been equal to approximately Euro 115 thousand, mainly relating to the Italian companies, since no similar measures have yet been taken by the French government at present. In the current tax year too, from April 2020, the Group's Management staff still continued their work aimed at a reduction or suspension of rents for both full price shops and retail outlets. At present, negotiations are still in progress regarding a reduction or suspension of rents for the stores operated by the Group, the effects of which will be reflected in the financial statements for the financial year that will end on 31 March 2021.
In addition to the effects mentioned above, the most significant impact reflected in the consolidated financial statements at 31 March 2020 is given by an impairment of assets relating to certain key money and rights of use of points of sale that were recognised following the first-time adoption of the new IFRS 16, which, as reported in note 3, were written down by a total of Euro 3.7 million following impairment tests.
No significant impact of the Covid-19 emergency has been reported on other items of financial statements and, in particular, on valuation items concerning the recoverability of receivables and the obsolescence of inventories of raw materials and finished products.

Effects of the epidemiological emergency on financial position and cash flows and our Company's response

In order to limit the impact of the Covid-19 emergency on the Group's business, actions have been taken to safeguard liquid assets and protect the financial position.

In terms of assets, the effects generated by the pandemic have been reflected, in the financial statements at 31 March 2020, in a reduction in the total value of receivables due to the failure to issue invoices to multi-brand customers in March, equal to approximately Euro 8 million at a consolidated level. Likewise, inventories showed an increase of more than Euro 2 million at a consolidated level and at the same time trade payables increased by about Euro 2.5 million.
In March 2020, the Parent Company Piquadro S.p.A. obtained medium-term loans (18 months minus one day) for Euro 8 million to meet any possible cash requirements arising from the pandemic emergency that had just begun. Subsequently, the Parent Company started a process of consolidation of two short-term loans, for a total of Euro 9 million, with 5-year operations, making recourse to the Guarantee Fund under Law no. 662/1996, which should bring additional cash of approximately Euro 2.2 million. The procedure for granting both the guarantee and related loans is in the process of being completed.
Furthermore, the subsidiary The Bridge has also applied for a total loan of approximately Euro 4.65 million, again by making recourse to the Guarantee Fund under Law no. 662/1996 in order to protect its financial position. The recourse to the guarantee and to the loan itself is expected to be made during the coming months.

Shareholder Dividend and agreements with the Management staff

As a result of the Covid-19 epidemiological emergency, the Board of Directors' meeting held on 23 July 2020 resolved to allocate the profit for the period to retained earnings and, therefore, to not provide for any dividend distribution in order to support the Company's financial strength and limit any future impact in terms of results of operations and cash flows.
The Company also reached an agreement with the Company's Management staff, who will waive the right to receive 20% of their remuneration for the first quarter of the 2020-2021 financial year.

Monitoring activities, risks associated with the spread of the Covid-19 virus and business outlook

Since the beginning the Company has monitored - and will continue to monitor on an ongoing basis - the evolution of the emergency relating to the spread of the Covid-19 virus, in view of both the changing regulatory framework of reference and the complex global economic scenario, in order to assess whether to adopt additional measures to protect the health and well-being of its employees, collaborators and customers and to protect its sources of revenue and assets. In this context, the Group has prepared new long-term plans which, as highlighted below in the description of the impairment tests carried out, provide for a multi-scenario approach, as suggested by the various regulators (CONSOB, ESMA, etc.).
The continuing spread of the Covid-19 virus and related restrictions on public life are highly likely to have a significant impact on Piquadro's business.
At present, it is reasonable to believe that there will be a significant drop in sales in the financial year that will end on 31 March 2021 compared to the financial year ended 31 March 2020. The amount of this decrease cannot be quantified to date and will depend on the duration of the period of infection and the scope of any additional restrictive measure that may be taken in the country where the Group operates. Nevertheless, the Group will continue to take any and all possible measures to reduce costs, as already mentioned above, in order to mitigate the reduction in its profitability in consideration of this presumably significant drop in revenues.
With reference to potential liquidity risks, the Directors do not believe that the impact of the aforesaid events could be such as to entail the risk for the Group not to be able to meet its payment obligations in view of the analyses carried out that take account of the abovementioned decrease in turnover and profitability, as well as of the currently available and unused lines of credit, the new loans obtained from the banking system in early 2020 and those that are expected to be obtained in the coming months in accordance with the measures recently issued by the Italian Government.
On this basis, the Company's Management staff have assessed that, despite the difficult economic and financial scenario, there are no uncertainties as to the Group's ability to continue to operate as a going concern, considering the existing levels of capitalisation and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

The Group’s business

The Piquadro Group operates in the leather goods market and designs, manufactures and markets goods under its own brand names (Piquadro, The Bridge and Lancel); these goods are distinguished by a focus on design and on technical and functional innovation, which is then transferred to the manufacture of bags, suitcases and accessories.
The flexibility of the business model adopted by the Group allows it to maintain control over all of the critical phases of the production and distribution chain. Indeed, the Group carries out the design, planning, production, procurement, quality, marketing, communication and distribution phases wholly within the confines of its organisation and only resorts to outsourcing for a part of the production activities, although it also retains control over the quality and efficiency of the phases that are currently outsourced.

As regards Piquadro-branded products, as of 31 March 2020, part of the small leather goods and of some lines of briefcases, which accounts for about 31.2% of the Piquadro's turnover, were produced internally, through the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. at the plant located in Zhongshan in the region of Guangdong (People's Republic of China). Production activities, which are partially carried out by companies outside the Group for Piquadro, The Bridge and Lancel- branded products, are outsourced to external suppliers of proven competence and quality, mainly located in China, Hong Kong, Italy, India, the Czech Republic and Bulgaria. This activity is carried out on the basis of prototypes that are engineered and supplied by the Group, whose own employees then carry out direct checks of the quality of the manufactured products.
The products are sold through a network of specialist stores that are able to enhance the prestige of the three Piquadro, The Bridge and Lancel brands. For this purpose, the Group makes use of a distribution network focused on two channels:

(i) a direct channel which, at 31 March 2020, included 134 directly operated single-brand stores (Directly Operated Stores or DOSs), of which 59 Piquadro-brand stores, 9 The Bridge-brand stores and 66 Lancel-brand stores;

(ii) an indirect channel (Wholesale), which is made up of multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements (49 shops at 31 March 2020, of which 39 Piquadro-brand stores, 3 The Bridge-brand stores and 7 Lancel-brand stores) and by distributors who then resell the articles in specialist multi-brand shops.

In the financial year ended 31 March 2020, about 47.3% of the Group's consolidated revenues were achieved by Piquadro-branded products (-5.1% compared to the financial year ended 31 March 2019), 35.2% through the sale of Lancel-branded products and 17.5% through the sale of The Bridge-branded products (+0.6% compared to the financial year ended 31 March 2019).

Operations

In the financial year ended 31 March 2020 the Piquadro Group recorded, at revenue level, an increasing performance of 3.2% compared to the FY 2018/2019. In fact, the Piquadro Group reported net revenues from sales equal to Euro 152,227 thousand compared to Euro 147,472 thousand recorded in the previous year. The increase in revenues was mainly due to the full consolidation of the twelve months of Lancel's sales (against ten months relating to the period ended 31 March 2019), as well as to the positive performance in the sales of The Bridge-branded products, as illustrated below.

Net of the effects relating to the consolidation of Lancel, sales volumes, in terms of quantities sold during the financial year ended 31 March 2020, were equal to about 1,365 thousand units, down by about 1.6% compared to the value posted in the financial year ended 31 March 2019 (about 1,387 thousand units sold). Net of the effects relating to the consolidation of Lancel, as regards average selling prices, the financial year ended 31 March 2020 reported a decrease equal to about 2.1% compared to the previous year, including the mix effect.

Revenues from sales

In the financial year ended 31 March 2020 the Piquadro Group reported revenues from sales equal to Euro 152,227 thousand, up by 3.2% compared to the financial year ended 31 March 2019. The increase in revenues was mainly due to the full consolidation of the twelve months of Lancel's sales (against ten months relating to the period ended 31 March 2019), as well as to an increase of 0.6% in the sales of The Bridge-branded products, mainly in the DOS channel.

Following the acquisition of the Lancel Group, the Piquadro Group's Top Management staff review the Group's results of operations obtained by each brand (Piquadro, The Bridge, Lancel) in operational terms; accordingly, the disclosures according to IFRS 8 concerning the Group's revenues from sales are now reported on a brand basis (Piquadro, The Bridge and Lancel) with effect from the previous financial year.

Therefore, the breakdowns of revenues by brand and geographical area are reported below.

Breakdown of revenues by brand

The table below reports the breakdown of consolidated revenues from sales by brand, expressed in thousands of Euro, for the financial year ended 31 March 2020 and compared to the financial year ended 31 March 2019:

Sales channel *(in thousands of Euro)*	Revenues from sales at 31 March 2020	%(*)	Revenues from sales at 31 March 2019	%(*)	% Change 2020/2019
PIQUADRO	71,954	47.3%	75,789	51.4%	(5.1%)
THE BRIDGE	26,674	17.5%	26,520	18.0%	0.6%
LANCEL	53,599	35.2%	45,163	30.6%	18.7%
Total	**152,227**	100.0%	**147,472**	100.0%	**3.2%**

(*) Percentage impact compared to revenues from sales

With reference to the Piquadro brand, revenues reported in the financial year ended 31 March 2020 amounted to Euro 72.0 million, down by 5.1% compared to the financial year ended 31 March 2019; this decrease was determined both by a reduction in the sales in the Wholesale channel, which was equal to about 8.2% and accounted for 56.3% of the sales of Piquadro-branded products, and by a reduction of 0.6% in the sales in the DOS channel (including Piquadro's e-commerce website, showing an increase of 27.3%), which accounted for 43.7% of the sales of Piquadro-branded products. Following the rapid spread of the COVID-19 pandemic, which also resulted in prohibiting and blocking international trade and traffic, as well as the closure of most of the DOSs of the Piquadro brand as early as from 11 March 2020, the Piquadro brand sales recorded a total drop of 27.8% during the last quarter of the year, compared to the same period of the previous year, when the DOS channel (including Piquadro's e-commerce website) recorded a decrease of 16% and the Wholesale channel a decrease of 35.2%.

With reference to The Bridge brand, revenues reported in the financial year ended 31 March 2020 amounted to Euro 26.7 million, up by 0.6% compared to the financial year ended 31 March 2019; sales in the Wholesale channel, which accounted for 65.9% of sales of The Bridge-branded products, showed a decrease of 3.7%, while sales in the DOS channel (including The Bridge's e-commerce website, showing an increase of 33.8%), which accounted for 34.1% of sales of The Bridge-branded products, showed an increase of 9.9%.
Following the rapid spread of the COVID-19 pandemic, which also resulted in prohibiting and blocking international trade and traffic, as well as the closure of all the DOSs of The Bridge brand as early as from 11 March 2020, The Bridge brand sales recorded a total drop of 28.7% during the last quarter of the year, compared to the same period of the previous year, when the DOS channel (including The Bridge's e-commerce website) recorded a decrease of 12% and the Wholesale channel a decrease of 38.2%.

Lancel's revenues from sales during the financial year ended 31 March 2020 amounted to Euro 53.6 million and contributed an increase of about 13.9% in the Group's turnover (against revenues of Euro 45.1 million in the first ten months of the previous year, relating to the months from June 2018 to March 2019, when Lancel was included in the consolidation area of the Piquadro Group). Lancel's sales in the DOS channel (including the e-commerce website) accounted for 84.4% of revenues from sales of Lancel-branded products.
Following the rapid spread of the COVID-19 pandemic, which also resulted in prohibiting and blocking international trade and traffic, as well as the closure of all the DOSs of Lancel as early as from 14 March 2020, Lancel's sales recorded a total drop of 16.5% during the last quarter of the year, compared to the same period of the previous year, when the DOS channel (including Lancel's e-commerce website) recorded a decrease of 16.6% and the Wholesale channel a decrease of 16.3%.

The strategy planned by the Group is aimed at also developing sales activities through the DOS shops in view of the capacity to maximise the prestige of the Piquadro, The Bridge and Lancel brands, in addition to allowing distribution to be controlled more directly and greater attention to be paid to satisfying the end consumer.

Breakdown of revenues by geographical area

The table below reports the breakdown of net revenues by geographical area (in thousands of Euro):

(in thousands of Euro)	Revenues from sales at 31 March 2020	%(*)	Revenues from sales at 31 March 2019	%(*)	% Change 2020/2019
Italy	76,165	50.0%	79,556	53.9%	(4.3)%
Europe	71,975	47.3%	63,378	43.0%	13.6%
Rest of the World	4,087	2.7%	4,538	3.1%	(9.9)%
Total	**152,227**	100.0%	**147,472**	100.0%	**3.2%**

(*) Percentage impact compared to revenues from sales

From a geographical point of view, at 31 March 2020, the Piquadro Group recorded sales of Euro 76,165 thousand on the Italian market, equal to 50.0% of the Group's total turnover (53.9% of consolidated sales at 31 March 2019), down by 4.3% compared to the FY 2018/2019 ended 31 March 2019.

In the European market, the Group recorded a turnover of Euro 71,975 thousand, equal to 47.3% of consolidated sales (43.0% of consolidated sales at 31 March 2019), up by 13.6% compared to the FY 2018/2019. This growth was mainly due to the inclusion of Lance in the consolidation area from June 2018 (with a contribution equal to about 14.0%).

In the non-European geographical area (named "Rest of the World"), the Piquadro Group recorded a turnover of Euro 4,087 thousand, equal to 2.7% of consolidated sales (3.1% of consolidated sales at 31 March 2019), with a relative decrease of about Euro 444 thousand compared to the FY 2018/2019 ended 31 March 2019.

To complete the analysis of turnover reported above, the Management staff believe that the main factors which had a significant impact on the Group's volume of revenues from sales in the current financial year are linked to the following:

(i) the full consolidation of twelve months of Lancel's sales (against ten months relating to the period ended 31 March 2019);
(ii) positive SSSG (Same Store Sales Growth) data at The Bridge stores, equal to about 4% despite the closure of shops from 11 March 2020;
(iii) positive SSSG (Same Store Sales Growth) data at the Lancel stores, assuming that the perimeter remains unchanged, equal to about 2% at current exchange rates, despite the closure of stores in France from 14 March 2020.

In the financial statements at 31 March 2020, the performance of the Piquadro Group's profitability was heavily affected by the events relating to the COVID-19 pandemic and by the impairment of assets relating to certain key money and rights of use of points of sale, recognised following the first-time adoption of the new IFRS 16, with an operating loss that increased from Euro (4,351) thousand recorded in the financial year ended 31 March 2019 to a total operating loss of Euro (6,753) thousand in the current financial year. The Piquadro Group's operating result at 31 March 2020, excluding the effects arising from the first-time adoption of the new IFRS 16 (adjusted EBIT), posted a loss of Euro (3,399) thousand, showing an improvement of about Euro 952 thousand compared to the financial year ended 31 March 2019.

In the opinion of the Management, the performance of the operating result, compared to the previous year, was attributable to the events relating to the COVID-19 pandemic and to the impairment of assets relating to certain key money and rights of use of points of sale, recognised following the first-time adoption of the new IFRS 16, as well as to the combined effect of the following key factors:

- a reduction in the Lancel Group's losses for more than Euro 4.3 million;
- an improved performance of The Bridge brand.

Economic and financial highlights 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 (Italian Securities and Exchange Commission) notice no. 92543 of 3 December 2015, the content and the criterion to determine the APIs used in these financial statements are described below.

- 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 of property, plant and equipment and amortisation of intangible assets, financial income and costs and the income taxes for the period.

- Adjusted EBITDA is defined as EBITDA, net of impacts arising from the first-time adoption of IFRS 16.
- EBIT (Earnings Before Interest and Taxes) consists of the Earnings for the period before financial income and costs and income taxes.
- Adjusted EBIT is defined as EBIT, net of impacts arising from the first-time adoption of IFRS 16.
- 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.
- Adjusted Net Financial Position (Adjusted NFP) is defined as the Net Financial Position, net of impacts arising from the first-time adoption of IFRS 16.
- 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.
- 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.
- 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.
- Net Working Capital: this item includes "Trade receivables", "Inventories", current non-financial "Other Receivables", net of "Trade payables" and current non-financial "Other Payables".
- 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 Employee Severance Pay, operating and financial investments, financial income and costs 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 31 March 2020:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Revenues from sales	152,227	147,472
EBITDA	13,047	(828)
Adjusted EBITDA	504	(828)
EBIT	(6,753)	(4,351)
Adjusted EBIT	(3,399)	(4,351)
Profit (loss) before tax	(7,504)	37,081
Group's profit for the period	(7,755)	34,476
Amortisation and depreciation of fixed assets and write-downs of receivables	20,769	4,462
Generation of financial resources (Group net profit (loss), amortisation and depreciation, write-downs)	13,014	38,938
Adjusted Net Financial Position	17,526	25,606
Net Financial Position / (Net financial debt)	(36,082)	25,606
Shareholders' Equity	61,920	73,468

Below is a restatement of the results of operations, which is aimed at representing the performance of the operating profitability indicator EBITDA:

EBITDA *(in thousands of Euro)*	**31 March 2020**	**31 March 2019**
Operating profit (loss)	(6,753)	(4,351)
Amortisation, depreciation and write-downs	19,800	3,524
EBITDA	**13,047**	**(828)**
Adjusted EBITDA	**504**	**(828)**

EBITDA for the year came to Euro 13,047 thousand against Euro (828) thousand recorded in the financial year ended 31 March 2019.

Adjusted EBITDA, which is defined as EBITDA, net of impacts arising from the first-time adoption of IFRS 16, amounted to Euro 504 thousand, showing an increase compared to 31 March 2019, when it had posted a loss of Euro (828) thousand.

The Piquadro brand's Adjusted EBITDA in the financial year ended 31 March 2020 amounted to Euro 6.90 million, showing a decrease of 35.8% compared to the same value posted in March 2019; The Bridge brand's Adjusted EBITDA in the financial year ended 31 March 2020 amounted to Euro 1.43 million, showing an increase of about Euro 200 thousand compared to the same value posted in March 2019; Lancel's Adjusted EBITDA in the financial year ended 31 March 2020 amounted to Euro (7.82) million compared to Euro (12.8) million at 31 March 2019, which included additional costs incurred for the acquisition of Lancel, equal to about Euro 1.4 million and only related, in any case, to 10 months of Lancel's operations (June 2018 – March 2019).

The Group's amortisation and depreciation were equal to Euro 15,739 thousand in the financial year ended 31 March 2020 (Euro 2,097 thousand in the financial year ended 31 March 2019) and related to intangible assets for Euro 790 thousand, to property, plant and equipment for Euro 7,722 thousand and to right-of-use assets arising from the first-time adoption of the new IFRS 16 for Euro 7,228 thousand.

Net write-downs, equal to Euro 4,061 thousand, mainly related to the write-down of Key money and right-of-use assets arising from the first-time adoption of the new IFRS 16.

Financial ratios *(in thousands of Euro)*	**31/03/2020**	**31/03/2019**
EBIT	**(6,753)**	**(4,352)**
Adjusted EBIT	**(3,399)**	**(4,352)**

Following the first-time adoption of the new IFRS 16, the Piquadro Group recorded EBIT of about Euro (6.75) million, including an amount of Euro 3.4 million arising from the impairment process on its stores, in the financial year ended 31 March 2020.

Adjusted EBIT, defined as EBIT, net of impacts arising from the first-time adoption of IFRS 16 and the related write-down due to impairment, amounted to Euro (3.4) million, showing an improvement of about Euro 1.0 million compared to Euro (4.3) million recorded in the financial year ended 31 March 2019.

The result from financial operations, which posted costs of Euro 751 thousand (against an income of Euro 42,432 thousand at 31 March 2019), was mainly affected by the impact arising from the first-time adoption of the new IFRS 16 for costs of Euro 911 thousand. It should be noted that the financial operations had been affected, during the previous financial year ended 31 March 2019, by a "*Non-recurring income associated with the acquisition of the Lancel Group*", equal to Euro 42,176 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 with respect to the acquisition price paid out.

Below is a restatement of the results of operations, which is aimed at representing the performance of the Group's net profit (loss):

Financial ratios *(in thousands of Euro)*	**31/03/2020**	**31/03/2019**
Net profit (loss) for the year	**(7,755)**	**34,476**

The Piquadro Group recorded a Net Group Loss of about Euro (7.7) million, including an amount of Euro (3.1) million arising from the impairment process on its stores following the first-time adoption of the new IFRS 16, net of related taxation, in the financial year ended 31 March 2020.

Profitability ratios

Below are reported the main profitability ratios relating to the financial years ended 31 March 2020 and 31 March 2019:

Profitability ratios	**Composition of the ratio**	**31 March 2020**	**31 March 2019**
Return on sales (R.O.S.)	EBIT/Net revenues from sales	(4.4%)	(3.0%)
Return on Investment (R.O.I.)	EBIT/Net invested capital	(6.9%)	(9.1%)
Return on Equity (R.O.E.)	Profit for the year/Equity	(12.5%)	46.9%

Investments

Investments in intangible assets, property, plant and equipment and non-current financial assets in the financial year ended 31 March 2020 came to Euro 3,959 thousand (Euro 4,097 thousand at 31 March 2019) as reported below:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Investments		
Intangible assets	1,354	643
Property, plant and equipment	2,543	3,434
Non-current financial assets	62	20
Total	**3,959**	**4,097**

Increases in intangible assets, equal to Euro 1,354 thousand in the financial year ended 31 March 2020 (Euro 643 thousand at 31 March 2019) related to the purchase or renewal of software, licenses and other IT products for Euro 630 thousand and to costs relating to trademarks and patents for Euro 32 thousand, as well as to the project to standardise the software platform that will involve Piquadro S.p.A., The Bridge S.p.A. and Lancel Sogedi SA for Euro 202 thousand and various refurbishments for Euro 490 thousand.

Increases in property, plant and equipment, equal to Euro 2,543 thousand in the financial year ended 31 March 2020 (Euro 3,434 thousand at 31 March 2019) were mainly attributable to the miscellaneous equipment purchased for new DOSs opened in the period under consideration and the refurbishment of some existing shops for Euro 2,178 thousand and to purchases of workshop plant and machinery and the refurbishment of premises at the subsidiary The Bridge's headquarters in Scandicci for Euro 333 thousand, as well as to other assets for the remaining amount of Euro 32 thousand.

Increases in non-current financial assets, equal to Euro 62 thousand in the financial year ended 31 March 2020 (Euro 20 thousand at 31 March 2019) were attributable to the amount paid as guarantee deposit during the opening of new points of sale.

Asset structure

Below is summarised the Group's consolidated asset and financial structure:

(in thousands of Euros)	**31 March 2020**	**31 March 2019**
Trade receivables	26,471	34,543
Inventories	37,959	35,820
(Trade payables)	(38,681)	(36,219)
Total net current trade assets	*25,749*	*34,144*
Other current assets	6,384	5,409
Tax receivables	3,853	1,690
(Other current liabilities)	(6,968)	(10,165)
(Tax payables)	(343)	(2,284)
A) Working capital	***28,675***	***28,794***

Intangible assets	7,249	7,941
Property, plant and equipment	13,562	13,206
Right-of-use assets	48,358	0
Non-current financial assets	22	22
Receivables from others due beyond 12 months	2,204	2,252
Deferred tax assets	4,591	2,448
B) Fixed assets	***75,986***	***25,869***
C) Non-current provisions and non-financial liabilities	***(6,659)***	***(6,801)***
Net invested capital (A+B+C)	**98,002**	**47,862**
FINANCED BY:		
D) Net financial debt	***36,082***	***(25,606)***
E) Equity attributable to minority interests	***(323)***	***(266)***
F) Equity attributable to the Group	***62,243***	***73,734***
Total borrowings and Shareholders' Equity (D+E+F)	**98,002**	**47,862**

Net Financial Position

The table below reports the breakdown of the Net Financial Position determined according to the ESMA criteria (based on the schedule set out in CONSOB Communication no. DEM/6064293 of 28 July 2006):

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
(A) Cash	202	369
(B) Other cash and cash equivalents (available current bank accounts)	57,348	51,977
(C) Liquidity (A) + (B)	**57,550**	**52,346**
(D) Finance leases	(14,365)	(12)
(E) Current bank loans	0	0
(F) Current portion of current debt	(15,450)	(7,357)
(G) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(70)	(820)
(H) Current financial debt (D) + (E) + (F) + (G)	**(29,885)**	**(8,189)**
(I) Short-term net financial position (C) + (H)	**27,665**	**44,157**
(L) Non-current bank debt	(20,501)	(13,598)
(M) Finance leases	(39,243)	0
(N) Payables to The Ponte S.p.A. for the acquisition of The Bridge	(662)	(1,084)
(O) Payables to the Richemont Group for the acquisition of the Lancel Group	(3,341)	(3,869)
(P) Non-current financial debt (L) + (M) + (N) + (O)	**(63,747)**	**(18,551)**
(Q) Net Financial Position (Debt) (I) + (P)	**(36,082)**	**25,606**

The Piquadro Group's Net Financial Position posted a negative value of Euro 36.0 million in the financial year ended 31 March 2020. The adverse impact of the first-time adoption of the new IFRS 16 was equal to about Euro 53.6 million.

The Piquadro Group's Adjusted Net Financial Position posted a positive value of about Euro 17.5 million compared to a positive value of Euro 25.6 million of the adjusted net financial position recorded at 31 March 2019. The change in the adjusted Net Financial Position was also due to dividends paid for Euro 4.0 million, as well as to investments in intangible assets, property, plant and equipment and non-current financial assets for about Euro 3.9 million.

Reconciliation of the Parent Company's Shareholders' Equity and profit (loss) for the year and the corresponding consolidated values

Below is the statement of reconciliation of the Shareholders' Equity and the profit (loss) for the year resulting from the financial statements of the Parent Company and the corresponding consolidated values at 31 March 2020:

(in thousands of Euro)	**Profit/(loss) at 31 March 2020**	**Equity at 31 March 2020**	**Profit (loss) at 31 March 2019**	**Equity at 31 March 2019**
Equity and profit (loss) for the year as reported in the financial statements of Piquadro S.p.A.	**3,374**	**42,177**	**5,428**	**42,697**
Derecognition of the book value of consolidated equity investments	(11,129)	(20,321)	(11,424)	(9,192)
Non-recurring income associated with the acquisition of the Lancel Group, net of transaction costs	0	40,752	40,752	40,752
Dividends	0	0	0	0
Derecognition of the effects of transactions effected between consolidated Companies:				
-Profits included in closing inventories	(382)	(1,278)	(393)	(896)
-Other minor items	423	913	171	374
Equity and Profit/(Loss) for the year attributable to the Group	**(7,714)**	**62,243**	**34,534**	**73,735**
Profits (Losses) and Equity attributable to minority interests	(41)	(323)	(59)	(266)
Equity and consolidated Profit (Loss)	**(7,755)**	**61,920**	**34,475**	**73,469**

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 brands.
As at 31 March 2020 the Group had 1,108 members of staff compared to 1,168 units at 31 March 2019.
Below is the breakdown of staff by Country:

Country	**31 March 2020**	**31 March 2019**
Italy	430	400
China	256	343
Hong Kong	4	6
Germany	1	1
Spain	28	23
Taiwan	22	22
France	324	327
Switzerland	4	4
UK	3	4
Russia	36	38
Total	**1,108**	**1,168**

With reference to the Group's organisational structure, at 31 March 2020, 16.5% of staff operated in the Production area, 50.4% in the Retail area, 21.5% in the support functions (Administration, IT Systems, Procurement, Human Resources, Marketing, etc.), 7.3% in the Research and Development area and 4.3% in the Sales area.

Corporate social responsibility

The Piquadro Group has been committed to corporate social responsibility starting from 2010, when the Parent Company started its first solidarity initiative in support of local areas, the "Happy Box" project implemented in cooperation with the Palmieri Family Foundation established by Marco Palmieri, Chairman of Piquadro, and by his wife Beatrice in order to give continuity to their philanthropic activity through the enhancement of diversities. As an acknowledgment of its value to local areas, the project obtained the Sponsorship of the Municipality of Bologna. During the FY 2019 - 2020, within the scope of its ongoing investment in innovation and development of new eco-friendly materials, the Parent Company presented the first eco-friendly ***green collection*** made with recycled materials: **PQ-BIOS**, the result of careful research aimed at creating products with low environmental impact. As part of this collection, the **PQ-Recycled Index** was also conceived, which certifies the use of recycled material in each product developed.

Finally, the Group pursues its aim of supporting local areas and communities, which are currently hard hit by the pandemic, by donating electronic equipment and related 4G wireless connection to the children resident in the municipal districts of Alto Reno Terme and Gaggio Montano with the aim of benefiting from distance learning activities, as well as by making some donations to allow local and national Health Authorities to purchase respirators and specialist health equipment.

Health, safety and environment

For the Piquadro Group, safety and working environments are protected by complying with the regulations in force in the individual countries. The Piquadro Group takes actions to ensure the physical and moral integrity of its own in-house employees and collaborators, as well as working conditions that respect the personal dignity in a safe and healthy workplace, in full compliance with the current regulations governing the prevention of accidents at work and the protection of workers. In the course of the financial year ended 31 March 2020, the Italian companies continued their path to the implementation of an increasingly accurate system of measures aimed at improving safety at work on an ongoing basis, while monitoring, among other things, any possible near-miss and exhorting its employees to report any possible critical issues regarding safety. Piquadro believes that the desired benefits can be multiplied only through the implementation of a shared system and the main tool to achieve these objectives lies in the compliance by the entire workforce with the safety policies adopted. Therefore, the Company is committed to spreading a well-established safety culture, among all its in-house workers and collaborators, while developing risk awareness and promoting a responsible behaviour on the part of its personnel, which cannot disregard the freedom of expression and the sharing of contents between workers and directly-responsible staff. Furthermore, the Group's Code of Ethics requires the commitment of all collaborators in order to give their contribution to risk prevention and the protection of their own health and safety, as well as of that of their colleagues and third parties, without prejudice to the individual responsibilities pursuant to the provisions of law governing the matter. For this purpose, it calls for a general absolute prohibition, within the scope of the Company's activities, on the abuse of alcohol or the use of drugs, as well as the prohibition on smoking at work, in compliance with the provisions of law and in any case wherever smoking might entail a danger to the Company's facilities and assets or to the health or safety of colleagues and third parties. Any misconduct that could be generated from an improper performance of other duties or tasks is avoided by carefully checking the tasks assigned on a daily basis. The system implemented by the Italian Group companies also considers the risks of interference that can arise inside the points of sales and, in this regard, training course requirements have been also met within the retail system.

RESEARCH AND DEVELOPMENT ACTIVITY

The Piquadro Group's Research and Development activity, which is structured into its three distinguishing brands (Piquadro, The Bridge and Lancel) is carried out in house through a dedicated team that currently consists of 81 persons mainly engaged in the product Research and Development department and the style office at the Group's various head offices.

The plants of the Chinese subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. employ a team of 27 people dedicated to prototyping and the implementation of new models according to the instructions defined by the central organisation.

Piquadro-branded products are conceived within the Group and occasionally in collaboration with outside industrial designers, taking account of the information regarding market trends supplied by the Group's internal departments (Product Management and Sales departments). In this manner, the Group develops its collections trying to meet the needs of end customers that are not yet satisfied by the market. The internal unit dedicated to the design of products manages operating activities and also coordinates the external consultants of which the Group makes use. In some cases, in fact, the Group only uses external designers for the product design phase, while the development and implementation phase is in any case carried out in house.

The Group's Research and Development activity for the Piquadro brand involves 14 people and in recent years it particularly focused on BAGMOTIC, which integrates technology into briefcases, backpacks, trolleys and suitcases. During the financial year ended 31 March 2020 the R&D activity was mainly focused on three main areas: the creation of the **PQ-BIOS** collection with recycled materials, the development and refinement of new solutions in the segment of Small Leather Goods and, finally, the creation and development of a particularly performing Travel collection in terms of lightness.

As regards the PQ-BIOS collection, recycled materials were used for the prevalent fabric, lining, webbing and zip taping. In order to communicate the recycled material content to consumers in a transparent and objective manner, Piquadro has defined and registered the PQ-Recycled Index®, an indicator that quantifies the weight of the recycled material making up each item, in relation to the total weight of the product.

In the segment of Small Leather Goods, the Piquadro's research has developed a compact credit card holder equipped with a metal mechanism covered in leather that allows several credit cards to be pulled out quickly and at the same time. The article, which is available in various leathers and colours, is targeted at both Men and Women and is equipped with RFID protection. In addition, within the Urban collection, Piquadro has designed a modular wallet to allow end customers to add or remove pockets according to their needs: end customers can apply the functional element that meets their needs in their favourite colour, using a specific fastener inside the cover. The covers and functional elements can be purchased separately.

During the financial year ended 31 March 2020, work continued on the development of travel products with the aim of constantly searching for additional stylish details and a new innovative design.

On the contrary, the Research and Development activity involving The Bridge brand is carried out by subsidiary The Bridge S.p.A. through a team of 26 people. The Bridge products are the result of a combination of craftsmanship and continuous study of design, integrated with new functionalities: the Company has always operated a real handicraft laboratory at which prototypes are created, and employs a team of designers who create new collections for each season, interpreting the needs of the market and the corporate DNA. The collections are the result of a research work that commences long before creating the products from an analysis of trends, which are then substantiated in materials and colours chosen for the season. The proposals are considered together with the sales force, in order to meet functionality and modernity requirements that make the product attractive to an attentive and demanding public.

R&D work involving the Lancel-branded products is performed by a dedicated team of 14 specialists at the Paris office of the Company. The Lancel Group is known for innovation and creativity: the team develops all components and finished products together with the design team. Lancel-branded products are the result of the combination of its own archives, continuous study of design and the expertise in leather goods, including with the help of the Atelier team, operating at Lancel's headquarters, made up of "*compagnon du devoir*" craftsmen who produce the prototype of the new models.

RELATED-PARTY TRANSACTIONS

The “Regulation bearing provisions governing transactions with related parties” was adopted by CONSOB Resolution no. 17221 of 12 March 2010, as amended by CONSOB resolution no. 17389 of 23 June 2010. On 18 November 2010 the Board of Directors of Piquadro S.p.A. adopted the procedure concerning related parties, which was also drawn up by taking account of the instructions subsequently provided by CONSOB for the application of the new regulations by DEM/10078683 notice of 24 September 2010.
The said procedure, which is published on the website of Piquadro (www.piquadro.com), has the purpose to determine the criteria to be complied with for the approval of the transactions with related parties to be effected by Piquadro or its subsidiaries, in order to ensure transparency, as well as the material and procedural correctness of the transactions themselves. The identification of transactions with related parties is made as required by the CONSOB regulation referred to.
Relations with related parties are largely commented on in the consolidated financial statements, in the separate financial statements and in the Notes to the Financial Statements.

PERFORMANCE OF PIQUADRO S.p.A.

In reporting the performance of the Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues from the separate financial statements, including relations with Group Companies, account for about 50.0% of consolidated revenues.

Operations

The financial year ended 31 March 2020 saw a decrease in revenues from sales equal to 4.2% compared to the financial year ended 31 March 2019. The performance of revenues, which is commented on in detail below in this Report, mainly derives from the domestic market, where the Company holds a leadership position. As regards average selling prices of Piquadro-branded products, the financial year ended 31 March 2020 reported a decrease equal to about 4.4%, including the mix effect.

Revenues from sales

In the financial year ended 31 March 2020 the Company reported net revenues from sales equal to Euro 69,717 thousand, down by 4.2% compared to the revenues reported in the financial year ended 31 March 2019 (Euro 72,792 thousand).
The performance of revenues is attributable to the negative performances recorded in the domestic market (-7.0%), in particular in the Wholesale channel; Europe reported an increase of 8.6% compared to the previous year, while the Rest of the World recorded a decrease of 4.0% due to a reduction in the orders mainly relating to the Asia area.
Following the rapid spread of the COVID-19 pandemic, which also resulted in prohibiting and blocking international trade and traffic, as well as the closure of most of the stores of Piquadro S.p.A. as early as from 11 March 2020, the Company's turnover showed a total drop of 26.5%, equal to about Euro 5.5 million, during the last quarter of the year compared to the same period of the previous year.

Breakdown of revenues by distribution channel

The table below reports the breakdown of revenues from sales of Piquadro S.p.A. by distribution channel, expressed in thousands of Euro for the financial year ended 31 March 2020 compared to the financial year ended 31 March 2019:

Sales channel *(in thousands of Euro)*	**Revenues from sales at 31 March 2020**	**%**	**Revenues from sales at 31 March 2019**	**%**	**% Change 2020/2019**
PQ brand DOS	25,864	37.1%	25,875	35.5%	0.0%
PQ brand Wholesale	39,411	56.5%	43,130	59.3%	(8.6%)
Total PQ Brand	**65,275**		**69,005**		
Intercompany revenues	4,442	6.4%	3,787	5.2%	17.3%
Total	**69,717**	**100.0%**	**72,792**	**100.0%**	**(4.2%)**

The revenues reported by the Piquadro brand in the DOS channel, which include sales in the e-commerce channel, remained in line with the value posted in the financial year ended 31 March 2019. This result was due to an increase of 27.3% in the e-ecommerce channel and a reduction of 4.0% in sales at DOSs, which were affected by the closure of most of the Piquadro brand's DOSs as early as from 11 March 2020 s a result of the Covid-19 pandemic.

Sales reported by the Piquadro brand in the Wholesale channel, which account for about 56.5% of the Company's total turnover, recorded a decrease of 8.6% compared to the financial year ended 31 March 2019 and were mainly affected by the performance of the domestic and European markets.

Piquadro's sales to its subsidiaries, stated as Intercompany revenues in the table above, showed an increase of 17.3% compared to the financial year ended 31 March 2019, mainly due to the sales by the Parent Company to the French subsidiary Lancel Sogedi, which amounted to Euro 1,313 thousand at 31 March 2020 (Euro 423 thousand in the financial year ended 31 March 2019).

Below are the breakdowns of revenues by geographical area:

(in thousands of Euro)	**Revenues from sales at 31 March 2020**	**%**	**Revenues from sales at 31 March 2019**	**%**	**% Change 2020/2019**
Italy	54,687	78.4%	58,871	80.8%	(7.1%)
Europe	13,945	20.0%	12,844	17.6%	8.6%
Rest of the World	1,084	1.6%	1,130	1.6%	(4.0%)
Total	**69,717**	**100.0%**	**72,745**	**100.0%**	**(4.3%)**

The Company's revenues for the FY 2019/2020 show that the Italian market still accounts for a very significant percentage of the total turnover (78.4%). In the FY 2019/2020, the Company opened 5 points of sale, of which 3 DOSs in Italy, 1 in Russia and the other one in Spain. Within the European market, the Company achieved a turnover equal to Euro 13,945 thousand, up by 8.6% compared to the financial year ended 31 March 2019, which is equal to 20.0% in terms of percentage impact of the total turnover of the FY 2019/2020. In the geographical area named "Rest of the World", where the Company sells in 23 Countries, the Company reported a decrease of 4.0% in the turnover.

Economic and financial highlights

Below are the results of Piquadro S.p.A. at 31 March 2020 compared with the same indicators at 31 March 2019:

Economic and financial ratios *(in thousands of Euro)*	**31 March 2020**	**31 March 2019**
Revenues from sales	69,717	72,792
EBITDA	10,387	9,544
Adjusted EBITDA	6,408	9,544
EBIT	4,089	7,635
Adjusted EBIT	4,261	7,635
Profit (loss) after tax	3,374	5,428
Amortisation and depreciation of fixed assets and write-downs of receivables	6,898	2,920
Cash flow (net profit (loss) before amortisation, depreciation and write-downs)	10,272	8,348

The Parent Company's EBITDA came to about Euro 10.39 million at 31 March 2020, including a profit of Euro 3.98 million arising from the first-time adoption of the new IFRS 16.

The Parent Company's EBIT amounted to Euro 4.09 million, including a loss of Euro 0.17 million arising from the write-down as a result of impairment tests on points of sale following the first-time adoption of the new IFRS 16.

Amortisation and depreciation for the financial year ended 31 March 2020 amounted to about Euro 4,974 thousand (equal to Euro 1,734 thousand at 31 March 2019), an amount of Euro 3,735 thousand of which was mainly attributable to the amortisation and depreciation of Right-of-use assets arising from the first-time adoption of the new IFRS 16.
Net write-downs totalled Euro 981 thousand and mainly related to the impairment of right-of-use assets arising from the first-time adoption of the new IFRS 16.
The accrual to the provision for bad debts from customers in the financial year ended 31 March 2020 amounted to Euro 600 thousand (Euro 1,186 thousand at 31 March 2019).

The Parent Company's EBIT amounted to Euro 4.09 million, including a loss of Euro 0.17 million arising from the write-down due to impairment on shops following the first-time adoption of the new IFRS 16.

Income (costs) from financial operations, which posted an income equal to about Euro 504 thousand (against an income of Euro 284 thousand at 31 March 2019), was attributable to the adjustment to both the value of the option of investee The Bridge for Euro 365 thousand and the value of the earn-out of investee Lancel International for Euro 528 thousand. Both of these values were set by an independent appraiser. Other changes to be reported in this item are: interest and other financial costs of Euro 105 thousand, as well as the differential between foreign exchange gains and losses which posted a gain equal to Euro 285 thousand at 31 March 2020 (against a gain equal to Euro 629 thousand at 31 March 2019), the effect of a write-down of equity investments held by the Parent Company for Euro 167 thousand (for more details, see note 34 of the Explanatory Notes). We must also note the adverse impact on this accounting item arising from the first-time adoption of the new IFRS 16, equal to Euro 402 thousand.

The net profit (loss) recorded by the Parent Company in the financial year ended 31 March 2020 amounted to Euro 3.4 million, including an amount of Euro 436 thousand arising from the write-down due to impairment on its shops and related taxation relating to the first-time adoption of the new IFRS 16.

Profitability ratios

Below are the main Profitability ratios relating to the financial years ended 31 March 2020 and 31 March 2019:

Profitability ratios	Composition of the ratio	31 March 2020	31 March 2019
Return on sales (R.O.S.)	EBIT/Net revenues from sales	5.9%	10.5%
Return on Investment (R.O.I.)	EBIT/Net invested capital	5.8%	13.9%
Return on Equity (R.O.E.)	Profit for the year/Equity	8.0%	12.7%

Gross investments

Gross investments in fixed assets concerning the Company's operations were equal to Euro 2,129 thousand in the financial year ended 31 March 2020 (Euro 6,467 thousand in the financial year ended 31 March 2019). Below is the breakdown by type:

(in thousands of Euro)	31 March 2020	31 March 2019
Investments		
Intangible assets	552	200
Property, plant and equipment	1,515	888
Non-current financial assets	62	5,379
Total	**2,129**	**6,467**

Increases in intangible assets, equal to Euro 552 thousand in the financial year ended 31 March 2020 (Euro 200 thousand at 31 March 2019), mainly related to software and IT products, as well as to the project to standardise the software platform.

Increases in property, plant and equipment, equal to Euro 1,515 thousand in the financial year ended 31 March 2020 (Euro 888 thousand at 31 March 2019), were mainly attributable to equipment and machinery for offices and stores for Euro 331 thousand and to miscellaneous equipment purchased for the new DOSs opened during the period under examination and the refurbishments of some existing shops for Euro 1,152 thousand, as well as to other assets for the remaining amount of Euro 32 thousand.

Increases in non-current financial assets, equal to Euro 62 thousand in the financial year ended 31 March 2020 (Euro 20 thousand at 31 March 2019) were attributable to the amount paid as guarantee deposit during the opening of the new points of sale.

Asset structure

Below is the performance of the Company's asset structure at 31 March 2020 compared to that at 31 March 2019:

(in thousands of Euro)	31 March 2020	31 March 2019
Trade receivables	36,174	38,388
Inventories	15,839	13,491
(Trade payables)	(21,051)	(17,463)
Total net current trade assets	*30,962*	*34,416*
Other current assets	2,599	1,302
Tax receivables	1,051	146
(Other current liabilities)	(2,161)	(2,069)

(Tax payables)	(342)	(2,196)
A) Working capital	***32,110***	***31,599***
Intangible assets	699	1,334
Property, plant and equipment	8,487	8,275
Right-of-use assets	8,487	0
Non-current financial assets	14,055	14,055
Receivables from others due beyond 12 months	426	368
Deferred tax assets	1,597	1,045
B) Fixed assets	***40,081***	***25,077***
C) Non-current provisions and non-financial liabilities	***(1,811)***	***(1,675)***
Net invested capital (A+B+C)	**70,380**	**55,001**
FINANCED BY:		
D) Net financial debt	***28,203***	***12,304***
E) Equity	***42,177***	***42,697***
Total borrowings and Shareholders' Equity (D+E)	**70,380**	**55,001**

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 criteria (based on the schedule set out in CONSOB Communication no. 6064293 of 28 July 2006):

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
(A) Cash	72	134
(B) Other cash and cash equivalents (available current bank accounts)	26,001	13,907
(C) Liquidity (A) + (B)	**26,073**	**14,041**
(D) Finance leases	(3,496)	0
(E) Current bank loans	0	0
(F) Current portion of current debt	(15,260)	(7,179)
(G) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	0	(750)
(H) Current financial debt (D) + (E) + (F) + (G)	**(18,755)**	**(7,929)**
(I) Short-term Net Financial Position (C) + (H)	**7,318**	**6,112**
(L) Non-current bank debt	(20,468)	(13,598)
(M) Finance leases	(11,115)	0
(N) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(598)	(949)
(O) Payables to the Richemont Group for the acquisition of the Lancel Group	(3,341)	(3,869)
(P) Non-current financial debt (L) + (M) + (N) + (O)	**(35,521)**	**(18,416)**
(Q) Net Financial Debt (I) + (P)	**(28,203)**	**(12,304)**

As at 31 March 2020 the Parent Company's Net Financial Position posted a negative value of Euro 28.2 million, showing a deterioration of Euro 15.9 million compared to the debt recorded at 31 March 2019, which posted a negative value of Euro 12.3 million. The change in the net financial position at 31 March 2020 was substantially due to the first-time adoption of the new IFRS 16, which had an impact of about Euro 14.6 million.

The Parent Company's adjusted Net Financial Position, defined as the Net Financial Position, net of impacts arising from the first-time adoption of IFRS 16, at 31 March 2020 posted a negative value of Euro 13.6 million, showing a deterioration of about Euro 1.3 million compared to the debt recorded at 31 March 2019.
The change in the adjusted Net Financial Position was also due to dividends paid for Euro 4.0 million, investments in intangible assets, property, plant and equipment and non-current financial assets for about Euro 2.1 million, an increase of Euro 0.5 million in working capital and a free cash flow generated for about Euro 5.3 million.

Human Resources

The products that the Company 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 must necessarily lead to intense personal involvement, above all in what the Company considers the strategic phases for the success of the Piquadro brand.
As at 31 March 2020 Piquadro S.p.A. had 301 members of staff, compared to 273 units at 31 March 2019. Below is the breakdown of staff by area:

Organisational Areas	31 March 2020	31 March 2019
R&D Area	4.7%	5.1%
Retail Area	56.5%	56.4%
Sales Area	9.0%	10.3%
Supporting Areas	29.8%	28.2%
Total	**100.0%**	**100.0%**

Health, safety and environment

Piquadro S.p.A. continues to pursue high standards in the protection of the health and safety of its employees at work. The Company continued its path to the improvement of collective awareness of safety issues during the financial year ended 31 March 2020. In particular the prevention and protection measures aimed at improving safety on an ongoing basis are becoming increasingly specific and verifiable. During the period under consideration, data on accidents remained positive since no significant critical issues could be found which related to workplaces and/or the working conditions of operators. However, there was room for improvement in the prevention of mechanical and electrical accidents within the scope of maintenance and restoration work on the automated warehouse. The recording of possible Near Miss events constitutes an active safety management tool, as well as a method to spread the culture of "Shares Responsibility". At all company levels, the safety asset is regarded as a whole. Work cannot disregard the check of safety conditions. Furthermore, Piquadro's policy is also shared with outsourcers, such as suppliers and maintainers, through a careful selection of eligible firms and active supervision. This shared system is expected to be able to positively affect the performance of the whole product chain throughout the sales network spread all over the country.
In relation to the operation of the retail channel activities, the efforts are above all evident which relate to the management of so-called "risks of interference" and to the management of training course requirements of a type of workers which is always very dynamic. The same attention paid to workers' health and safety issues was also confirmed in relation to environment. It is confirmed that Piquadro's activity has no impact on the environment and does not present characteristics such as to be capable of causing events with negative effects on the territory and the environment. The good relations with the closest stakeholders and the Local Entities confirm a total absence of critical issues.

Related-party transactions

The "Regulation bearing provisions governing transactions with related parties", which was adopted by CONSOB Resolution no. 17221 of 12 March 2010, as amended by CONSOB resolution no. 17389 of 23 June 2010, implemented article 2391-*bis* of the Italian Civil Code. On 18 November 2010 the Company's Board of Directors adopted the procedure concerning related parties, which was also drawn up by taking account of the instructions subsequently provided by CONSOB for the application of the new regulations by DEM/10078683 notice of 24 September 2010.
The said procedure, which is published on the website of Piquadro (www.piquadro.com), has the purpose to determine the criteria to be complied with for the approval of the transactions with related parties to be effected by Piquadro or its subsidiaries, in order to ensure transparency, as well as the material and procedural correctness of the transactions themselves. The identification of the transactions with related parties is made as required by the CONSOB regulation referred to.

In the financial year ended 31 March 2020 several intergroup transactions were effected, all of which were implemented within the ordinary course of business and at arm's length. Intergroup relations concerned both production activities (Piquadro S.p.A. directly controls Companies which produce leather goods for the Group) and commercial activities (Piquadro S.p.A. directly or indirectly controls all foreign Companies in the retail chain which manage Piquadro-branded shops). The Companies in the Piquadro Group also maintain financial relations, which were also established within the ordinary course of business and at arm's length.
Relations with related parties are largely commented on in the separate financial statements under Note 40 of the Notes to the Financial Statements.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

As is public knowledge, since January 2020 a new coronavirus appeared in China and now spread to all over the world (better known as Covid-19) is causing serious effects on global economy and in social terms, especially in view of the global spread of the epidemic that led the World Health Organization to declare the state of "pandemic" on 11 March 2020.

In this regard, the Group has for some time been strictly conforming to the measures issued by the Competent Authorities and has taken any other precaution regarded as appropriate to safeguard the health of its employees and suppliers in order to also contain the spread of the virus in the regions affected by the contagion. Despite the large spread of Covid-19 and the uncertainty as to the duration of this pandemic do not allow the Company to make, at present, any reliable forecast of possible results for the current financial year, it has, however, already taken note of the significant change in the global economic scenario and has adopted and is still implementing actions aimed at reducing costs and maintaining liquidity, in order to also limit any future impact in economic and financial terms and to support its financial strength.
The paragraph on the "**COVID-19 Virus**" of this Annual Financial Report describes the impact of the pandemic and the measures taken by the Group to reduce its effects from an economic and financial point of view.

No significant events are reported which occurred after the reporting date in addition to those described above.

OUTLOOK

In a context that is still characterised by uncertainty depending on the various possible scenarios determined by the effects of the Covid-19 virus, macroeconomic and sector estimates forecast a decline in the Piquadro Group's target market which cannot be predicted at present and therefore the elements that contribute to the formulation of forecasts for the 2020/2021 financial year remain significantly uncertain as they are linked to the evolution of the pandemic and the consequent response from demand side in an environment of recession which could also continue in the coming months.
In order to mitigate the effects of the economic situation linked to the Covid-19 health emergency, the Piquadro Group has implemented measures to reduce costs, maintain operations unchanged and safeguard liquidity and has adopted adequate safety standards complying with regulatory guidelines.
While being aware that the 2020/2021 financial year remains very complicated, the Piquadro Group focuses attention on its strengths, is convinced that it will quickly resume its path thanks to the work carried out and investments made in recent years, and maintains a positive attitude towards future developments.

In light of the information commented on above and of the financial and capital soundness of the Piquadro Group, the consolidated financial statements and the separate financial statements of Piquadro S.p.A. were prepared on a going concern basis.

FINANCIAL RISKS

The Group's business is generally exposed to a number of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Piquadro Group's financial risks are managed centrally within precise organisational policies which govern the management of the risks and the control of all the transactions which are closely relevant to the composition of financial and/or trade assets and liabilities.

In order to minimise these risks, the Group has established control times and methods which allow the Board of Directors to give its approval as to all transactions which bind the Group to third-party lenders.

Liquidity risk

The objective of the Group is to ensure that it is able to meet its financial obligations at any time, maintaining an adequate level of available cash and diversifying the instruments for raising financial resources by obtaining adequate credit lines.
The Group keeps a surplus of credit lines available in order to be able to take up business opportunities that cannot be planned for or in order to cover unexpected cash outflows.
The excess cash is invested temporarily on the money market in transactions that can be liquidated immediately.
The essential tool for the measurement, management and daily monitoring of the liquidity risk is the cash budget, which provides an overview of the liquidity that is always up-to-date. Daily planning and cash flow forecasts are carried out on the basis of this overview.
It is believed that the funds and credit lines currently available, in addition to the cash flow generated by the business, will suffice to meet the Group requirements.

Credit risk

The credits of the Group, particularly in Italy, are rather fragmented as a result of sales being to a diverse clientele that is made up of leather goods retailers, stationery retailers and international distributors or, through the sales of the DOS channel, end consumers. Receivables outstanding at the end of the financial year were mainly trade receivables, as resulting from the explanatory notes to the statement of financial position to which reference is made.
Historically there have not been any significant or particularly problematic situations regarding the solvency of customers, insomuch as it is the Group's policy to sell to customers after assessing carefully their credit rating and therefore remaining within prefixed credit limits, periodically monitoring the situation of expired loans.
Accordingly, the credit risk to which the Group is exposed is considered to be limited as a whole.

Foreign exchange risk

Foreign exchange risk is the risk that the currency parities could change in an unfavourable way in the period between the moment in which the target exchange rate is defined, that is the date when commitments arise to receive and pay amounts in foreign currency at a future date, and the time at which those commitments become firstly orders and finally turnover (for purchase or sale). In the absence of foreign exchange risk hedging on specific commercial transactions, there is no application of hedge accounting.

The Group pays the contract work done (external production) in US dollars, while wages and salaries relating to the employees of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. are paid in Renminbi. The operating costs incurred by the Company and by the Group's European subsidiaries are mainly denominated in Euro. The result of this is that the net result of the Group is partially affected by the fluctuations of the exchange rate between USD and the Euro and, to a lesser extent, between the Chinese Renminbi and the Euro.

During the financial year ended 31 March 2020, the Parent Company carried out currency (USD) forward purchases in order to hedge expected payments of invoices of foreign subcontractors and of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. If these derivative financial instruments have fulfilled all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), they are accounted for at fair value against an entry in the Statement of comprehensive income.

Interest rate risk

Interest rate risk is the risk of an uncontrolled increase in charges arising from the payment of real floating interest rate on medium- to long-term loans raised by the Group.

The purpose of the interest risk management is to limit and stabilise payable flows due to interest paid on such loans.
Hedging activities were carried out on every occasion that it was considered useful with regard to the taking out of loans. The Group uses derivative financial instruments to hedge the exposure to interest rate risks. However, in cases in which the derivative financial instruments do not fulfil all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), these have been accounted for at fair value against an entry in the Income Statement.
The forecast outflows, connected with the repayment of the liability, are determined by making reference to the provisions laid down in the loan agreement (amortisation schedule).

LEGISLATIVE DECREE NO. 231/2001

Starting from June 2008, the Company adopted both the Group's Code of Ethics and the Parent Company's Organisational, management and control model pursuant to Legislative Decree no. 231/2001, with the objective to arrange for a structured and organic system of rules aimed at preventing the possible commission of crimes which entail the administrative liability of the Parent Company.

The Board of Directors, in the application of the regulations in force, has also established a single-member Supervisory Board and appointed Mario Panzeri as single member who has been granted the powers and duties under Legislative Decree no. 231/2001.

The organisational, management and control model of Piquadro and the Code of Ethics can be found on the Company's website, www.piquadro.com, in the Section on Investor Relations.

The consolidated disclosure of non-financial information of the Piquadro Group, which relates to the financial year ended 31 March 2020 (also referred to as the "Sustainability Report") and has been prepared pursuant to Legislative Decree 254/16, constitutes a separate report with respect to this report on operations, as required by Art. 5, paragraph 3, letter b), of Legislative Decree 254/16, and is available on the website: www.piquadro.com, in the Section on Investor Relations.

EQUITY INVESTMENTS HELD BY THE MEMBERS OF CORPORATE BODIES

Below is reported the chart containing the equity investments held by the Directors, Statutory Auditors, General Managers, Key Executives and their spouses and minor children in Piquadro S.p.A. and its subsidiaries, which is contained in Section II of the Report on Remuneration prepared pursuant to article 123-*ter* of Legislative Decree no. 58/1998 and article 84-*quater* of the Issuers' Regulation, as adopted by CONSOB by Resolution no. 11971 of 14 May 1999, and in accordance with Annex 3A Charts 7-*bis* and 7-*ter* of the same Regulation.
For more information, including any information on the fees due to the Directors, Statutory Auditors and Key Executives, reference is expressly made to said Report on Remuneration, which can be found on the Company's website, www.piquadro.com, in the Section on Investor Relations.

First and last name	**Position**	**Investee company**	**Number of shares owned at the end of the previous financial year**	**Number of shares purchased**	**Number of shares sold**	**Number of shares held at the end of the current financial year**
Marco Palmieri	Chairman; CEO[(1)]	Piquadro S.p.A.	31,909,407	0	0	31,909,407
Pierpaolo Palmieri	Vice-Chairman; Executive Director[(2)]	Piquadro S.p.A.	2,276,801	0	0	2,276,801
Marcello Piccioli	Executive Director	-	0	0	0	0
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	0	0	3,000

(1) At the end of the FY 2019/2020, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a Company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..
(2) At the end of the FY 2019/2020, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

CORPORATE GOVERNANCE AND SELF-REGULATORY CODE

The Company applies the Self-Regulatory Code promoted by Borsa Italiana S.p.A, which was approved by the Corporate Governance Committee.
In making use of the right laid down in article 123-*bis*, paragraph 3, of the TUF, the Company has taken steps to prepare the Report on Corporate Governance and ownership structures separately from the Report on Operations.
Therefore, as regards the information on the Company's corporate governance system and ownership structures and the application of the Self-Regulatory Code, reference should be made to the Report on Corporate Governance and ownership structures that can be found on the Company's website, www.piquadro.com, in the Section on Investor Relations.

Below is provided some of the main information disclosed in the abovementioned Report on Corporate Governance and ownership structures.

Structure of the Share Capital

The amount of the subscribed and paid-up Share Capital is equal to Euro 1,000,000, divided into 50,000,000 ordinary shares, without any indication of their par value.

Categories of shares making up the Share Capital:

	NO. OF SHARES	% COMPARED TO THE SHARE CAPITAL	LISTED	RIGHTS AND OBLIGATIONS
Ordinary shares	50,000,000	100	STANDARD 1	The shares are registered and confer the right of voting at ordinary and extraordinary shareholders' Meetings, as well as the right to profit sharing.

At the date of this Report, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a company wholly owned by the latter, while the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owns a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A..

Piquadro Holding S.p.A., in its turn, owns 68.37% of the Share Capital of Piquadro.

* * *

Restrictions on the transfer of securities

There are no restrictions on the transfer of securities, such as for example limits on the ownership of securities or the need to obtain approval from the issuer or from other holders of securities.

Significant stakes held in the Capital

At the date of this Report, the significant stakes held in the Capital of the issuer, as resulting from the notices given pursuant to article 120 of the TUF, as supplemented by notices relating to transactions subject to Internal Dealing under articles 152-sexies and ff. of the Issuers' regulation, were the following:

SIGNIFICANT STAKES HELD IN THE CAPITAL			
Declarant	**Direct Shareholder**	**% share on ordinary capital**	**% share on voting capital**
Palmieri Marco	Piquadro Holding S.p.A.	68.37%	68.37%
Mediobanca Banca di credito Finanziario S.p.A.	Mediobanca Banca di credito Finanziario S.p.A.	5.01%	5.01%

Securities which confer special rights

The Company has not issued securities which confer special rights of control. Furthermore, it should be noted that the Company's By-Laws do not provide for shares with increased or plural voting rights.

Employee share ownership: exercise of voting rights

There is no employee share ownership system.

Restrictions on voting rights

The By-Laws do not provide for any restrictions on voting rights.

Shareholders' Agreements

At the date of this Report, there were no Shareholders' Agreements pursuant to article 122 of the TUF.

Delegated powers to increase Share Capital and authorisations to purchase treasury shares

No delegated powers to increase the Share Capital had been granted as at the date of this Report.
The Shareholders' Meeting of Piquadro held on 25 July 2019 resolved to authorise a plan for the purchase of the Company's ordinary shares, in one or more instalments, up to the maximum number permitted by law, having regard to the treasury shares held directly and to those held by Subsidiary companies.
The authorisation to purchase treasury shares was granted up to the approval of the financial statements at 31 March 2020, while the authorisation to dispose of them was granted without any time limit.
The plan to purchase treasury shares pursues the following objectives:

(a) to support stabilisation of the stock performance and liquidity, and, in this framework, to acquire the Company's shares at prices lower than their actual value, based on the income prospects of the business, with the consequent enhancement of the Company;
(b) to establish an "inventory of securities" so that the Issuer may maintain, and dispose of, shares for a possible use of the same as consideration in extraordinary operations, including in exchange of equity investments, with other parties within transactions of interest to the Company itself.

The purchase price of the shares will be identified from time to time, having regard to the methods selected to carry out the transaction and in accordance with the legislative, regulatory provisions or permitted market practices, within a minimum and maximum number that can be determined according to the following criteria:

(i) 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;
(ii) 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.

Except for the implementation of the distribution plans, with or without payment, of options on shares or shares, which will take place at the prices set in the plans themselves, the consideration for any other sale of treasury shares, which will be set by the Board 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.
Purchases may take place according to methods other than those specified above pursuant to article 132, paragraph 3, of the TUF or other provisions applicable from time to time at the time of the transaction.
The disposal of the shares may take place according to the most appropriate methods in the interests of the Company, and in any case in accordance with the applicable regulations and the permitted market practices.
Except for the implementation of the distribution plans, with or without payment, of options on shares or shares, which will take place at the prices set in the plans themselves, the consideration for any other sale of treasury shares, which will be set by the Board 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.
Piquadro, in accordance with the terms and conditions and according to the procedures set out in the regulations in force, is required to notify the competent Authorities of the transactions of purchase or sale carried out, in terms of number of shares acquired/sold, average price, total number of shares acquired/sold as at the date of the notice and the amount invested on the same date. As at the date of this Report, no transaction had been carried out for the purchase of treasury shares on the part of the Company and the Company did not hold any treasury share.

Clauses of Change of control

Neither Piquadro S.p.A. nor any of its subsidiaries have entered into significant agreements which become effective, are amended or are terminated in case of change of control of the contracting Company.

Indemnity due to the Directors in the case of resignation, dismissal or termination of the relationship following a take-over bid

No agreements have been entered into between the Company and the Directors which provide for indemnities in the case of resignation or dismissal/disqualification without cause or if the employment relationship is terminated following a take-over bid.

The information referred to above is disclosed in the Report on Corporate Governance and ownership structures, which is available on the website www.piquadro.com, in the Section on Investor Relations.

MANAGEMENT AND COORDINATION ACTIVITY

The Company is not subject to management and coordination activities pursuant to Article 2497 and ff. of the Italian Civil Code. In fact, although under Article 2497-*sexies* of the Italian Civil Code "*it is presumed, unless there is evidence to the contrary, that the activity of management and coordination of Companies is carried out by the Company or an entity that is required to consolidate their financial statements or that controls them in any way pursuant to Article 2359",* neither Piqubo S.p.A. nor Piquadro Holding S.p.A., i.e. the companies controlling Piquadro S.p.A., carries out management and coordination activities in relation to the Company, in that (i) they do not give instructions to their subsidiary; and (ii) there is no significant organisational/functional connection between these Companies and Piquadro S.p.A..
In addition to directly carrying out operating activities, Piquadro S.p.A., in its turn, also carries out management and coordination activities in relation to the Companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code.

RELATED-PARTY TRANSACTIONS

In compliance with the CONSOB Regulation on Related Parties, the Board's meeting held on 18 November 2010 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 Group Company as of today that meets the significance requirements under title VI, chapter II, of the Issuers' Regulation, 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 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 it with the registered office or by publishing it 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 information they require to conduct their audit of annual and interim accounts of the Controlling Company itself; (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 suitable to satisfy the conditions referred to above.

INFORMATION BY BUSINESS SEGMENTS AND ANALYSIS OF THE PERFORMANCE OF THE GROUP'S OPERATIONS

Following the acquisition of the Lancel Group, the Piquadro Group's Top Management staff review the Group's results of operations based on a breakdown by each brand (Piquadro, The Bridge, Lancel) in operational terms; accordingly, the disclosures under IFRS 8 concerning the Group's revenues from sales and segment data are now reported on a brand basis (Piquadro, The Bridge, Lancel).
The table below illustrates the segment data of the Piquadro Group as broken down by brand (Piquadro, The Bridge and Lancel), in relation to the financial years ended 31 March 2020 and 31 March 2019. Economic segment data are monitored by the Company's Management until EBITDA.

	31 March 2020					31 March 2019				
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**
Revenues from sales	**71,954**	**26,674**	**53,599**	**152,227**	**100.0%**	**75,789**	**26,520**	**45,162**	**147,472**	**100.0%**
Other income	848	200	1,945	2,993	2.0%	981	237	516	1,734	1.2%
Costs for purchases of raw materials	(12,990)	(3,923)	(17,320)	(34,233)	(22.5%)	(17,181)	(5,193)	(17,405)	(39,779)	(27.0%)
Costs for services and leases and rentals	(30,565)	(13,661)	(21,734)	(65,960)	(43.3%)	(31,570)	(14,546)	(24,274)	(70,390)	(47.7%)
Personnel costs	(16,003)	(6,336)	(17,895)	(40,234)	(26.4%)	(16,233)	(5,432)	(16,924)	(38,590)	(26.2%)
Provisions and write-downs	(600)	(263)	(106)	(969)	(0.6%)	(660)	(215)	(63)	(938)	(0.6%)
Other operating costs	(444)	(75)	(258)	(777)	(0.5%)	(387)	(96)	145	(337)	(0.2%)
EBITDA	**12,200**	**2,616**	**(1,769)**	**13,047**	**8.6%**	**10,738**	**1,275**	**(12,842)**	**(828)**	**(0.6%)**
Amortisation, depreciation and write-downs of fixed assets				(19,800)	(13.0%)				(3,524)	(2.4%)
Operating profit (loss)				**(6,753)**	**(4.4%)**				**(4,352)**	**(3.0%)**
Financial income and costs				(751)	(0.5%)				41,432	28.1%
Profit (loss) before tax				**(7,504)**	**(4.9%)**				**37,080**	**25.1%**
Income taxes				(251)	(0.2%)				(2,605)	(1.8%)
Profit for the year				**(7,755)**	**(5.1%)**				**34,475**	**23.4%**
Net profit (loss) for the Group				**(7,755)**	**(5.1%)**				**34,475**	**23.4%**

(*) percentage impact compared to total revenues from sales

As a segment analysis of the balance sheet, below are the assets, liabilities and fixed assets broken down by brand (Piquadro, The Bridge and Lancel) in the financial years ended 31 March 2020 and 31 March 2019:

	31 March 2020				31 March 2019			
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total**	**Piquadro**	**The Bridge**	**Lancel**	**Total**
Assets	103,805	33,579	73,334	**210,718**	73,990	25,288	56,399	**155,677**
Liabilities	79,610	22,312	46,876	**148,798**	46,890	16,267	19,051	**82,208**
Fixed assets	32,716	8,582	30,030	**71,328**	15,546	2,971	2,653	**21,170**

Revenues from sales

Below is a breakdown of revenues from sales by brand and geographical area.

Breakdown of revenues by Brand

The table below reports the Group's revenues from sales broken down by brand:

Sales channel *(in thousands of Euro)*	**Revenues from sales at 31 March 2020**	**%**	**Revenues from sales at 31 March 2019**	**%**	**% Change 2020-2019**
PIQUADRO	71,954	47.3%	75,789	51.4%	(5.1%)
THE BRIDGE	26,674	17.5%	26,520	18.0%	0.6%
LANCEL	53,599	35.2%	45,163	30.6%	18.7%
Total	**152,227**	100.0%	**147,472**	100.0%	**3.2%**

(*) Percentage impact compared to revenues from sales

In the financial year ended 31 March 2020 the Piquadro Group recorded, in terms of revenues, a performance increasing by 3.2% compared to the FY 2018/2019. The Piquadro Group recorded in fact net revenues from sales equal to Euro 152,227 thousand compared to Euro 147,472 thousand recorded in the previous year. The increase in revenues was mainly due to the full consolidation of twelve months of Lancel's sales (against ten months relating to the period ended 31 March 2019), as well as to the positive performance of sales of The Bridge-branded products, as illustrated below.

Below are the breakdowns of revenues by Brand:

<u>Piquadro</u>

Revenues from sales achieved by the Piquadro brand in the financial year ended 31 March 2020 reported a decrease equal to 5.1%, from Euro 75,789 thousand in the financial year ended 31 March 2019 to Euro 71,954 thousand in the financial year ended 31 March 2020.

Sales of Piquadro-branded products in the Wholesale channel, equal to about Euro 40,545 thousand (against Euro 44,176 thousand at 31 March 2019) showed a decrease of about 8.2%, in particular in the domestic market, which accounted for 41.8% of sales of Piquadro-branded products, where the decrease was equal to 10.5%.

In the financial year ended 31 March 2020 the Group closed 8 franchise Piquadro-brand shops (as at 31 March 2020, the franchise shops opened were 37) of which 2 in Italy, 1 in Europe and 5 in the Rest of the World.

Revenues from sales achieved in the DOS Channel - which includes sales generated from the e-commerce website of the Piquadro brand - in the financial year ended 31 March 2020 reported a reduction of 0.6%, from Euro 31,613 thousand in the financial year ended 31 March 2019 to Euro 31,409 thousand in the financial year ended 31 March 2020. In terms of impact on the total sales of Piquadro-branded products, the values in the DOS channel increased, in percentage terms, compared to those posted in the financial year ended 31 March 2019 (an impact of 43.7% at 31 March 2020 against a percentage of 41.7% in the financial year ended 31 March 2019). Revenues from sales posted by the Piquadro-brand stores, while assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not present in the previous year, recorded a reduction of about 5.9% (assuming an equal number of days of opening and constant rates of exchange, the Same Store Sales Growth – SSSG – figures reported a decrease equal to about 6.2%).

The performance of sales of the Piquadro-branded products in the DOS channel was also due to the following factors:

(i) closure of the Piquadro brand DOSs in Italy from 11 March 2020 as a result of the COVID-19 emergency, which entailed a reduction of about Euro 1.2 million (-87%) in sales in the domestic market in March, assuming that the perimeter remained unchanged, compared to the same month in the previous year;
(ii) the opening of 5 new DOSs during the financial year ended 31 March 2020, which entailed an increase in turnover equal to about Euro 534 thousand;
(iii) the closure of 1 store in Russia, which accounted for Euro 139 thousand.

The Bridge

Revenues from sales achieved by The Bridge brand in the financial year ended 31 March 2020 reported an increase equal to 0.6%, from Euro 26,520 thousand in the financial year ended 31 March 2019 to Euro 26,674 thousand in the financial year ended 31 March 2020.

The sales of The Bridge-branded products in the Wholesale channel, equal to about Euro 17,578 thousand (against Euro 18,269 thousand at 31 March 2019), showed a decrease of about 3.7%. The reduction on the domestic market was equal to 1.1%, while sales showed a decrease of 8.2% in the European market (mainly in Germany, Austria and the United Kingdom).

Revenues from sales achieved by The Bridge brand in the DOS Channel - which includes sales generated from the e-commerce website of The Bridge brand, showing an increase of 33.8% - in the financial year ended 31 March 2020 reported an increase of 9.9%, from Euro 8,251 thousand in the financial year ended 31 March 2019 to Euro 9,096 thousand in the financial year ended 31 March 2020. Revenues from sales in the DOS channel, assuming that the perimeter remained unchanged and then deducted the sales recorded by the shops which were not present in the previous year, recorded an increase of about 4.0%.
The performance of sales of The Bridge-branded products in the DOS channel was also due to the following factors:

(i) closure of The Bridge brand DOSs in Italy from 11 March 2020 as a result of the COVID-19 emergency, which entailed a reduction of about Euro 400 thousand (-86%) in sales in the domestic market in March, assuming that the perimeter remained unchanged, compared to the same month in the previous year;
(ii) the opening of 1 new DOS during the financial year ended 31 March 2019, which contributed to the turnover at 31 March 2020 for twelve months and which entailed an increase of Euro 176 thousand in turnover (corresponding to a growth of about 40.0% in the total turnover from the DOS channel).

Lancel

Revenues from sales achieved by the Lancel brand in the financial year ended 31 March 2020 amounted to Euro 53,599 thousand and contributed to increase the Group's turnover by about 13.9% (revenues recorded in the first ten months of the previous year had been equal to Euro 45,163 thousand but were related to the months from June 2018 to March 2019, the period when Maison Lancel was included in the consolidation area of the Piquadro Group).

The sales of Lancel-branded products in the Wholesale channel amounted to about Euro 8,336 thousand. Revenues from sales achieved by the Lancel brand in the DOS Channel – including sales generated from the e-commerce website of the Lancel brand – amounted to about Euro 45,263 thousand in the financial year ended 31 March 2020 and accounted for 84.4% of revenues from sales of Lancel-branded products.

Breakdown of revenues by geographical area

The geographical areas in which the Piquadro Group operates, as defined by the Management staff as a secondary segment of segment reporting, have been defined as Italy, Europe and Rest of the World.
The table below reports the Group's revenues from sales broken down by geographical area, for the financial years ended 31 March 2020 and 31 March 2019:

(in thousands of Euro)	**Revenues from sales 31 March 2020**	**%(*)**	**Revenues from sales 31 March 2019**	**%(*)**	**% Change 2020-2019**
Italy	76,165	50.0%	79,556	53.95%	(4.3%)
Europe	71,975	47.3%	63,378	43.0%	13.6%
Rest of the World	4,087	2.7%	4,538	3.1%	(9.9)%
Total	**152,227**	100.0%	**147,472**	100.0%	**3.2%**

(*) Percentage impact compared to revenues from sales

Italy

The Group's revenues achieved in Italy in the financial year ended 31 March 2020 showed a decrease of 4.3% compared to the financial year ended 31 March 2019, from Euro 79,556 thousand to Euro 76,165 thousand; the Italian market still accounts for a percentage of the Group's total turnover, equal to 50.0% (53.9% of consolidated sales at 31 March 2019). Without considering the consolidation of revenues achieved by the Lancel Group, which took place from June 2018, the Group's sales showed a decrease of 4.2%.

Europe

In the European market the Group recorded a turnover of about Euro 71,975 thousand, equal to 47.3% of consolidated sales (43.0% of consolidated sales at 31 March 2019), showing an increase of 13.6% compared to the previous year. This growth was determined in particular by the full consolidation of the Lancel Group; without considering the increase in revenues due to the consolidation of the Lancel Group, the Group's sales showed a decrease of 1.2%.
The first three most significant European countries in terms of impact of the Group's total turnover are France, Germany and Russia, which overall account for 84.0% of the Group's turnover in the geographical area of Europe.

Rest of the World

In the geographical non-EU area (named the "Rest of the World"), in which the Group sells in 23 Countries, the turnover reported a decrease of 9.8% compared to the FY 2018/2019.

Other income

The table below reports the Group's other revenues broken down by brand (Piquadro, The Bridge and Lancel), in relation to the financial years ended 31 March 2020 and 31 March 2019.

	31 March 2020					31 March 2019					
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change 2020-2019**
Charge-back of transportation and collection costs	129	0	0	129	0.1%	132	0	0	132	0.1%	(2.3%)
Insurance and legal refunds	31	0	1	32	0.02%	95	0	16	111	0.1%	(71.6%)
Other sundry income	688	200	1,944	2,832	1.9%	753	237	500	1,490	1.0%	90.0%
Total Other income	**848**	**200**	**1,945**	**2,993**	**2.0%**	**980**	**237**	**516**	**1,733**	**1.2%**	**72.6%**

(*) Percentage impact compared to revenues from sales

In the financial year ended 31 March 2020 other income increased by 72.6%, from Euro 1,734 thousand in the financial year ended 31 March 2019 to Euro 2,993 thousand in the financial year ended 31 March 2020, as a result of the inclusion of the Lancel Group in the full consolidation area, which achieved sundry income of Euro 1,944 thousand.

Consumption of materials

The table below reports the Group's costs for consumption of materials, net of changes in inventories, broken down by brand (Piquadro, The Bridge, Lancel).

	31 March 2020					31 March 2019					
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change 2020-2019**
Costs for consumption of materials	12,990	3,923	17,320	34,223	22.5%	17,181	5,193	17,405	39,779	27.0%	(13.9%)
Total Costs for	**12,990**	**3,923**	**17,320**	**34,223**	**22.5%**	**17,181**	**5,193**	**17,405**	**39,779**	**27.0%**	**(13.9%)**

consumption of materials											

(*) Percentage impact compared to revenues from sales

The change in consumption, which showed a decrease of 13.9%, must be read together with the change in third-party manufacturing, as specified in the item "Costs for services and leases and rentals" and relating to production costs.

Costs for services and leases and rentals

The table below reports the Group's costs for services and leases and rentals broken down by brand (Piquadro, The Bridge and Lancel), for the financial years ended 31 March 2020 and 31 March 2019.

	31 March 2020					**31 March 2019**					
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change 2020-2019**
Costs for leases and rentals	2,388	366	6,994	9,748	6.4%	7,586	1,508	9,872	18,966	12.9%	(48.6%)
Third-party manufacturing	11,392	6,943	0	18,335	12.0%	8,678	7,230	0	15,908	10.8%	15.3%
Advertising and marketing	4,504	1,649	6,104	12,257	8.1%	4,017	1,552	6,706	12,275	8.3%	(0.1%)
Administration	1,475	414	1,037	2,925	1.9%	1,384	428	2,625	4,437	3.0%	(34.1%)
Commercial services	2,265	1,495	2,664	6,424	4.2%	2,489	1,666	1,161	5,316	3.6%	20.9%
Production services	3,509	1,914	3,727	9,149	6.0%	2,872	1,532	2,944	7,348	5.0%	24.5%
Transport services	5,032	881	1,207	7,121	4.7%	4,546	629	967	6,142	4.2%	15.9%
Total Costs for services and leases and rentals	**30,565**	**13,661**	**21,734**	**65,960**	**43.3%**	**31,572**	**14,545**	**24,275**	**70,390**	**47.7%**	**(6.3%)**

(*) Percentage impact compared to revenues from sales

As at 31 March 2020 costs for services and leases and rentals showed a decrease of 48.6% compared to the previous year, following the first-time adoption of the new IFRS 16, as well as the effect of the inclusion of the Lancel Group in the consolidation area for the period from June 2018 to March 2019 (10 months). The percentage impact on revenues from sales decreased from 47.7% in the financial year ended 31 March 2019 to 43.3% in the financial year ended 31 March 2020.

Personnel costs

The table below reports the Group's personnel costs broken down by brand (Piquadro, The Bridge and Lancel), for the financial years ended 31 March 2020 and 31 March 2019.

	31 March 2020					**31 March 2019**					
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change 2020-2019**
Wages and salaries	12,225	4,878	12,911	30,014	19.7%	12,646	4,246	11,809	28,701	19.5%	4.6%
Social security contributions	3,037	1,215	3,721	7,973	5.2%	2,885	1,046	3,935	7,866	5.3%	1.4%
Employee Severance Pay	741	244	1,263	2,248	1.5%	703	140	1,180	2,023	1.4%	11.1%
Total Personnel costs	**16,002**	**6,336**	**17,895**	**40,234**	**26.4%**	**16,233**	**5,432**	**16,924**	**38,589**	**26.2%**	**4.3%**

(*) Percentage impact compared to revenues from sales

The table below reports the number of staff employed by the Group at 31 March 2020 and 31 March 2019:

	31 March 2020	31 March 2019
Executives	10	8
Office workers	789	781
Manual workers	309	379
Total for the Group	**1,108**	**1,168**

In the financial year ended 31 March 2020, personnel costs reported an increase of 4.3%, from Euro 38,590 thousand in the financial year ended 31 March 2019 to Euro 40,234 thousand in the financial year ended 31 March 2020. The increase in personnel costs was due, in particular, to including the Lancel Group in the consolidation area for 12 months, while this had occurred for 10 months only in the previous year.
The sum of personnel costs incurred by the Piquadro and The Bridge brands amounted to Euro 22,339 thousand at 31 March 2020, up by 3.1% compared to Euro 21,666 thousand in the previous year, due in particular to the appointment of new professionals in the Retail area and production management.

Provisions

The table below reports the Group's provisions for the financial years ended 31 March 2020 and 31 March 2019:

	31 March 2020					31 March 2019					
(in thousands of Euro)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	% Change 2020-2019
Provisions	600	263	106	969	0.6%	660	215	63	938	0.6%	3.3%
Total Provisions	**600**	**263**	**106**	**969**	**0.6%**	**660**	**215**	**63**	**938**	**0.6%**	**3.3%**

(*) Percentage impact compared to revenues from sales

The amount of Euro 969 thousand in the financial year ended 31 March 2020 (Euro 938 thousand in the financial year ended 31 March 2019) relates to the provision for bad debts.

Amortisation, depreciation and write-downs of fixed assets

The table below reports the Group's costs for amortisation and depreciation for the financial years ended 31 March 2020 and 31 March 2019:

(in thousands of Euro)	31 March 2020	(*) %	31 March 2019	(*) %	% Change 2020-2019
Amortisation of intangible assets	537	0.3%	873	0.6%	(9.5%)
Amortisation and depreciation of Right-of-use assets	13,142	8,5%			100%
Depreciation of property, plant and equipment	2,061	1.3%	2,097	1.4%	268.2%
Impairment losses of assets	4,061	2.6%	553	0.4%	634.4%
Total amortisation, depreciation and write-downs of fixed assets	**19,800**	**12.7%**	**3,523**	**2.4%**	**461.9%**

(*) Percentage impact compared to revenues from sales

In the financial year ended 31 March 2020 amortisation, depreciation and write-downs reported an increase of 461.9%, from Euro 3,524 thousand in the financial year ended 31 March 2019 to Euro 19,800 thousand in the financial year ended 31 March 2020, of which Euro 537 thousand related to amortisation of intangible assets, Euro 13,142 thousand related to Right-of-use Assets, Euro 2,061 thousand related to property, plant and equipment and Euro 4,061 thousand related to the write-downs of fixed assets.

Net write-downs, equal to Euro 4,061 thousand, mainly related to the write-down of rights of use and Key money of the points of sale following the Impairment carried out according to IAS 36.

Other operating costs

The table below reports the Group's other operating costs broken down by brand (Piquadro, The Bridge and Lancel), for the financial years ended 31 March 2020 and 31 March 2019:

	31 March 2020					**31 March 2019**					
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change 2020-2019**
Taxes other than income taxes	426	75	258	760	0.5%	291	96	(156)	231	0.2%	229.5%
Donations	18	0	0	18	0.01%	61	0	11	72	0.0%	(75.5%)
Credit losses	0	0	0	0	0.0%	35	0	0	35	0.0%	(100.0%)
Total Other operating costs	**444**	**75**	**258**	**777**	**0.5%**	**387**	**96**	**(145)**	**337**	**0.2%**	**130.7%**

(*) Percentage impact compared to revenues from sales

As at 31 March 2020 other operating costs, equal to Euro 777 thousand, increased by Euro 440 thousand compared to 31 March 2019, as a result of costs incurred by Lancel.

EBITDA and operating profit (loss)

As per the details provided in the previous paragraphs as to the changes that occurred in each Income Statement item in the financial years ended 31 March 2019 and 31 March 2020, in general the increase in EBITDA was mainly due to the first-time adoption of the new IFRS 16, the global positive effects of which at EBITDA level were equal to about Euro 12.5 million.

The table below reports the data relating to the EBITDA, broken down by brand (Piquadro, The Bridge, Lancel), and to the Group's operating profit (loss), for the financial years ended 31 March 2020 and 31 March 2019:

(in thousands of Euro)	**31 March 2020**	**% Impact (*)**	**31 March 2019**	**% Impact (*)**	**Change 2020-2019**	**% Change 2020-2019**
EBITDA	**13,047**	**8.6%**	**(828)**	**(0.6%)**	**13,875**	
Breakdown by brand:						
Piquadro	12,200	8.0%	10,738	7.3%	1,462	13.62%
The Bridge	2,616	1.7%	1,275	0.9%	1,341	105.18%
Lancel	(1,769)	(1.2%)	(12,842)	(8.7%)	11,073	86.22%
Operating profit (loss)	**(6,753)**	**(4.4%)**	**(4,352)**	**(3.0%)**	**(2,401)**	**(55.2%)**

(*) Percentage impact compared to revenues from sales

Specifically, EBITDA passed from Euro (828) thousand (0.6% of revenues) in the financial year ended 31 March 2019 to Euro 13,407 thousand (8.6% of revenues) in the financial year ended 31 March 2020; the operating profit (loss) passed from Euro (4,352) thousand (-3.0% as a percentage impact on revenues) in the financial year ended 31 March 2019 to Euro (6,733) thousand (-4.4% as a percentage impact on revenues) in the financial year ended 31 March 2020 and was affected by the effects arising from the first-time adoption of the new IFRS 16 and the process of impairment on the Group's stores.

Adjusted EBITDA, defined as EBITDA net of impacts arising from the first-time adoption of IFRS 16, amounted to Euro 504 thousand, showing an improvement of Euro 1,332 thousand compared to the financial year ended 31 March 2019, when it had posted a negative value of Euro (828) thousand.

In the opinion of the Management, the performance of the operating profit (loss), compared to the previous year, was attributable to the events of the COVID-19 pandemic and the impairment loss of assets relating to certain key money and rights of use of points of sale recognised following the first-time adoption of the new IFRS 16, as well as to the combined effect of the following key factors:

- a reduction in the Lancel Group's losses for more than Euro 4.3 million;
- an improved performance of The Bridge brand.

Financial income and costs

The table below reports the Group's financial income and costs for the financial years ended 31 March 2020 and 31 March 2019:

(in thousands of Euro)	**31 March 2020**	**% Impact (*)**	**31 March 2019**	**% Impact (*)**	**Change 2020-2019**	**% Change 2020-2019**
Financial income	1,453	0.9%	1,385	0.9%	68	4.9%
Financial costs	(2,204)	(1.4%)	(2,129)	(1.4%)	(75)	3.5%
Non-recurring income associated with the acquisition of the Lancel Group	0	0%	42,176	28.6%	(42,176)	(100%)
Total	**(751)**	**(0.5%)**	**41,432**	**28.1%**	**(42,183)**	**(101.81 %)**

(*) Percentage impact compared to revenues from sales

This item includes the total of interest expense, commissions and net charges payable to banks and to other lenders and the effect of exchange fluctuations (gains and losses, both realised and estimated), in addition to lease charges as a result of the first-time adoption of the new IFRS 16.
Net financial income and costs reported a reduction compared to the financial year ended 31 March 2019, from Euro 41,432 thousand in the financial year ended 31 March 2019 to Euro (751) thousand in the financial year ended 31 March 2020.
The decrease in this item was mainly due to the recognition of a "*Non-recurring income associated with the acquisition of the Lancel Group*" in an amount of Euro 42,176 thousand in the previous year. 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 with respect to the acquisition price paid out.
The increase in financial costs at 31 March 2020 compared to 31 March 2019 was mainly attributable to lease charges following the first-time adoption of IFRS 16 (Euro 911 thousand), while foreign exchange losses, both realised and estimated, decreased by Euro 755 thousand (about Euro 901 thousand at 31 March 2020 against Euro 1,656 thousand at 31 March 2019).
The increase in financial income at 31 March 2020 compared to 31 March 2019 was mainly attributable to the income relating to the adjustment to the value of the purchase option held by the Parent Company towards subsidiary The Bridge S.p.A. (Euro 365 thousand) and to the value of the earn-out of subsidiary Lancel International (Euro 528 thousand).

Income taxes

The table below reports the percentage impact of taxes on the profit before tax for the financial years ended 31 March 2019 and 31 March 2020:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Profit before tax	(7,504)	37,081
Income taxes	(251)	(2,605)
Average tax rate	**3.3%**	**7.0%**

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2020 and 31 March 2019:

(in thousands of Euro)	**31 March 2020**	**% Impact (*)**	**31 March 2019**	**% Impact (*)**
IRES tax and other foreign taxes	1,491	1.0%	2,167	1.4%
IRAP tax	398	0.2%	602	0.4%
Deferred tax liabilities	(1,502)	(1.0%)	(293)	(0.1%)

Deferred tax assets	(136)	(0.1%)	129	0.0%
Total	**251**	**0.2%**	**2,605**	**1.7%**

(*) Percentage impact compared to revenues from sales

In the financial year ended 31 March 2020 income taxes showed a reduction of 90.4%, in absolute value, from Euro 2,605 thousand in the financial year ended 31 March 2019 to Euro 251 thousand in the financial year ended 31 March 2020.
Current taxes (IRES [*Imposta sul Reddito delle Società*, Corporate Income] and IRAP [*Imposta Regionale sulle Attività Produttive,* Local Production Activity] taxes for the Parent Company and the equivalent income taxes for foreign subsidiaries) relate to the tax burden calculated on the respective taxable bases.
Deferred tax liabilities mainly related to the positive effect of the impact of IFRS 16.
The Piquadro Group adopted the IRES tax consolidation by a deed dated 12 September 2017, which includes Piquadro S.p.A. (Parent Company) and The Bridge S.p.A., without any expiry and subject to termination.

Net profit (loss)

The table below reports the net profit (loss) for the period for the financial years ended 31 March 2020 and 31 March 2019:

(in thousands of Euro)	**31 March 2020**	**% Impact (*)**	**31 March 2019**	**% Impact (*)**
Net profit / (loss)	(7,755)	(5.0%)	34,476	23.3%

(*) Percentage impact compared to revenues from sales

The net profit (loss) for the financial year ended 31 March 2020 recorded a decrease of Euro 42,231 thousand from Euro 34,476 thousand in the financial year ended 31 March 2019 to Euro (7,755) thousand in the financial year ended 31 March 2020.
In the financial year ended 31 March 2020 the percentage impact on revenues from sales was equal to (5.0%) (23.3% at 31 March 2019).

Silla di Gaggio Montano (BO), 23 July 2020

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2020**	**31 March 2019**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	2,591	3,283
Goodwill	(2)	4,658	4,658
Right-of-use assets	(3)	48,358	0
Property, plant and equipment	(4)	13,562	13,206
Non-current financial assets	(5)	22	22
Receivables from others	(6)	2,204	2,252
Deferred tax assets	(7)	4,591	2,448
TOTAL NON-CURRENT ASSETS		**75,958**	**25,869**
CURRENT ASSETS			
Inventories	(8)	37,959	35,820
Trade receivables	(9)	26,471	34,543
Other current assets	(10)	6,200	5,331
Derivative assets	(11)	184	78
Tax receivables	(12)	3,853	1,690
Cash and cash equivalents	(13)	57,550	52,346
TOTAL CURRENT ASSETS		**132,216**	**129,808**
TOTAL ASSETS		**208,201**	**155,677**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2020**	**31 March 2019**
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		2,264	2,041
Retained earnings		65,693	35,159
Group profit for the year		(7,714)	34,534
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		**62,243**	**73,734**
Capital and Reserves attributable to minority interests		(282)	(207)
Profit/(loss) for the year attributable to minority interests		(41)	(59)
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**(323)**	**(266)**
TOTAL EQUITY	(14)	**61,920**	**73,468**
NON-CURRENT LIABILITIES			
Borrowings	(15)	20,501	13,598
Payables to other lenders for lease agreements	(16)	39,243	0
Other non-current liabilities	(17)	4,003	7,159
Provision for employee benefits	(18)	3,751	3,977
Provisions for risks and charges	(19)	2,908	2,824
Deferred tax liabilities	(20)	0	0
TOTAL NON-CURRENT LIABILITIES		**70,406**	**27,558**
CURRENT LIABILITIES			
Borrowings	(21)	15,433	7,351
Payables to other lenders for lease agreements	(22)	14,365	12
Derivative liabilities	(23)	17	6
Trade payables	(24)	38,681	36,219
Other current liabilities	(25)	7,036	8,779
Tax payables	(26)	343	2,284
TOTAL CURRENT LIABILITIES		**75,875**	**54,651**
TOTAL LIABILITIES		**146,281**	**82,209**
TOTAL EQUITY AND LIABILITIES		**208,201**	**155,677**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	**Notes**	**31 March 2020**	**31 March 2019**
REVENUES			
Revenues from sales	(27)	152,227	147,472
Other income	(28)	2,993	1,734
TOTAL REVENUES (A)		**155,220**	**149,206**
OPERATING COSTS			
Change in inventories	(29)	(2,386)	(328)
Costs for purchases	(30)	36,619	40,107
Costs for services and leases and rentals	(31)	65,960	70,390
Personnel costs	(32)	40,234	38,590
Amortisation, depreciation and write-downs	(33)	20,769	4,462
Other operating costs	(34)	777	336
TOTAL OPERATING COSTS (B)		**161,973**	**153,557**
OPERATING PROFIT (LOSS) (A-B)		**(6,753)**	**(4,351)**
FINANCIAL INCOME AND COSTS			
Financial income	(35)	1,453	1,385
Non-recurring income associated with the acquisition of the Lancel Group	(35)	0	42,176
Financial costs	(36)	(2,204)	(2,129)
TOTAL FINANCIAL INCOME AND COSTS		**(751)**	**41,432**
PROFIT (LOSS) BEFORE TAX		**(7,504)**	**37,081**
Income taxes	(37)	(251)	(2,605)
PROFIT /(LOSS) FOR THE YEAR		**(7,755)**	**34,476**
attributable to:			
EQUITY HOLDERS OF THE PARENT COMPANY		(7,714)	34,535
MINORITY INTERESTS		(41)	(59)
(Basic) Earnings/(Loss) per share in Euro	(38)	(0,155)	0,690

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Profit/ (Loss) for the year (A)	**(7,755)**	**34,476**
Components that can be reclassified to profit or loss		
Profit (loss) arising from the translation of financial statements of foreign companies	70	1,502
Profit (loss) on cash flow hedge instruments	69	167
Components that cannot be reclassified to profit or loss:		
Actuarial gains (losses) on defined-benefit plans	68	(55)
Total Profits recognised in equity (B)	**208**	**1,614**
Total comprehensive Income /(Loss) for the year (A) + (B)	**(7,548)**	**36,090**
Attributable to		
- the Group	(7,491)	36,161
- Minority interests	(57)	(72)

It should be noted that the items of the consolidated Statement of Comprehensive Income are reported net of the related tax effect. For more details, reference should be made to Note 6.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Description	Share capital	Share premium reserve	Other reserves: Translation reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Group Profit/ (Loss)	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 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									34,534	**34,534**		(59)	34,475
Other comprehensive result at 31 March 2019:													
-Exchange differences from translation of financial statements in foreign currency			1,515				**1,515**			**1,515**	(13)		1,502
- Reserve for actuarial gains (losses) on defined-benefit plans					(55)		**(55)**			**(55)**			(55)
- Other changes (consolidation area)						59	**59**	(59)		**0**			0
- Fair value of financial instruments				167			**167**			**167**			167
Comprehensive Income for the period	**0**	**0**	**1,515**	**167**	**(55)**	**59**	**1,686**	**(59)**	**34,534**	**36,161**	**(13)**	**(59)**	**36,089**
- Other changes (consolidation area)							**0**			**0**	(4)		(4)
- Distribution of dividends to shareholders									(3,000)	**(3,000)**			(3,000)
-Allocation of the profit (loss) for the year ended 31.03.2019 to reserves								1,840	(1,840)	**0**	**(67)**	67	0
Fair value of Stock Option Plans							**0**			**0**			0
Balances as at 31.03.2019	**1,000**	**1,000**	**1,603**	**52**	**(169)**	**556**	**2,041**	**35,159**	**34,534**	**73,733**	**(207)**	**(59)**	**73,468**
Profit/(Loss) for the period									(7,714)	**(7,714)**		(41)	(7,755)
Other comprehensive result as at 31 March 2020:													
-Exchange differences from translation of financial statements in foreign currency			86				**86**			**86**	(16)		70
'- Reserve for actuarial gains (losses) on defined-benefit plans					68		**68**			**68**			68
'- Other changes (consolidation area)							**0**			**0**			0
- Fair value of financial instruments				69			**69**			**69**			69
Comprehensive Income for the period	**0**	**0**	**86**	**69**	**68**	**0**	**223**	**0**	**(7,714)**	**(7,491)**	**(16)**	**(41)**	**(7,548)**
- Distribution of dividends to shareholders									(4,000)	**(4,000)**			(4,000)
-Allocation of the profit (loss) for the year ended 31.03.2019 to reserves								30,534	(30,534)	**0**	(59)	59	0
Balances as at 31.03.2020	**1,000**	**1,000**	**1,689**	**121**	**(101)**	**556**	**2,264**	**65,693**	**(7,714)**	**62,241**	**(282)**	**(41)**	**61,920**

CONSOLIDATED CASH FLOW STATEMENT

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Profit/(Loss) before tax	**(7,504)**	**37,081**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	3,216	2,970
Write-downs of property, plant and equipment/intangible assets	138	553
Amortisation and depreciation of right-of-use assets	12,684	0
Write-downs of right-of-use assets	3,761	0
Accrual to provision for bad debts	969	938
Non-recurring income associated with the acquisition of the Lancel Group	0	(42,176)
Net financial costs/(income), including exchange rate differences	751	744
Cash flows from operating activities before changes in working capital	**14,015**	**110**
Change in trade receivables (gross of the provision)	7,103	(5,435)
Change in inventories	(2,139)	(750)
Change in other current assets	(821)	934
Change in trade payables	1,871	2,399
Change in provisions for risks and charges	(74)	202
Change in other current liabilities	(4,899)	725
Change in tax receivables/payables	(4,448)	385
Cash flows from operating activities after changes in working capital	**10,608**	**(1,430)**
Payment of taxes	(2,049)	(2,769)
Interest paid	(160)	(744)
Cash flow generated from operating activities (A)	**8,399**	**(4,943)**
Cash and cash equivalents acquired, net of the price for the acquisition of the Lancel Group	0	43,817
Investments in intangible assets	(51)	(869)
Disinvestments from intangible assets	0	80
Investments in property, plant and equipment	(2,968)	(4,285)
Disinvestments from property, plant and equipment	0	64
Equity investments	0	(20)
Changes generated from investing activities (B)	**(3,019)**	**38,787**
Financing activities		
Change in short- and medium/long-term borrowings	14,985	(2,524)
○ New issues of long-term borrowings	22,000	10,000
○ Repayments and other net changes in borrowings	(7,015)	(12,524)
Changes in financial instruments	(26)	(64)
Lease instalments paid	(11,205)	(904)
Other minor changes	0	(59)
Payment of dividends	(4,000)	(3,000)
Cash flow generated from/(absorbed by) financing activities (C)	**(246)**	**(6,552)**
Change in the translation reserve (D)	70	1,502
Net increase (decrease) in cash and cash equivalents (A+B+C)	**5,204**	**28,794**
Cash and cash equivalents at the beginning of the period	**52,346**	**23,552**
Cash and cash equivalents at the end of the period	**57,550**	**52,346**

The Group's business

Piquadro S.p.A. (hereinafter also referred to as "Piquadro", the "Company" or "the Parent Company") and its subsidiaries (collectively "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 economic performance of the Company and of the Group, reference is made to the extensive information reported in the Report on operations prepared by the Directors.
The data of these financial statements can be compared to the same of the previous financial year, except as reported below.

These financial statements were prepared by the Board of Directors on 23 July 2020 and will be submitted to the Shareholders' Meeting called on first call for 10 September 2020.

Main events that occurred in the course of the financial year ended 31 March 2020 and related significant accounting effects

COVID-19 VIRUS

The event that marked the financial year ended 31 March 2020 was certainly the Covid-19 pandemic. An in-depth scrutiny is reported below in relation to the impact of the COVID-19 pandemic and the measures taken by the Group in order to adapt to the emergency and limit its effects.

Spread of the Covid-19 virus and general scenario
As from January 2020, in China and Asia firstly and then from February and March 2020 in Europe, America and the rest of the world, the national and international scenario was characterised by the spread of the Covid-19 virus, which was recognised and defined by the World Health Organization as a "pandemic" on 11 March 2020, due to the rate and spread of contagion, as well as by the resulting restrictive measures taken by the public authorities of the countries concerned in order to contain the virus. These measures involved, among other things, the prohibition and/or restriction on the mobility and movement of people and goods (lockdown), the closure of commercial activities and venues for sales to the public, with an exceptionally adverse impact on tourist flows all around the world. This circumstance led to the closure of most of the outlets in the Company's distribution network. The government authorities' intervention also entailed a series of restrictions on industrial and production activities, while encouraging employees to work remotely (smart working) and taking the already known measures regarding social distancing, personal hygiene and the use of medical devices aimed at containing the spread of the virus. The Covid-19 pandemic and the measures imposed by public authorities to contain its spread have had a significant impact on the personal and professional life of people and on the operations of companies worldwide.
Our Company's response to the epidemiological emergency
Piquadro immediately coped with this new scenario by conforming to all the guidelines issued by the Italian Government, as well as by the governments and public authorities of the countries in which the Piquadro Group operates, implementing extraordinary measures aimed at the maximum protection of the health of its employees and collaborators, as well as of its image. In particular, among others, measures were adopted in relation to distancing and hygiene at all the Group's offices and, as soon as authorised to reopen, inside its stores and points of sale, as well as to the organisation of work from remotely for office staff, in order to ensure the continuity of operations, in full compliance with the provisions of national regulations and the recommendations of national and international health authorities, since Piquadro's primary objective has always been and will always be the safety and health of its employees and customers.
Our Company's measures to contain the Covid-19 virus

In order to go into detail on the actions carried out by the Group to adapt to the situation, conform to the urgent measures taken by government authorities and counteract their adverse impact as far as possible, it should be noted that the Piquadro Group, among other things:

- immediately made available any and all exhaustive information and the largest assistance on the Covid-19 virus to its staff members, providing them with the health protection and hygiene equipment required by current regulations;
- temporarily closed its DOSs in Italy from 11 March 2020;
- temporarily closed its DOSs in France from 15 March 2020;
- temporarily closed its headquarters in Gaggio Montano and the offices of The Bridge S.p.A. from 13 March 2020;
- temporarily closed the Lancel headquarters in Paris from 16 March 2020;
- facilitated smart working of office employees from 16 March 2020.

Moreover, the Group stores are all operational from 18 May 2020.
In addition, priority has been given to the digital platform and, therefore, to e-commerce sales in order to continue to stay in touch with customers unable to visit our stores, thus always trying to offer the products of all the Group companies.

Covid-19 emergency management costs

In order to limit the impact of the Covid-19 virus on the business of all the Group companies, costs were incurred for the protection of the Group's personnel and the sanitization of offices and stores in order to tackle the pandemic emergency in a significant manner.
These costs were mainly incurred by the Group's Italian and French companies as from April 2020 and therefore concerned both the purchase by all the Group companies of PPE such as masks, gloves and sanitising gels and the sanitation of store premises. It should be noted that the costs incurred by the Chinese manufacturing company were of a smaller amount.
As from January 2021, the Group will apply, for the Italian companies only, for the 60% tax credit provided for in the Relaunch Decree (Decree Law No. 34/2020) for these costs, which currently amount to less than about Euro 100 thousand.
No refunds of this type are provided for by the French Government.
At present there are no significant additional costs relating to the management of the pandemic emergency.

Effects of the epidemiological emergency on the results of operations and our Company's response

The rapid spread of the COVID-19 pandemic also resulted in prohibiting and blocking international trade and traffic, as well as the closure of most of the DOSs of the Piquadro and The Bridge brands as early as from 11 March 2020 and of Lancel from 14 March 2020. As a result of these circumstances, the Piquadro Group's revenues decreased by 24.3%, equal to about Euro 9.7 million, during the last quarter of the financial year ended 31 March 2020 compared to the last quarter of the financial year ended in March 2019.
Revenues from sales of the Piquadro brand showed, in the last quarter of the year, a total decline of 27.8%, equal to about Euro 5.9 million, compared to the same period of the previous year. The DOS channel (including Piquadro's e-commerce website) recorded a decrease of 16%, equal to about Euro 1.3 million, while the wholesale channel recorded a decrease of 35.2%, equal to Euro 4.6 million.
Revenues from sales of The Bridge brand showed, in the last quarter of the year, a total decline of 28.7%, equal to about Euro 1.7 million, compared to the same period of the previous year. The DOS channel (including The Bridge's e-commerce website) showed a decrease of 11.8%, equal to about Euro 0.2 million, while the wholesale channel recorded a decrease of 38.2%, equal to Euro 1.5 million.
Revenues from Lancel's sales showed, in the last quarter of the year, a total decline of 16.5%, equal to about Euro 2.1 million, compared to the same period of the previous year. The DOS channel (including Lancel's e-commerce website) recorded a decrease of 16.6%, equal to about Euro 1.7 million, while the wholesale channel recorded a decrease of 16.3%, equal to Euro 0.4 million.
In order to limit the impact of the Covid-19 emergency on the Group's business, the Management staff have taken actions to reduce costs and protect the Group's financial position. Among these, the Group started to apply redundancy and wage supplement schemes for the Italian Group companies from 11 March 2020 and temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi from 15 March.

The application of redundancy schemes for the month of March, achieving 36% of hours worked at Group level, is therefore reflected in the financial statements for the financial year ended 31 March 2020 and has led to a reduction in personnel costs for approximately Euro 125 thousand.
The Group has continued to apply redundancy and wage supplement schemes from April 2020 for both the Italian companies and the French company, with a ratio of 63% of hours of redundancy / *chômage partiel* schemes out of total workable hours.
In addition, the Group's Management staff have taken steps to request a reduction in rents from landlords and lessors of the Group's DOSs such as to mitigate the impact of lost sales on their operations. In particular, the reduction in March has been taken as a decrease in the rights of use stated among assets. In this regard, the financial statements at 31 March 2020 include a provision set aside for the tax credit relating to the payment of rents for the month of March 2020, as required by the "Cure Italy" Decree (Decree Law no. 18/2020). The total amount allocated at Group level has been equal to approximately Euro 115 thousand, mainly relating to the Italian companies, since no similar measures have yet been taken by the French government at present. In the current tax year too, from April 2020, the Group's Management staff still continued their work aimed at a reduction or suspension of rents for both full price shops and retail outlets. At present, negotiations are still in progress regarding a reduction or suspension of rents for the stores operated by the Group, the effects of which will be reflected in the financial statements for the financial year that will end on 31 March 2021.
In addition to the effects mentioned above, the most significant impact reflected in the consolidated financial statements at 31 March 2020 is given by an impairment of assets relating to certain key money and rights of use of points of sale that were recognised following the first-time adoption of the new IFRS 16 standard, which, as reported in note 3, were written down by a total of Euro 3.7 million as a result of impairment tests.
No significant impact of the Covid-19 pandemic was reported on other items of financial statements and, in particular, on valuation items concerning the recoverability of receivables and the obsolescence of inventories of raw materials and finished products.

Effects of the epidemiological emergency on financial position and cash flows and our Company's response
In order to limit the impact of the Covid-19 emergency on the Group's business, actions have been taken to safeguard liquid assets and protect the financial position.
In terms of assets, the effects generated by the pandemic have been reflected, in the financial statements at 31 March 2020, in a reduction in the total value of receivables due to the failure to issue invoices to multi-brand customers in March, equal to approximately Euro 8 million at a consolidated level. Likewise, inventories showed an increase of more than Euro 2 million at a consolidated level and at the same time trade payables increased by about Euro 2.5 million.
In March 2020, the Parent Company Piquadro S.p.A. obtained medium-term loans (18 months minus one day) for Euro 8 million to meet any possible cash requirements arising from the pandemic emergency that had just begun. Subsequently, the Parent Company started a process of consolidation of two short-term loans, for a total of Euro 9 million, with 5-year operations, making recourse to the Guarantee Fund under Law no. 662/1996, which should bring additional cash of approximately Euro 2.2 million. The procedure for granting both the guarantee and related loans is in the process of being completed.
Furthermore, the subsidiary The Bridge has also applied for a total loan of approximately Euro 4.65 million, again by making recourse to the Guarantee Fund under Law no. 662/1996 in order to protect its financial position. The recourse to the guarantee and to the loan itself is expected to be made during the coming months.

Shareholder Dividend and agreements with the Management staff
As a result of the Covid-19 epidemiological emergency, the Board of Directors' meeting held on 23 July 2020 resolved to allocate the profit for the year to retained earnings and, therefore, to not provide for any dividend distribution in order to support the Company's financial strength and limit any future impact in terms of results of operations and cash flows.
The Company also reached an agreement with the Company's Management staff, who will waive the right to receive 20% of their remuneration for the first quarter of the 2020-2021 financial year.

Monitoring activities, risks associated with the spread of the Covid-19 virus and business outlook
Since the beginning the Company has monitored - and will continue to monitor on an ongoing basis - the evolution of the emergency relating to the spread of the Covid-19 virus, in view of both the changing regulatory framework of reference and the complex global economic scenario, in order to assess whether to adopt additional measures to protect the health and well-being of its employees, collaborators and customers and to protect its sources of revenue and assets. In this context, the Group has prepared new long-term plans which, as highlighted below in the

description of the impairment tests carried out, provide for a multi-scenario approach, as suggested by the various regulators (CONSOB, ESMA, etc.).
The continuing spread of the Covid-19 virus and related restrictions on public life are highly likely to have a significant impact on Piquadro's business.
At present, it is reasonable to believe that there will be a significant drop in sales in the financial year that will end on 31 March 2021 compared to the financial year ended 31 March 2020. The amount of this decrease cannot be quantified to date and will depend on the duration of the period of infection and the scope of any additional restrictive measure that may be taken in the country where the Group operates. Nevertheless, the Group will continue to take any and all possible measures to reduce costs, as already mentioned above, in order to mitigate the reduction in its profitability in consideration of this presumably significant drop in revenues.
With reference to potential liquidity risks, the Directors do not believe that the impacts of the aforesaid events could be such as to entail the risk for Group not to be able to meet its payment obligations in view of the analyses carried out that take account of the abovementioned decrease in turnover and profitability, as well as of the currently available and unused lines of credit, the new loans obtained from the banking system in early 2020 and those that are expected to be obtained in the coming months in accordance with the measures recently issued by the Italian Government.
On this basis, the Company's Management staff have assessed that, despite the difficult economic and financial scenario, there are no uncertainties as to the Group's ability to continue to operate as a going concern, considering the existing levels of capitalisation and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

Structure and content of the consolidated financial statements and the relevant Accounting Standards

In compliance with Regulation (EU) no. 1606/2002, the consolidated financial statements of Piquadro S.p.A. at 31 March 2020 were prepared in accordance with the IAS/IFRS (International Accounting Standards and International Financial Reporting Standards, hereinafter also referred to as “IFRS”) issued by the International Accounting Standards Board (“IASB”) and endorsed by the European Union, as supplemented by the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), which was previously named Standing Interpretations Committee (SIC), as well as by the related measures issued in the implementation of article 9 of Legislative Decree no. 38/2005.

Basis of preparation

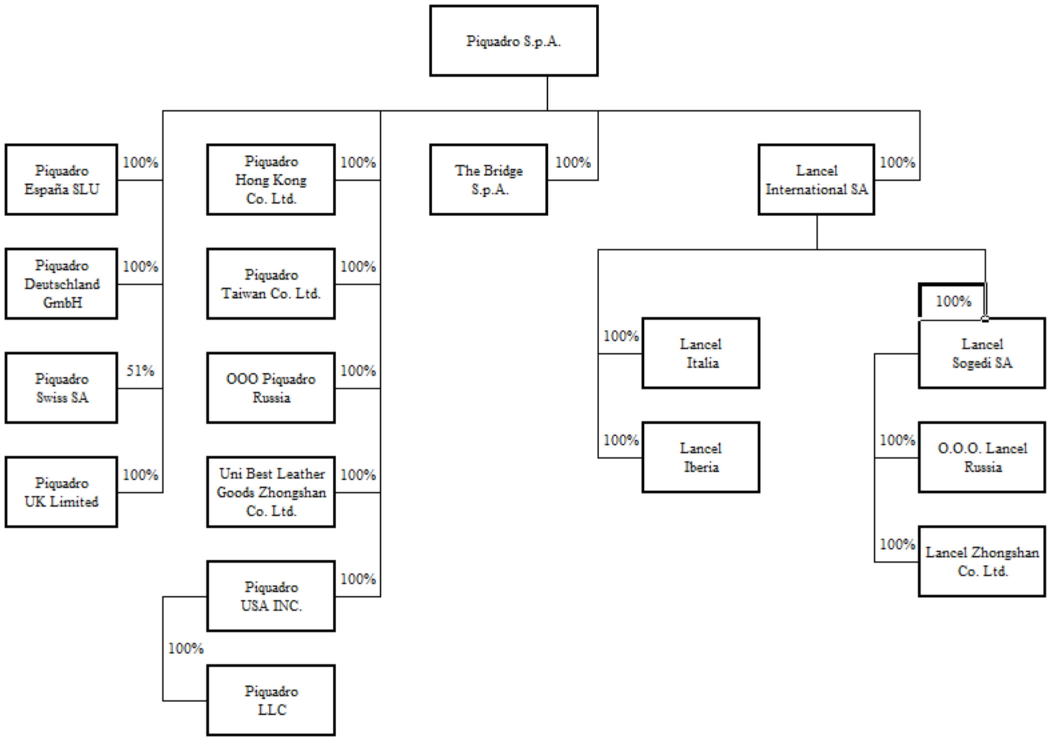
This document reports the consolidated financial statements, including the consolidated statement of financial position, the consolidated Income Statement, the consolidated Statement of Comprehensive Income, the consolidated cash flow statement and the statement of changes in consolidated equity for the financial years ended 31 March 2020 and 31 March 2019 and the related explanatory notes.
IFRS means all the “International Financial Reporting Standards” (IFRS), all the International Accounting Standards (IAS), all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), previously named Standing Interpretations Committee (SIC).
Specifically, it should be noted that IFRS were consistently applied to all periods presented in this document.

It should be noted that, following the first-time adoption of IFRS 16 from 1 April 2019, the consolidated statement of financial position has been amended by adding a specific line to the section of non-current assets of the financial statements, separately from intangible assets and property, plant and equipment, relating to right-of-use assets. On the other hand, a new specific line for non-current lease liabilities has been added to the section of non-current liabilities of the financial statements, separately from the others, and, likewise, a new specific line for current lease liabilities has been added to the section of current liabilities of the financial statements, separately from the others.
As regards the consolidated cash flow statement, it should be noted that the reduction in financial liabilities for financial costs on leased assets has been recognised explicitly in the section of net cash flows from operating activities; moreover, the section of cash flows from financing activities now explicitly reports the disbursements of the nominal value of lease liabilities.
Finally, it should be noted that the IFRS 16 was adopted by the Group from 1 April 2019, opting for the modified retrospective approach: therefore, comparative data have not been modified.

As to the procedures for presentation of the financial statements' schedules, the Company adopted the distinction "current/non-current" for the statement of financial position, the single-step scheme for the Income Statement, classifying costs by nature and the indirect method of representation for the Cash Flow Statement. The Statement of Comprehensive Income is presented in a separate document, as permitted by IAS 1 (revised) with respect to the Income Statement. The consolidated financial statements were prepared in Euro, i.e. the current money used in the economies in which the Group mainly operates.
All amounts included in the tables of the following notes, except as otherwise indicated, are expressed in thousands of Euro.

Chart of the Group structure

For the purpose of providing a clear representation, below is reported the chart of the Group structure at 31 March 2020:



Consolidation area

The consolidated financial statements at 31 March 2020 include the separate financial statements of the Parent Company Piquadro S.p.A. and the financial statements of all the companies in which it retains control, either directly or indirectly.

The financial statements being consolidated were prepared as at 31 March 2020, i.e. the reporting date of the consolidated financial statements and include those especially prepared and approved by the Boards of Directors of the individual Companies, as appropriately adjusted, if required, in order to be brought in line with the Accounting Standards of the Parent Company.

The complete list of the equity investments included in the consolidation area at 31 March 2020 and 31 March 2019, with the related Shareholders' Equity and Share Capital recognised according to local Accounting Standards (as the subsidiary companies have prepared their separate financial statements according to local regulations and Accounting Standards, and have prepared the consolidation file according to IFRS functionally to the consolidation into Piquadro) are reported in the tables below:

Consolidation area at 31 March 2020

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	42,177	Parent Company
Piquadro España SLU	Barcelona	Spain	EUR	898	862	100%
Piquadro Deutschland GmbH	Munich	Germany	EUR	25	42	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	4,228	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	1,015	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	30,215	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(695)	51%
Piquadro UK Limited(*)	London	United Kingdom	GBP	1,000	1,039	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	983	100%
Piquadro LLC	Delaware	USA	USD	995	940	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	48,468	100%
The Bridge S.p.A.	Scandicci	Italy	EUR	50	3,051	100%
Lancel International SA	Lugano	Switzerland	CHF	35,090	46,780	100%
Lancel Sogedi	Paris	France	EUR	20,000	(15,891)	100%
Lancel Italia	Gaggio Montano (BO)	Italy	EUR	100	73	100%
Lancel Iberia	Barcelona	Spain	EUR	3	152	100%
Lancel Russia	Moscow	Russia	RUB	10	(18,851)	100%
Lancel Zhongshan	Guangdong	People's Republic of China	CNY	6,000	6,534	100%

(*) It should be noted that Piquadro UK Limited has made use of the right to exemption from audit for the 2019/2020 period in accordance with the provisions of Section 479A of the Companies Act 2006. For this purpose, it is hereby declared that Piquadro UK Limited is included in this Annual Financial Report.

Consolidation area at 31 March 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	42,697	Parent Company
Piquadro España SLU	Barcelona	Spain	EUR	898	848	100%
Piquadro Deutschland GmbH	Munich	Germany	EUR	25	50	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	2,803	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	950	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	30,097	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(605)	51%

Piquadro UK Limited(*)	London	United Kingdom	GBP	1,000	1,039	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	987	100%
Piquadro LLC	Delaware	USA	USD	995	951	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	55,644	100%
The Bridge S.p.A.	Scandicci	Italy	EUR	50	1,362	100%
Lancel International SA	Villar–Sur-Glane	Switzerland	CHF	35,090	48,759	100%
Lancel Sogedi	Paris	France	EUR	20,000	(5,946)	100%
Lancel Italia	Gaggio Montano (BO)	Italy	EUR	100	49	100%
Lancel Iberia	Barcelona	Spain	EUR	3	154	100%
Lancel Russia	Moscow	Russia	RUB	10	(10,523)	100%
Lancel Zhongshan	Guangdong	People's Republic of China	CNY	3,000	3,552	100%

(*) It should be noted that Piquadro UK Limited has made use of the right to exemption from audit for the 2018/2019 period in accordance with the provisions of Section 479A of the Companies Act 2006. For this purpose, it is hereby declared that Piquadro UK Limited is included in this Annual Financial Report.

Accounting policies

The accounting standards and consolidation principles adopted in the preparation of these Consolidated Financial Statements are consistent with those applied to prepare the Consolidated Financial Statements at 31 March 2019, while also taking account of the information provided below in relation to the new accounting standards, amendments and interpretations applicable from 1 April 2019.

The accounting policies used in preparing the consolidated financial statements at 31 March 2020 are indicated below.

Consolidation criteria and techniques

The consolidated financial statements include the financial statements of the Company and of the companies over which it exercises control, either directly or indirectly, starting from the date when the control was acquired up to the date when control ceases. In this case, control is exercised both by virtue of the direct or indirect possession of the majority of voting shares and as a result of the exercise of a dominant influence expressed by the power to affect, also indirectly by virtue of contractual or legal agreements, the financial and operational decisions of the entities, obtaining the relative benefits thereof, also regardless of shareholding relations. The existence of potential voting rights exercisable as at the reporting date is taken into account for the purposes of determining control.

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 asset and liability items in their entirety from the date on which control was acquired up to the date when control ceases.

The main consolidation criteria adopted for the application of the line-by-line method are the following:

- subsidiary companies are consolidated starting from the date when control is actually transferred to the Group and cease to be consolidated on the date when control is transferred outside the Group;
- if required, adjustments are made to the financial statements of subsidiary companies in order to bring the accounting criteria used in line with those adopted by the Group;
- assets and liabilities, income and charges of companies consolidated on a line-by-line basis are fully recognised in the consolidated financial statements; the book value of the equity investments is derecognised against the corresponding portion of Equity of the investee companies, entering the individual elements of balance sheet assets and liabilities at their current value at the date of acquisition of control. Any residual difference, if positive, is entered under the asset item "Goodwill"; if negative, in the Income Statement;
- debt and credit relationships, costs and revenues, financial income and charges between Companies consolidated on a line-by-line basis, as well as the effects of all transactions effected between the same are derecognised;
- the portions of Equity and of the result for the period attributable to minority interests are indicated separately in consolidated Equity and Income Statement, respectively.

Financial statements expressed in currencies other than that of the Group's consolidated financial statements, i.e. the Euro, are consolidated following the methodology described above after translating them into Euro. The translation is made as follows:

(i) assets and liabilities are translated using the exchange rates prevailing at the reporting date of the consolidated financial statements;
(ii) costs and revenues are translated at the average exchange rate of the financial year;
(iii) exchange rate differences generated by the translation of the economic values at a rate other than the closing rate and those generated by the translation of the opening Equity at an exchange rate other than the closing rate of the reporting period are classified under a special Equity item up to the sale of the equity investment;
(iv) goodwill and fair value adjustments generated by the acquisition of a foreign company are recognised in the related currency as assets and liabilities of the foreign entity and are translated using the period-end exchange rate.

The financial statements expressed in a foreign currency other than that of the Countries which have adopted the Euro are translated into Euro by applying the rules indicated above. Below are reported the exchange rates applied for the FY 2019/2020 (foreign currency corresponding to Euro 1):

Foreign Currency	Average exchange rate (*)		Closing exchange rate (*)	
	2020	2019	2020	2019
Hong Kong Dollar (HKD)	8.69	9.08	8.49	8.82
Renminbi (RMB)	7.74	7.77	7.78	7.54
Taiwan Dollar (TWD)	34.15	35.34	33.15	34.66
Swiss Franc (CHF)	1.10	1.15	1.06	1.12
Great Britain Pound (GBP)	0.87	0.88	0.89	0.86
US Dollar (USD)	1.11	1.16	1.10	1.12
Russian Rouble (RUB)	72.16	75.29	85.95	72.86

(*) The exchange rates have been rounded up to the second decimal figure.

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.
Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

Intangible assets with a definite useful life are systematically amortised over their useful life, to be intended as the estimated period in which assets will be used by the company. Goodwill and any other intangible assets, where existing, with an indefinite useful life are not amortised, but are tested for impairment at least on an annual basis, for the purposes of verifying the existence of impairment losses (if any).
The rates applied are:

Development Costs	25%
Patents	33.3%
Trademarks	10%
Concessions	33.3%

(i) Research and Development costs

Research costs are charged to the Income Statement in the financial year in which they are incurred. Development costs are instead entered under intangible assets where all the following conditions are fulfilled:

- the project is clearly identified and the related costs can be identified and measured reliably;
- the technical feasibility of the project has been demonstrated;
- the intention to complete the project and to sell the intangible assets generated by the project has been demonstrated;
- a potential market exists or, in the case of internal use, the benefit of the intangible asset has been demonstrated for the production of the intangible assets generated by the project;
- the technical and financial resources necessary for the completion of the project are available.

Amortisation of Development costs entered under intangible assets will start from the date when the result generated by the project is marketable. Amortisation is made on a straight-line basis over a period of 4 years, which represents the estimated useful life of capitalised expenses.

(ii) Industrial patent and intellectual property rights, Licences and other Rights

Charges relating to the acquisition of industrial patent and intellectual property Rights, Licences and other Rights are capitalised on the basis of the costs incurred for their purchase.

Amortisation is calculated on a straight-line basis so as to allocate the cost incurred for the acquisition of the right over the shorter of the period of the expected use and the term of the related contracts, starting from the time when the acquired Right may be exercised; usually, this period has a duration of 5 years.

(iii) Trademarks

Trademarks have a definite useful life and are valued at cost. Amortisation is calculated on a straight-line basis in order to distribute their value over the estimated useful life and in any case for a period not exceeding 10 years.

(iv) Goodwill

Goodwill arising from the acquisition of subsidiaries, classified under non-current assets, is stated, upon initial recognition, at the cost consisting of the excess consideration paid and of the amount stated for minority interests, recognised as at the date of acquisition, compared to the identifiable net assets acquired and the liabilities assumed by the Group. If the consideration is less than the fair value of the net assets of the acquired subsidiary, the difference is stated through profit or loss. Goodwill is regarded by the Piquadro Group as an asset with indefinite useful life. Accordingly, this asset is not amortised but is tested for impairment periodically. Goodwill is allocated to the operating units that generate cash flows that are identifiable separately and are monitored in order to allow the impairment test to be conducted.

Right-of-use assets

The asset for the right to use leased assets is initially valued at cost, and subsequently amortised or depreciated over the lease term. The cost includes:
- the initial amount of lease liabilities;
- incentives received under the lease agreement;
- initial direct costs incurred by the lessee;
- any estimated costs that will be incurred by the lessee to restore the leased asset to the conditions existing prior to the lease inception date, in accordance with the provisions of the lease agreement.

Right-of-use assets are amortised or depreciated according to IAS 16. Finally, right-of-use assets are tested for impairment according to IAS 36.

Property, plant and equipment

Property, plant and equipment are entered at their purchase price or production cost, including any directly-attributable additional charges required to make the assets available for use.
Costs incurred subsequent to the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer.
The assets whose sale is highly probable as at the reporting date of the financial statements are classified under current assets under item "Current assets available for sale" and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the Management has defined, by a formal resolution, a plan for the disposal of the asset (or of the disposal group) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the disposal group) has been offered for sale at a reasonable price compared to its current fair value. The sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

Property, plant and equipment under finance leases, through which all risks and rewards attached to ownership are substantially transferred to the Group, are entered under the relevant classes of property, plant and equipment and are depreciated by applying the same depreciation rates reported below which have been adopted for the related relevant class, provided the lease term is less than the useful life represented by such rates and there is no reasonable certainty of the transfer of the ownership of the leased asset at the natural expiry of the agreement; in this case, the depreciation period is represented by the term of the lease agreement. Assets are entered against the entry of short- and medium-term payables to the lessor financial entity; rentals paid are allocated between financial charges and reduction in borrowings.

Leases in which the lessor substantially retains the risks and rewards attached to ownership of the assets are classified as operating leases. Costs for rentals arising from operating leases are charged to the Income Statement on a straight-line basis on the basis of the contract term.

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life, to be intended as the estimated period in which the asset will be used by the company. The value to be depreciated is represented by the entry value as reduced by the presumed net transfer value at the end of its useful life, if it is significant and can be determined reasonably. Land is not subject to depreciation, even if purchased jointly with a building, as well as the tangible assets intended for transfer which are valued at the lower of the entry value and their fair value, net of disposal charges.
The rates applied are:

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17.5%*
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%
Fittings	12%
Motor vehicles and means of internal transport	20%
Cars	25%

* or over the term of the lease agreement should the same be lower and there is not reasonable certainty of the renewal of the same at the natural expiry of the contract.

Should the asset being depreciated be made up of elements that can be clearly identified and whose useful life significantly differs from that of the other parts making up the asset, depreciation is made separately for each of the parties making up the asset (component approach).

Ordinary maintenance costs are fully charged to the Income Statement. Costs for improvements, refurbishment and transformation increasing the value of property, plant and equipment are charged as an increase in the relevant assets and depreciated separately.
Financial charges directly attributable to the construction or production of a tangible asset are capitalised as an increase in the asset under construction, up to the time when it is available for use.

The recoverability of the entry value of property, plant and equipment is verified by adopting the criteria indicated in point “Impairment losses of assets” below.

Business combinations

Business combinations are accounted for by applying the so-called purchase method (as defined by IFRS 3 (revised) “Business combinations”). The purchase method requires, after having identified the purchaser within the business combination and having determined the acquisition cost, all assets and liabilities acquired (including the so-called contingent liabilities) to be measured at fair value. Goodwill (if any) is determined only on a residual basis as the difference between the cost of the business combination and the relevant portion of the difference between acquired assets and liabilities measured at fair value. If negative, it is recognised as a positive component of the result for the period in which the business combination takes place. Transaction costs are directly charged to the Income Statement.

The consideration (if any) subject to condition resulting from the business combination agreement is measured at fair value on the acquisition date and are included in the value of the consideration transferred for the combinaton for the purposes of determining goodwill.
Minority interests on the acquisition date are measured at fair value or based on the proportional value of net assets of the acquiree. The measurement method is chosen for each transaction.
If business combinations are carried out in steps, the interest previously held by the Group in the acquiree is measured at fair value on the date of acquisition of control and the resulting profit or loss (if any) is recognised in the income statement.

Business combinations of entities under common control

Business combinations of entities under common control are business combinations of entities which are ultimately controlled by the same persons both before and after the business combination and the control is not of a temporary nature. The presence of minority interests in each of the entities being combined before or after the combination transaction is not significant in order to determine whether the combination involves entities under common control.
Business combinations of entities under common control are accounted for so that the net assets of the acquired entity and of the acquiring entity are recognised at the book values they had in the respective accounts before the transaction (continuity of values), without recognising, in the consolidated financial statements, surplus values (if any) arising from these combinations and accounted for in the separate financial statements of the Company.

Equity investments in Associated companies and other companies

If existing, investments in associated companies are valued at Equity.

Equity investments in other companies are measured at fair value; if the fair value cannot be estimated reliably, the investment is valued at cost. After initial recognition, these investments are measured at fair value through other comprehensive income. This approach does not include any interest that is held for sale only, whose fair value changes are recognised through profit (or loss) for the period. The risk arising from any possible losses exceeding the carrying amount of the investment is recognised in a specific provision to the extent in which the investing company is committed to fulfilling legal or constructive obligations to the investee or in any case to covering its losses.

The recoverability of their entry value is verified by adopting the criteria indicated in point “Impairment losses of assets”.

Receivables and other non-current and current assets

Financial assets
Financial assets, as required by IFRS 9, are classified, according to the management methods applied by the Group and based on the related features of contract cash flows, into the following categories:
- Amortised Cost: this category includes financial assets that are held for the sole purpose of collecting contract cash flows. They are measured at amortised cost, with proceeds recognised through profit or loss based on the effective interest rate method.
- Fair value through other comprehensive income (“FVOCI”): this category includes financial assets the contract cash flows of which exclusively consist of the payment of principal and interest and that are held in order to collect contract cash flows, as well as flows deriving from their sale. They are measured at fair value. Interest income, foreign exchange gains and losses, impairment losses (and related value write-backs) of financial assets classified as assets at FVOCI, are accounted for through profit or loss; other changes in the fair value of assets are accounted for among OCI. Upon the sale or reclassification of these financial assets to other categories, because of a change in the business model, cumulative profits or losses recognised in OCI are reclassified to profit or loss.
- Fair value through profit or loss (“FVTPL”): this category includes residual items concerning financial assets that do not fall within the categories of Amortised Cost or FVOCI, such as, for example, financial assets acquired for trading purposes or derivatives, or assets designated at FVTPL on the part of the Management upon initial recognition. They are measured at fair value. Any profits or losses arising from this measurement are recognised through profit or loss.
FVOCI for equity instruments: financial assets consisting of equity instruments issued by other entities (i.e. interests in companies other than subsidiaries, associates and jointly-controlled companies), which are not held for trading purposes, can be classified in the category of FVOCI. This option can be applied on an instrument-by-instrument basis and provides for any change in the fair value of these instruments to be recognised in OCI, without being recycled to profit or loss, either upon their transfer or upon their impairment. Only the dividends arising from these instruments will be recognised through profit or loss.

The fair value of financial assets is determined on the basis of the listed offer prices or through the use of financial models. The fair value of unlisted financial assets is estimated by using appropriate valuation techniques adapted for the specific situation.
Measurements are carried out on a regular basis in order to establish whether there is any objective evidence that a financial asset or a group of assets may have reported an impairment loss. If there is objective evidence, the impairment loss is recognised as a cost in the income statement for the period.

Trade receivables
Upon initial recognition they are measured at fair value, while trade receivables without any significant financial component are valued at the transaction price. The measurement of their recoverable value is made on the basis of the Expected Credit Losses model required by IFRS 9.
They are measured at fair value upon initial recognition and then at amortised cost, using the effective interest method. They are stated net of a provision for bad debts, which is entered as a direct deduction from the receivables themselves to adjust their measurement at their presumed realisable value. Expected credit losses are estimated by using an allocation matrix broken down by maturities of overdue amounts, making reference to the entity's past experience of credit losses, as well as to an analysis of the creditors' financial position, as adjusted to include specific factors of the creditor and a valuation of the current and expected trend in these factors on the reporting date of the financial statements.
An accrual due to impairment losses on trade receivables is recognised when there is any objective evidence that the Group will not be able to collect any and all amounts according to the initial terms and conditions. The amount of the accrual is charged to profit or loss.

Inventories

Inventories are valued and entered at the lower of the purchase or production cost, including additional charges, as determined according to the weighted average cost method, and the value of presumed realisable value inferable from the market performance.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other short-term high-liquidity financial investments, which are readily convertible into cash, or which can be transformed into cash and cash equivalents within 90 days of the date of original acquisition, and are subject to a non-significant risk of changes in value.

Impairment of assets

Assets with an indefinite useful life are not amortised and are tested for impairment at least annually, as well as whenever there is evidence of any possible impairment loss. Assets subject to amortisation are tested for impairment whenever events or changes in situations indicate that the book value might not be recoverable. The impairment loss is recognised in an amount equal to the excess book value compared to recoverable value, equal to the greater of current value, net of selling costs, and value in use. In order to assess an impairment loss, assets are grouped at the lowest level for which cash flows are expected to arise which can be identified separately (cash generating units) as required by IAS 36. The abovementioned impairment test necessarily requires the use of subjective evaluations based on the information available within the Group, target market prospects and historical trends. Furthermore, if it is assumed that a potential impairment loss might have occurred, the Group proceeds with its determination by using appropriate valuation techniques. The same impairment tests and the same valuation techniques are applied to intangible assets and property, plant and equipment with definite useful life when there is any evidence that there might be difficulties in recovering the related net book value through their use. The correct identification of any indicator of a potential impairment loss, as well as the estimates for its determination, mainly depend on factors and conditions that can vary over time, even significantly, thus affecting the evaluations and estimates made by the Directors.
The evaluation requiring goodwill to be recognised at a value not exceeding its recoverable value (Impairment test) provides for the stability of the value of goodwill divided into Cash Generating Units (CGUs) to be tested as first step. The recoverable value is calculated in accordance with the criteria set out in IAS 36 and is determined as value in use by discounting the cash flows expected to arise from the use of the asset or of a CGU, as well as from the value that is expected from its disposal at the end of its useful life. This process entails the use of estimates and

assumptions to determine both the amount of future cash flows and the corresponding discount rates. Future cash flows are based on the most recent economic and financial plans prepared by the Management of each CGU with reference to the operation of production assets and to the market context.

Shareholders' Equity

The Share Capital is made up of the outstanding ordinary shares and is entered at its nominal value. Costs relating to the issue of shares or options are classified as a reduction in Equity (net of the tax benefit related thereto) as a deduction of the income arising from the issue of such instruments.

In case of purchase of treasury shares, the price paid, including directly-attributable additional charges (if any), is deducted from the Group's Equity up to the time of cancellation, reissue or disposal of the shares. When the said treasury shares are resold or reissued, the price received, net of directly-attributable additional charges (if any) and of the related tax effect, is accounted for as an increase in the Group's Equity.

Entries are made in the translation reserve at the time of recognition of the exchange rate differences relating to the consolidation of the Companies which prepare the financial statements in a currency other than the Euro.
Entries are made in the legal reserve through provisions recognised pursuant to article 2430 of the Italian Civil Code, or the reserve is increased to an extent equal to the 20^{th} part of the net profits achieved by the Parent Company until the reserve in question reaches a fifth of the Share Capital of the Parent Company. Once a fifth of the Share Capital is reached, if for whatever reason the reserve is decreased, it shall be replenished with the minimum annual provisions as indicated above.

Hedging financial instruments

The Group carries out transactions in derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. The Group does not hold financial instruments of a speculative nature, as required by the risk policy approved by the Board of Directors. Consistently with IFRS 9, hedging financial instruments are accounted for according to the procedures laid down for hedge accounting if all the following conditions are fulfilled:

- at inception of the hedge, there is formal documentation of the hedging relationship and the company's risk management objective and strategy for undertaking the hedge;
- the hedge is expected to be highly effective in offsetting changes in fair value (fair value hedge) or cash flows (cash flow hedge) that are attributable to the hedged risk;
- for cash flow hedges, any forecast transaction being hedged is highly probable and presents an exposure to the changes in cash flows which could finally affect the economic result for the period;
- hedge effectiveness is reliably measurable, i.e. the fair value or cash flows of the hedged item and the fair value of the hedging instrument can be reliably measured;
- the hedge must be assessed on an on-going basis and be highly effective for the entire life of the derivative.

The criterion for measuring hedging instruments is represented by their fair value as at the designated date. The fair value of foreign exchange derivatives is calculated in relation to their intrinsic value and time value. On each closing date of the financial statements, hedging financial instruments are tested for effectiveness, in order to verify whether the hedge meets the requirements to be qualified as effective and to be accounted for according to hedge accounting. When the financial instruments are eligible for hedge accounting, the following accounting treatments will be applied:

Fair value hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a balance sheet asset or liability attributable to a specific risk that might impact the Income Statement, the profit or loss arising from the subsequent measurements at fair value of the hedging instrument are recognised in the Income Statement. The profit or loss on the hedged item, attributable to the hedged risk, modify the book value of this item and are recognised in the Income Statement.

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and which could have effects on the Income Statement, changes in fair value of the hedging instrument are taken to the Statement of Comprehensive Income, the ineffective portion (if any) is recognised in the Income Statement.
If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the Statement of Comprehensive Income up to that time, are recognised in the Income Statement at the time when the related transaction is carried out.
If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to Equity are immediately recognised in the Income Statement.
If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the Income Statement.

Earnings per share

Basic
Basic earnings per share are calculated by dividing the Group's economic result by the weighted average of the ordinary shares outstanding in the financial year, excluding treasury shares (if any).

Diluted
Diluted earnings per share are calculated by dividing the Group's economic result by the weighted average of the ordinary shares outstanding in the financial year, excluding treasury shares (if any). For the purposes of the calculation of the diluted earnings per share, the weighted average of outstanding shares is modified by assuming the conversion of all potential shares having dilutive effects, while the Group's net result is adjusted to take account of the effects, net of taxes, of the conversion.

Financial liabilities

Financial liabilities are initially accounted for at fair value, net of transaction costs incurred. Subsequently they are stated at amortised cost; the differential between the amount collected, net of transaction costs, and the amount to be repaid is accounted for through profit or loss on the basis of the term of the loans, using the effective interest method.
In the case of non-substantial amendments to the terms and conditions of a financial instrument, the difference between the present value of flows as changed (determined by using the effective interest rate of the instrument outstanding at the date of the change) and the book value of the instrument is stated through profit or loss.
The loans are classified among current liabilities if the Group has not any unconditional right to defer the repayment of the liability for at least 12 months after the reporting date.
Financial liabilities are derecognised from the balance sheet when the specific contract obligation is extinguished. This also occurs when the existing contract terms and conditions are amended, if the new terms and conditions have changed the initial arrangements significantly.

Lease liabilities

Lease liabilities are measured at the present value of payments due for fixed rents not yet paid at the inception date of the lease, as discounted using the lessee's incremental borrowing rate. Liabilities for leased assets are subsequently increased by interest that accrues on these liabilities and decreased in correlation with lease payments. In addition, lease liabilities may increase or decrease in value in order to reflect reassessments or lease modifications of future lease payments that are made after the inception date.

Financial instruments and IFRS 7

The category of financial instruments

The disclosure required by IFRS 7, which allows the assessment of the significance of the Group's financial instruments and the nature of risks associated thereto, is reported in different paragraphs of these explanatory notes.

Risk factors

The Piquadro Group is exposed to risks associated with its own business, which are specifically referable to the following cases:

(i) Credit risk arising from business transactions or financing activities;
(ii) Liquidity risk relating to the availability of financial resources and to the access to the credit market;
(iii) Market risk which is identified in detail as follows;
  - Foreign exchange risk, relating to operations in currencies other than currencies of denomination;
  - Interest rate risk, relating to the Group's exposure on financial instruments which bear interest.

Credit risk

The operational management of this risk is delegated to the Credit Management function which is shared by the Administration, Finance and Control Department with the Sales Department and is carried out as follows:

(i) assessing the credit standing of the customers;
(ii) monitoring the related expected incoming flows;
(iii) the appropriate payment reminder actions;
(iv) debt collection actions, if any.

The write-down necessary to bring the nominal value in line with the expected collectable value has been determined by analysing all of the expired loans in the accounts and using all the available information on individual debtors. Loans which are the object of disputes and for which there is a legal or insolvency procedure have been fully written down, while fixed write-down percentages have been applied to all the other receivables, again taking account of both legal and actual situations. Below is reported the statement summarising changes in the Provision for bad debts.

(in thousands of Euro)	**Provision at 31 March 2020**	**Provision at 31 March 2019**
Balance at the beginning of the period	**3,098**	**2,822**
Accrual	969	938
Change in the consolidation area	0	168
Uses	(323)	(830)
Total Provision for bad debts	**3,744**	**3,098**

Breakdown of loans

As required by IFRS 7, below is reported a breakdown of expired loans:

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2020	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOS	1,174	1,174	0	0	0	
Wholesale	25,297	21,101	1,749	1,640	4,551	(3,744)
Total	**26,471**	**22,275**	**1,749**	**1,640**	**4,551**	**(3,744)**

(in thousands of Euro)		Loans falling due	Expired loans			Provision for bad debts
31/03/2019	Amount in the accounts		1-60 days	61-120 days	Over 120 days	

DOS	1,025	1,002	23	0	0	0
Wholesale	33,518	28,115	2,065	1,209	5,226	(3,098)
Total	**34,543**	**29,117**	**2,088**	**1,209**	**5,226**	**(3,098)**

Liquidity risk

The financial requirements of the Group are affected by the dynamics of receipts from customers in the Wholesale channel, a segment which is mainly made up of points of sale/shops; as a consequence, credits are highly fragmented, with variable average payment times.
Nevertheless, the Group is able to finance the growing requirements of net working Capital with ease, through the cash flows generated by operations, including the short-term receipts generated by the DOS channel and, when necessary, through recourse to short-term loans.
In support of the above, below are reported the main ratios of financial management:

	31 March 2020	31 March 2019
Cash Ratio (*)	0.76	0.96
Quick Ratio (**)	1.24	1.72
Current Ratio (***)	1.74	2.37
Net financial debt/EBITDA	2.77	n.a.
Interest coverage ratio (****)	(8.99)	0.11

(*)Cash and cash equivalents/Current liabilities
(**) (Current assets- inventories)/Current liabilities
(***)Current assets, including inventories/Current liabilities
(****)Operating result/Financial income (charges)

The various liquidity ratios reported above (Cash, Quick and Current Ratios) show that the Group's current operations have a good ability to generate cash flows which ensure an adequate coverage of short-term commitments.
In addition, the management ratios do not show any problematic aspects as regards the coverage of costs deriving from the debt structure through operating profitability.
Furthermore, policies and processes have been adopted which are aimed at optimising the management of financial resources, thus reducing liquidity risks:

(i) maintaining an adequate level of available funds;
(ii) obtaining adequate credit lines;
(iii) monitoring the perspective liquidity conditions, in relation to the corporate process

Liquidity schemes:

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2020					
Payables to banks for loans	35,934	15,433	20,501	0	35,934
Payables to banks for credit lines	0	0	0	0	0
Trade payables	38,681	38,681	0	0	38,681
Other borrowings (leases)	53,608	14,365	25,823	13,420	53,608
Derivative liabilities	17	17	0	0	17
Total	**89,559**	**68,496**	**46,324**	**13,420**	**89,559**

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2019					

Payables to banks for loans	20,949	7,351	13,598	0	20,949
Payables to banks for credit lines	0	0	0	0	0
Trade payables	36,219	36,219	0	0	36,219
Other borrowings (leases)	12	12	0	0	12
Derivative liabilities	6	6	0	0	6
Total	**57,186**	**43,588**	**13,598**	**0**	**57,186**

Below are reported the main assumptions for the table above:

- Loans payable: the future cash flows have been provided directly by the banks concerned;
- Current bank accounts: by virtue of the worst case in which the worst scenario is equal to the repayment on demand of the use of the credit line, the related cash out has been charged to the first time band;
- Foreign exchange forwards: the cash out in Euro has been reported which has been envisaged as per contract at the time of the subscription of the derivative instruments;
- Finance leases: instalments, plus interest, have been reported.

As at 31 March 2020, the Group relied on about Euro 58,188 thousand of credit lines (about Euro 57,419 thousand at 31 March 2019). As regards the balance of Working capital, and specifically the coverage of payables to suppliers, it is also ensured by the amount of net trade receivables, which amounted to Euro 26,471 thousand at 31 March 2020 (Euro 34,543 thousand at 31 March 2019).

Market risk

Foreign exchange risk

The Group is subject to market risk arising from fluctuations in the exchange rates of the currencies, as it operates in an international context in which transactions, mainly those with suppliers, are settled in US Dollars (USD); furthermore, wages and salaries of the employees of the subsidiary Uni Best Leather Goods in Zhongshan Co. Ltd. are paid in Renminbi. It follows that the Group's net result is partially affected by the fluctuations in the USD/Euro exchange rate and, to a lower extent, the Renminbi/Euro exchange rate.
The necessity to manage and control financial risks has induced the Management to adopt a risk containment strategy, better defined as "hedge accounting policy". This consists in continuously hedging the risks relating to purchases over a time period of six months on the basis of the amount of the orders issued that shall be settled in US dollars. This conduct can be classified as a "Cash flow hedge" or the hedge of the risk of changes in the future cash flows; these flows can be related to assets or liabilities entered in the accounts or to highly probable future transactions. In compliance with IFRS 9, the portion of profit or loss accrued on the hedging instrument, which is considered effective for hedging purposes, has been recognised directly in the Statement of Comprehensive Income and classified under a special Equity reserve.

During the financial year ended 31 March 2020, the Parent Company executed forward currency contracts for USD 14,740 thousand, equal to an aggregate counter-value of Euro 13,023 thousand, with an average exchange rate of USD 1.132.
During the financial year ended 31 March 2019, the Parent Company executed forward currency contracts for USD 17,770 thousand, equal to an aggregate counter-value of Euro 14,577 thousand, with an average exchange rate of USD 1.219.
Furthermore, it should be noted that some Group Companies are located in Countries which do not belong to the European Monetary Union, i.e. China, Hong Kong, Taiwan, the United Kingdom, Russia and the United States of America. As the relevant currency is the Euro, the Income Statements of these Companies are translated into Euro at the average exchange rate for the period and, the revenues and margins being equal in the local currency, any changes in the exchange rates may entail effects on the Euro counter-value of revenues, costs and economic results. The effects of these changes, as well as those deriving from the translation of Balance sheets, are recognised immediately in the Statement of Comprehensive Income, as required by the Accounting Standards.
For an analysis of the effects of these risks, reference is made to the table reported below (sensitivity analysis):

	Book value	Of which subject to FER	Foreign exchange risk (FER)			
			+10% Euro/USD		-10% Euro/USD	
			Profits (Losses)	Other changes in Equity	Profits (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	57,550	2,482	(226)	0	276	0
Trade receivables	26,471	19	(2)	0	2	0
Derivative financial instruments	184		0	0	0	0
			(227)	0	278	0
Financial liabilities						
Borrowings	35,934		0	0	0	0
Payables to other lenders for lease agreements	53,608		0	0	0	0
Trade payables	38,681	718	(65)	0	80	0
Derivative financial instruments	17		0	0	0	0
			(65)	0	80	0
Total effect at 31/03/2020			**(293)**	**0**	**358**	**0**

	Book value	Of which subject to FER	Foreign exchange risk (FER)			
			+10% Euro/USD		-10% Euro/USD	
			Profits (Losses)	Other changes in Equity	Profits (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	52,346	182	(14)	0	24	0
Trade receivables	34,543	32	(3)	0	4	0
Derivative financial instruments	78	0	0	0	0	0
			(17)	0	28	0
Financial liabilities						
Borrowings	20,949	0	0	0	0	0
Payables to other lenders for lease agreements	12	0	0	0	0	0
Trade payables	36,219	1,806	(164)	0	201	0
Derivative financial instruments	6	0	0	0	0	0
			(164)	0	201	0
Total effect at 31/03/2019			(181)	0	228	0

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.

Interest rate risk

	Book value	Of which subject to IRR	Interest rate risk (IRR)			
			+50 bps on IRR		-50 bps on IRR	
			Profits (Losses)	Other changes in Equity	Profits (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	57,550	57,550	288	0	(288)	0
Trade receivables	26,471	0	0	0	0	0
Derivative financial instruments	184	0	0	0	0	0
			288	0	(288)	0
Financial liabilities						
Borrowings	35,934	35,934	(180)	0	180	0
Trade payables	38,681	0	0	0	0	0
Other borrowings (leases)	53,608	53,608	(268)		268	
Derivative financial instruments	17	0	0	0	0	0
			(448)	0	448	0
Total effect at 31/03/2020			**(160)**	**0**	**160**	**0**

	Book value	Of which subject to IRR	Interest rate risk (IRR)			
			+50 bps on IRR		-50 bps on IRR	
			Profits (Losses)	Other changes in Equity	Profits (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	52,346	52,346	262	0	(262)	0
Trade receivables	34,543	0	0	0	0	0
Derivative financial instruments	78	0	0	0	0	0
			262	**0**	**(262)**	**0**
Financial liabilities						
Borrowings	20,949	20,949	(105)	0	105	0
Trade payables	36,219	0	0	0	0	0
Other borrowings (leases)	12	12	0	0	0	0
Derivative financial instruments	6	0	0	0	0	0
			(105)	**0**	**105**	**0**
Total effect at 31/03/2019			**157**	**0**	**(157)**	**0**

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.

Capital risk management

The Group manages the Capital with the objective of supporting the core business and optimising the value for Shareholders, while maintaining a correct structure of the Capital and reducing its cost.
The Group monitors the Capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and net Invested Capital.

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Net Financial Position	(36,082)	25,606
Equity	61,920	73,468
Net invested capital	98,002	47,862
Gearing ratio	**63.18%**	**153.4%**

Employee benefits

Employee benefits substantially include the Provisions for Employee Severance Pay (TFR, *Trattamento di Fine Rapporto*) of the Italian Company of the Group and pension funds.

Law no. 296 of 27 December 2006, the 2007 Finance Law, introduced considerable amendments as regards the allocation of funds of the Provision for TFR. Until 31 December 2006, TFR was included within the scope of post-employment benefit plans, of the "defined benefit" type of plans and was measured according to IAS 19, using the Projected Unit Credit method made by independent actuaries. This calculation consists in estimating the amount of the benefit that an employee will receive on the alleged date of termination of the employment relationship using demographic and financial assumptions. The amount that is thus calculated is then discounted back and re-proportioned on the basis of the length of service built up against the total length of service and is a reasonable estimate of the benefits that each employee has already accrued with respect to the work performed. Actuarial gains and losses arising from changes in the actuarial assumptions used are recognised in the Income Statement.
As a result of the reform of supplementary pension schemes, the Provision for TFR, as regards the portion accrued from 1 January 2007, is to be considered as being substantially assimilated to a "defined contribution plan". In particular, these amendments introduced the possibility for workers to choose where to allocate the TFR that is accruing. In companies with more than 50 employees, the new TFR flows may be allocated by the worker to selected pension schemes or kept in the company and transferred to INPS (*Istituto Nazionale di Previdenza Sociale*, National Social Security Institute).

In short, following the reform on supplementary pension schemes, the Group has carried out an actuarial measurement of the TFR accrued before 2007, without further including the component relating to future pay increases. On the contrary, the portion accrued after 2007 has been accounted for according to the procedures attributable to defined contribution plans.

Provisions for risks and charges

Provisions for risk and charges cover certain or probable costs and charges of a fixed nature, whose timing or amount was uncertain at the closing date of the financial year. Provisions are recognised when:

- it is probable that a current obligation (legal or constructive) exists as a result of paste events;
- it is probable that the fulfilment of the obligation will require the payment of a consideration;
- the amount of the obligation can be estimated reliably.

Provisions are entered at the value representing the best estimate of the amount that the Group would rationally pay to discharge the obligation or to transfer it to third parties at the closing date of the period. When the financial effect of time is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted back; the increase in the Provision connected with the passage of time is charged to the Income Statement under item "Financial income (Charges)". The Provision for supplementary clientele indemnity, as well as any other Provisions for risks and charges, is set aside on the basis of a reasonable estimate of the future probable liability, taking account of the available elements and also taking account of the estimates made by independent third-party actuaries.

Income taxes

Taxes for the period represent the sum of current and deferred taxes.
Current taxes are determined on the basis of a realistic forecast of charges to be paid in the application of the tax regulations in force; the related debt is reported net of advances, taxes withheld and tax credits that can be offset, under item “Current tax payables”. If there is a credit, the amount is reported under item “Current tax receivables “ under current assets.
Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities entered in the accounts and the corresponding values recognised for tax purposes. Deferred tax assets are entered when it is probable that they will be recovered. Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset if they refer to taxes that can be offset.
The balance of the set-off is entered under item “Deferred tax assets” if positive and under item “Deferred tax liabilities” if negative”.
Both current and deferred taxes are recognised under item “Income tax expenses” in the Income Statement, except when these taxes are originated from transactions whose effects are recognised directly in Equity. In this case, the contra-entry of the recognition of the current tax debt, of deferred tax assets and liabilities is charged as a reduction in the Equity item from which the effect being recorded originated.
Deferred tax assets and liabilities are calculated on the basis of the tax rates which are expected to be applied in the tax year when these assets will be realised or these liabilities will be discharged.

Furthermore, for a better representation of the rules laid down under “IAS 12 – Income Taxes” in relation to the offsetting of deferred taxation, the Group has deemed it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legal right to set-off current tax assets and the corresponding current tax liabilities.

Currency translation

Receivables and payables initially expressed in a currency other than the functional currency of the Company which recognises the receivable/payable (foreign currency) are translated into the functional currency of said Company at the exchange rates prevailing at the dates on which the related transactions take place. The exchange rate differences realised on the occasion of the collection of receivables and the payment of debts in foreign currency are entered in the Income Statement. As at the reporting date of the financial statements, receivables and payables in foreign currency are translated at the exchange rates prevailing at that date, charging any changes in the value of the receivable/payable to the Income Statement (estimated foreign exchange gains and losses).

Revenue recognition

Revenues are recognised at the time of the transfer of all the risks and charges arising from the ownership of the transferred assets.
Revenues and income are recognised net of returns, discounts, allowances and premiums, as well as of the taxes connected to the sale or performance of services.
With reference to the main types of revenues achieved by the Group, they are recognised on the basis of the following criteria and as required by IFRS 15:
Sales of goods - Retail segment. The Group operates in the retail business through its own network of DOSs. Revenues are accounted for at the time of the delivery of the goods to the customers, when all the risks are substantially transferred. Sales are usually collected directly or through credit cards.
Sales of goods - Wholesale segment. The Group distributes products in the Wholesale market. The related revenues are accounted for at the time of the shipment of the goods, when all the risks are substantially transferred.
Performance of services. These revenues are accounted for proportionally to the state of completion of the service rendered as at the relevant date.
Sales based on repurchase commitments. Revenues and receivables from the buyer are recognised at the time of the delivery of the goods, while reversing the value of the sold goods from the assets. As at the reporting date, revenues and receivables are reversed on the basis of the sales made by the buyer in relation to the sold goods, with a consequent change in the item “Inventories”.
Right of return. Some contracts allow the customer to return the goods within a certain period of time. The Group uses the expected value method to estimate the goods that will not be returned since this is the best method to forecast the amount of the variable consideration to which the Group will be entitled. IFRS 15’s guidance on the restrictions on the recognition of variable consideration applies to the determination of the amount of variable consideration that can be included in the transaction price. The Group makes an adjustment to revenues and

recognises a liability for reimbursements in the case of goods that are expected to be returned. The right to return an asset (and the corresponding adjustment to cost of sales) is also granted for the right to receive the goods from the customer.

Financial income and revenues from services are recognised on an accruals basis.

Cost recognition

Costs are recognised when they relate to goods and services purchased and/or received during the period or relate to the systematic apportionment of an expense from which future benefits derive that can be apportioned over time. Financial charges and charges from services are recognised on an accruals basis.

Financial income and costs

These include any and all financial items charged to profit or loss for the period, including interest expense accrued on borrowings, calculated using the effective interest method (mainly current account overdrafts, medium/long-term loans), foreign exchange gains and losses, profits and losses from derivatives (according to the accounting policies set out above), dividends received, the amount of interest arising from the accounting treatment of leased assets (IFRS 16) and provisions for personnel (IAS 19).
Interest income and expense are charged to profit or loss for the period in which they are realised or incurred, except for capitalised costs (IAS 23).

Use of estimates

The process of drawing up the financial statements involves the Group's Management making accounting estimates based on complex and/or subjective judgements; these estimates are based on past experiences and assumptions that are considered reasonable and realistic on the basis of information known at the moment of making the estimate. The use of these accounting estimates affects the value of assets and liabilities and the disclosure on potential assets and liabilities as at the balance sheet date, as well as the amount of revenues and costs in the relevant period. The final results, or the actual economic effect that is recognised when the event takes place, of the financial statement items for which the abovementioned estimates and assumptions were used, may differ from those reported in the financial statements that recognise the effects arising from the event that is subject to estimation, due to the uncertainty that is characteristic of assumptions and the conditions on which the estimates are based. Estimates and assumptions are reviewed periodically and the effects of each change are reported immediately in the accounts.

Main estimates adopted by the Management

Below are briefly described the aspects which, more than others, require greater subjectivity on the part of the Directors in working out the estimates and for which a change in the conditions underlying the assumptions applied could have a significant impact on the consolidated financial data:

<u>Impairment of assets:</u> in accordance with the Accounting Standards applied by the Group, property, plant and equipment and intangible assets with a definite life are subject to verification in order to ascertain if an impairment has occurred. This impairment shall be recognised by means of a write-down when indicators exist that could lead to an expectation of difficulties in recovering the relative book value through usage of the asset. Verifying that the abovementioned indicators exist requires the Directors to exercise subjective valuations based on information available within the Group and inferable from the market, as well as using past experience. Moreover, should the likelihood of a potential impairment be ascertained, the Group will set about calculating this using the evaluation techniques that it considers appropriate. Correctly identifying the items that indicate the existence of a potential impairment and the estimates used for calculating the same depend on factors which can vary over time and affect the valuations and estimates carried out by the Directors.

<u>Amortisation and depreciation of fixed assets:</u> the cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Group's fixed assets is determined by the Directors at the time when the fixed asset has been purchased; it is based on past experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the

useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Group periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rate for future financial years.

Deferred taxes: deferred tax assets are accounted for on the basis of the income expected in the future financial years. The measurement of the expected income for the purposes of accounting for deferred taxes depends on factors which can vary over time and determine significant effects on the measurement of deferred tax assets.

Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the Provisions (if any) entered in the accounts relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimates made by the Directors for the preparation of the financial statements.

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2019/2020.

Actuarial calculation of defined-benefit pension plans: the estimates, demographic and economic-financial assumptions adopted, with the support of the valuations of an actuarial expert, in the actuarial calculation for the determination of defined-benefit plans within post-employment benefits are broken down as follows:

Annual rate of inflation	Probability of exit of the employee from the Group	Probability of advance payments of the TFR
1.5% for 2020 and 1.5% for 2019	Frequency of 0.4% for 2020 and 0.4% for 2019	2.70% for 2020 and 2.70% for 2019

Finally, it is specified that the actuarial valuations have been made by using the curve of the interest rates of the corporate securities with rating AA.

Segment reporting – breakdown of segments by divisions

In order to provide disclosures regarding the economic, financial and equity position by segment (segment reporting), the Group has chosen the distinction by brands/distribution channels as the primary model for presenting segment data.
This method of representation reflects how the Group's business is organised and the structure of its internal reporting on the basis of the consideration that risks and rewards are influenced by the distribution channels used by the Group.

The distribution channels selected as those being presented are the following ones:

- (i) Piquadro Brand - DOS channel;
- (ii) Piquadro Brand - Wholesale channel;
- (iii) "The Bridge" Brand – DOS channel;
- (iv) "The Bridge" Brand – Wholesale channel;
- (v) "Lancel" Brand - DOS channel;
- (vi) "Lancel" brand – Wholesale channel.

In fact, the Group distributes its products through two distribution channels: (i) a direct channel, which includes single-brand stores directly operated by the Group (the so-called "Directly Operated Stores" or "DOSs"); (ii) an indirect channel ("Wholesale"), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Group by franchise agreements and distributors, under both Piquadro, and The Bridge and Lancel brands.
All of the shops are, directly or indirectly, selected (through agents and importers) on the basis of their coherence with the positioning of the brands, their location, the level of service guaranteed to the end customer, the visibility

that they are able to guarantee the Group's products and, finally, the soundness of their equity and financial position.
These consolidated financial statements provide segment information as reported above.

Amendments to Accounting Standards

IFRS Accounting Standards, amendments and interpretations applied from 1 April 2019

The following IFRS accounting standards, amendments and 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 sets out a control model (right of use) of an asset, distinguishing leases from service contracts, on the basis of whether the following key requirements are met by leases, 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 provides for a single model to account for and measure lease agreements for lessees, which provides for the recognition of the leased asset, including under operating leases, among assets against an entry under borrowings. On the contrary, the standard does not include significant amendments for lessors.
The Group adopted the new standard from 1 April 2019, using a modified retrospective approach; therefore, comparative data have not been changed with respect to the information published in the annual financial report at 31 March 2019. Specifically, the Group has accounted, in relation to agreements previously classified as operating leases, for:

- 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;
- 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;
- variable lease payments, which do not depend from an index or a rate, but which mainly depend from the volume of sales, are still accounted for as costs for leases and rentals through profit or loss.

The table below reports the impact arising 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	
Non-current financial liabilities for leases	54.0
Current liabilities	
Current financial liabilities for 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 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 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 has not entailed 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, among the practical expedients provided for in IFRS 16, the 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.
- 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.
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- 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:
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- 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%.

- 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 has not entailed effects 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 April 2019. The adoption of this amendment has had no impact on the Group's consolidated financial statements.
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- 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 has had no impact 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 has had no impact 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 has had no impact on the Group's consolidated financial statements.

Accounting Standards, amendments and interpretations endorsed by the European Union but not yet applicable and not early adopted by the Piquadro Group at 31 March 2020.

- 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 the definition of "material" 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.
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- The amendments were endorsed on 29 November 2019 and apply to all transactions after 1 January 2020.
- The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.
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- On 29 March 2018, the IASB published an amendment to the "References to the Conceptual Framework in IFRS Standards". The amendment is effective for periods commencing on or after 1 January 2020, with early adoption permitted.

The Conceptual Framework sets out the basic concepts for financial reporting and guides the Board in the development of IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same manner so as to provide useful information to investors, lenders and other creditors.
The Conceptual Framework supports the entities in developing accounting standards when no IFRS is applicable to a particular transaction and, more generally, helps stakeholders understand and interpret the Standards.

- On 26 September 2019, the IASB published "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". This document makes amendments to IFRS 9 - *Financial Instruments* and IAS 39 - *Financial Instruments: Recognition and Measurement*, as well as to IFRS 7 - *Financial Instruments: Disclosures*. Specifically, the document makes amendments to some of the requirements prescribed for the application of hedge accounting, providing for temporary exceptions applicable thereto, in order to mitigate the impact arising from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendments also require entities to provide, in their financial statements, additional information on their hedging relationships that are directly affected by uncertainties generated by the reform and to which the aforesaid exceptions apply.

Given that these amendments will be applied from 1 January 2020, any possible effect will be recognised in the consolidated financial statements for the financial periods ended after that date.

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

As at the reporting date of this financial report, 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 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, which makes it possible to exclude the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of assets carried out after 1 January 2020, with early adoption permitted.

Considering that this amendment will be applied to new acquisitions that will be completed as from 1 January 2020, any possible effect will be recognised in the consolidated financial statements for the financial periods ended after that date.

- On 18 May 2017, the IASB published IFRS 17 - *Insurance Contracts*, which is intended to replace IFRS 4 - *Insurance Contracts*.
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- The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework in order to take account of any type of insurance contracts, including reinsurance contracts held by an insurer.
- The new standard also lays down reporting and disclosure requirements to improve comparability between entities operating in this segment.
- The new standard measures an insurance contract on the basis of a General Model or a related simplified version, according to the Premium Allocation Approach ("PAA").
- The main features of the General Model are:

  a. estimates and assumptions of future cash flows are always current;
  b. the measurement reflects the time value of money;
  c. estimates make extensive use of observable market prices;
  d. there is a current and explicit measurement of risk;
  e. the expected profit is deferred and aggregated into groups of insurance contracts upon initial recognition; and
  f. the expected profit is recognised in the contract coverage period taking account of adjustments resulting from changes in the cash flow assumptions relating to each group of contracts.

The PAA approach involves the measurement of the liability for the residual coverage of a group of insurance contracts provided that, upon initial recognition, the entity expects the liability to reasonably represent an approximation of the General Model. Contracts with a coverage period 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 measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will arise within one year of the date on which the claim occurred.
An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, and to reinsurance contracts 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 only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*.

With reference to the new amendments and new interpretations reported above, at present the directors are assessing the possible effects on the Group’s consolidated financial statements correlated to their introduction.

COMMENTS ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

The following statements have been prepared for the two classes of fixed assets (intangible assets and property, plant and equipment) which report, for each item, historical costs, the previous amortisation and depreciation, the changes that occurred in the last two financial years and the closing balances.

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2018/2019 and FY 2019/2020 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Gross value	593	63	4,631	5,486	13	10,786
Amortisation fund	(592)	(59)	(2,833)	(3,414)	0	(6,898)
Net value at 31/03/2018	**1**	**4**	**1,798**	**2,072**	**13**	**3,888**
Increases for the period	0	58	216	320	49	643
Change from consolidation area	0	0	182	0	0	182
Decrease for the period	0	0	0	(80)	0	(80)
Reclassifications	0	0	13	0	(13)	0
Amortisation	0	(10)	(564)	(300)	0	(873)
Write-downs	0	0	(2)	(518)	0	(520)
Other reclassifications of historical cost	27	0	1,588	(601)	0	1,014
Other reclassifications of amortisation fund	(28)	0	(1,588)	573	0	(1,043)
Exchange differences on gross value	0	0	207	0	0	207
Exchange differences on amortisation fund	0	0	(134)		0	(134)
Gross value	620	121	6,834	4,607	49	12,231
Amortisation fund	(620)	(69)	(5,119)	(3,141)	0	(8,948)
Net value at 31/03/2019	**0**	**52**	**1,716**	**1,466**	**13**	**3,247**
Increases for the period	0	32	630	0	692	1,354
Change from consolidation area	0	0	0	0	0	0
Decrease for the period	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Amortisation	0	(13)	(525)	0	0	(537)

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Write-downs	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	(4,607)	0	(4,607)
Other reclassifications of amortisation fund	0	0	0	3,141	0	3,141
Exchange differences on gross value	0	0	(61)	0	0	(61)
Exchange differences on amortisation fund	0	0	19	0	0	19
Gross value	620	153	7,403	0	741	8,917
Amortisation fund	(620)	(82)	(5,624)	0	0	(6,326)
Net value at 31/03/2020	**0**	**71**	**1,779**	**0**	**741**	**2,591**

Increases in intangible assets, equal to Euro 1,354 thousand in the financial year ended 31 March 2020 (Euro 643 thousand at 31 March 2019) related for Euro 692 thousand to the project for the implementation of the Group's new integrated IT software still in progress and for Euro 630 thousand to the purchase or renewal of software, licenses and trademarks.

The key moneys outstanding at the year-end have been reclassified to “Right-of-use assets” as required by the newly-adopted IFRS 16.

Note 2 – Goodwill

The goodwill item arises from the purchase and sale of the investment in The Bridge, which has been accounted for as required by IFRS 3 and, therefore, a measurement of fair values of acquired assets or liabilities has been carried out for the purposes of accounting for business combinations. The differential between the price paid and the corresponding share of equity of the acquired company has been allocated to goodwill. The value of goodwill also includes the measurement of third-party goodwill based on IFRS 3, which has been determined on the basis of the valuation of the put option relating to 20% of shares of The Bridge S.p.A. on the basis of future results of operations and cash flows. This option may be exercised between 1 April 2021 and 15 June 2021 or between 15 June 2023 and 15 July 2023.

The Group verifies whether goodwill may be recovered at least once a year or more frequently if there is evidence of any impairment loss. This check is carried out by determining the recoverable value of the relevant Cash Generating Unit (CGU), i.e. “The Bridge”, through the “Discounted cash flow” method. The impairment test relating to goodwill stated at 31 March 2020 was approved by the Board of Directors on 23 July 2020.

The rate (WACC) used reflects the current market valuation of the time value of money for the period under consideration and the specific risks of the Piquadro Group company.

The discount rate used corresponds to an estimate, net of tax, determined on the basis of the following main assumptions: • risk-free rate equal to the average yield on the relevant 10-year government bonds; • indebtedness depending on the financial structure of comparables.

For the purposes of conducting the impairment test on goodwill, the discounted cash flow has been calculated on the basis of the preparation of three plans relating to the period from 2021 to 2025, which were approved by the

Directors of subsidiary The Bridge on 29 June 2020. The plans provide for three different scenarios (“Base”, “Worst” e “Best”) to which a different probability of occurrence has been assigned (70% for the "Base" scenario, 20% for the "Worst" scenario and 10% for the "Best" scenario), while also taking into account, for the purposes of both the design of the plans and the probability of occurrence of the scenarios to which they are associated, the effects arising from the global spread of the COVID-19 virus. The plans are based on the Management’s best estimate on the future operating performance of The Bridge.

The WACC used to discount future cash flows, equal to 8.5% (equal to the same value used in the previous financial year) has been determined on the basis of the following assumptions:
• the average cost of capital results from the weighted average cost of debt (prepared by considering the relevant rates plus a “spread”);
• the cost of net worth is determined by using the levered beta value and the financial structure of a panel of comparables in the sector, only except for specific risk-free rate and risk premium per country;
• the terminal value has been determined on the basis of a long-term growth rate (g) that is prudentially equal to zero.

On the basis of an agreement signed for the acquisition of the remaining 20% of The Bridge, a portion of deferred price and the value of the put & call option to be settled in future years shall be measured depending on the results of operations and cash flows that will be realised by the CGU; the value of goodwill has been recognised initially by using the best estimate of the current value of the deferred exercise price and of the option, determined on the basis of the business plan envisaged initially.

The impairment test conducted in accordance with IAS 36 and by applying criteria shared by the Board of Directors has not reported any impairment loss on the stated goodwill. The outcome of the test resulting from the weighted average of the three plans was positive, showing a weighted carrying amount equal to Euro 17,131 thousand and a cover of Euro 5,285 thousand. Furthermore, also on the basis of the instructions laid down in the document no. 4 that was prepared jointly by the Bank of Italy, CONSOB and ISVAP on 3 March 2010, the Group has taken steps to prepare the sensitivity analysis based on the results of the impairment test with respect to the changes in the basic assumptions that affect the value in use of the CGU. Likewise, the analyses did not report any impairment loss in the case of a positive change of 2% in the WACC and of 5% in cash flows.

Note 3 – Right-of-use assets

On 13 January 2016 the IASB (International Accounting Standards Board) published IFRS 16 - *Leases*, which replaces IAS 17 and which was adopted by the European Union on 9 November 2017.
IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company adopted the new standard from 1 April 2019, according to the modified retrospective approach; therefore, comparative data were not subject to change with respect to the information that had already been published in the annual financial report at 31 March 2019.
The first-time adoption of IFRS 16 at 1 April 2019 had a significant impact on the Company's financial statements as a result of the operations performed. In fact, the Company is a lessee under several lease agreements that have been analysed for the application of the new IFRS 16 and that mainly concern DOSs, outlets, warehouses, offices and showrooms, company cars and office and electronic machines.
The main category consists of property leases, which in fact account for approximately 90% of total lease liabilities.
From an accounting point of view, the first-time adoption of IFRS 16 has led to the recognition of a right-of-use asset on the assets covered by the lease agreements and a liability for leased assets in relation to the fixed instalments still to be paid. The asset for the right to use leased assets is initially valued at cost, and subsequently amortised or depreciated over the term of the lease agreement set out during the analysis. The cost of right-of-use assets includes the value initially recognised for the lease liability, any initial direct costs incurred, any estimated restoration costs to be incurred upon expiry of the agreement and any advance lease payments made at the date of the first transition, net of lease incentives received. The lease liability is measured at the present value of lease payments due for fixed rents not yet paid at the transition date, as discounted by using the interest rate as defined below.

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

The main assumptions that have been adopted by the Group for the purposes of the first-time adoption of IFRS 16 are summarised below:
- in adopting IFRS 16, the Company has made use of the exemption granted in relation to short-term leases (i.e. agreements expiring within 12 months or less) and for lease agreements for which the underlying asset consists of a low-value asset. The first-time adoption of IFRS 16 has not entailed, for these agreements for which the exemption was used, the recognition of the financial liability of the lease and the related right of use; therefore, accounting entries did not report any change compared to the previous year;
- significant initial direct costs, which showed a positive net carrying amount in the balance sheet at the transition date, have been included in the measurement of the right of use at 1 January 2019;
- the term of the lease agreements, with particular reference to the exercise of renewal and early termination options, has been determined on the basis of information available at the transition date;
- the discount rate (IBR, Incremental Borrowing Rate) used for the estimates of discounted future lease payments has been determined by taking account of the 10-year bond rate for each country, plus an average spread calculated by taking account of the current cost of the Company's debt;
- variable rents, which do not depend on an index or rate, but which depend mainly on the volume of sales, are still accounted for as costs for leases and rentals through profit or loss.

Assets for the right to use leased assets include the value of lease liabilities recognised initially, any initial direct costs incurred, the estimate of any restoration costs to be incurred upon expiry of the agreement and any advance lease payments made at the date of first transition, net of lease incentives received.

Key moneys have been reclassified to Right-of-use assets following the first-time adoption of the new IFRS 16.

On 31 March 2020 the Group carried out an analysis aimed at assessing the recoverability of right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store (DOS), which showed evidence of impairment. The analysis revealed write-downs for impairment required for some DOSs, for which the respective assets were written down for a total of Euro 3,760 thousand, relating to rights of use (IFRS 16) for Euro 3,323 thousand and Key Money for Euro 437 thousand, as the relative recovery through prospective cash flows is not reasonably foreseeable at present. Impairment tests have been carried out for all those points of sale for which the Management staff have reported evidence of impairment following the preparation of the plans impacted by the Covid-19 emergency, as already mentioned above.

The breakdown of the historical cost, amortisation fund and net book value of the Right of use at 31 March 2020 is reported below:

Right-of-use assets *(in thousands of Euro)*	**Land and Buildings**	**Key Money**	**Equipment**	**Other Assets**	**Total**
First-time adoption of IFRS 16	68,382	0	12	764	69,158
Increases/Other changes	(5,718)	1,721	0	0	(3,997)
Decreases/write-downs	(3,323)	(437)	0	0	(3,760)
Amortisation and depreciation	(12,736)	(161)	(5)	(240)	(13,142)
Translation differences	70	29	0	0	99
Total at 31.03.2020	**46,675**	**1,152**	**7**	**524**	**48,358**

Note 4 – Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2018/2019 and FY 2019/2020 and the final balance of property, plant and equipment:

(in thousands of Euro)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Gross value	878	6,331	3,296	17,036	366	0	27,907
Depreciation fund	0	(2,319)	(2,809)	(11,307)	(357)	0	(16,792)
Net value at 31/03/2018	**878**	**4,012**	**487**	**5,729**	**9**	**0**	**11,115**
Increases for the period	0	0	170	3,200	8	56	3,434
Change in consolidation area	0	0	292	540	0	0	832
Sales and derecognitions (gross value)	0	0	(36)	(28)	0	0	(64)
Sales and derecognitions (depreciation fund)	0	0	11	9	0	0	20
Depreciation	0	(193)	(176)	(1,722)	(6)	0	(2,097)
(Write-down of gross value)	0	0	0	(34)	0	0	(34)
Write-down of depreciation fund	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	0	0	0	0
Other reclassifications of depreciation fund	0	0	0	0	0	0	0
Exchange differences on gross value	0	0	0	0	0	0	0
Exchange differences on depreciation fund	0	0	0	0	0	0	0
Gross value	878	6,331	3,722	20,714	374	56	32,075
Depreciation fund	0	(2,512)	(2,974)	(13,020)	(363)	0	(18,869)
Net value at 31/03/2019	**878**	**3,819**	**748**	**7,694**	**11**	**56**	**13,206**

Increases for the period	0	2	333	2,178	25	5	2,543
Change in consolidation area	0	0	0	0	0	0	0
Sales and derecognitions (gross value)	0	0	0	0	0	0	0
Sales and derecognitions (depreciation fund)	0	0	0	0	0	0	0
Depreciation	0	(188)	(239)	(2,042)	(6)	0	(2,474)
(Write-down of gross value)	0	0	0	(138)	0	0	(138)
Write-down of depreciation fund	0	0	0	0	0	(56)	(56)
Reclassifications	0	0	0	3,157	0	0	3,157
Other reclassifications of historical cost	0	0	0	(2,677)	0	0	(2,677)

(in thousands of Euro)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Other reclassifications of depreciation fund	0	0	0	0	0	0	0
Exchange differences on gross value	0	0	0	0	0	0	0
Exchange differences on depreciation fund	0	0	0	0	0	0	0
Gross value	878	6,333	4,055	25,911	399	5	37,581
Depreciation fund	0	(2,700)	(3,213)	(17,739)	(369)	0	(24,020)
Net value at 31/03/2020	**878**	**3,633**	**842**	**8,172**	**31**	**5**	**13,562**

Increases in property, plant and equipment, equal to Euro 2,543 thousand in the financial year ended 31 March 2020 (Euro 3,434 thousand at 31 March 2019) were mainly attributable to miscellaneous equipment acquired for the new DOSs opened during the year under consideration and for the refurbishment of some existing shops for Euro 2,178 thousand and to the purchases of workshop systems and machinery for Euro 333 thousand.

Note 5 – Non-current financial assets

Non-current financial assets, equal to Euro 22 thousand, make reference to interests held in minor companies outside the Group.

Note 6 – Receivables from others

Receivables from others, equal to Euro 2,204 thousand at 31 March 2020 (Euro 2,252 thousand at 31 March 2019) mainly related to guarantee deposits paid both for various utilities, including those relating to DOSs, and deposits relating to the lease of DOSs.

Note 7 – Deferred tax assets

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Deferred tax assets:		
- within 12 months	77	77
- beyond 12 months	4,737	2,588
	4,814	**2,665**
Deferred tax liabilities		
- within 12 months	0	0
- beyond 12 months	223	217
	223	**217**
Net Position	**4,591**	**2,448**

Below are reported the relevant changes:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Opening Net Position	**2,448**	**2,318**
Credit (Debit) to the Statement of Comprehensive Income	1,638	191

Credit (Debit) to Equity	(505)	(61)
Total	**4,591**	**2,448**

Below are the main elements that make up deferred tax assets and deferred tax liabilities and their changes in the last two financial years:

Deferred tax assets	**31 March 2020**		**31 March 2019**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax assets with effect through P&L:				
Provision for bad debts	3,355	805	2,039	489
Provision for obsolescence of inventories	11,142	2,674	2,446	587
Provisions for risks and charges	1,456	552	213	59
Amortisation and depreciation	348	84	777	189
Change in consolidation area	0	0	0	0
Effects of consolidation	(4,269)	(1,110)	1,348	376
Others	7,467	1,792	5,811	952
-Total	**19,498**	**4,796**	**12,634**	**2,652**
Amount credited (debited) to P&L	*0*	*1,638*	*0*	*211*
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	(27)	(8)	(72)	(20)
Discounting-back IAS 19	90	25	119	33
Total	**63**	**17**	**47**	**13**
Amount credited (debited) to Comprehensive Income	*0*	*635*	*0*	*61*
Total tax effect	**19,561**	**4,814**	**12,681**	**2,665**

Deferred tax liabilities	**31 March 2020**		**31 March 2019**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax liabilities with effect through P&L:				
Others	929	223	848	217
Change in consolidation area			0	0
Total	**929**	**223**	**848**	**217**
Amount credited (debited) to P&L	*0*	*(4)*	*0*	*(20)*
Deferred tax liabilities with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	0	0	0	0
Defined-benefit plans			0	0
Total			**0**	**0**
Amount credited (debited) to Comprehensive Income	*0*	*0*	*0*	*0*

Total tax effect	**929**	**223**	**848**	**217**

The amount of the receivable for deferred tax assets (equal to Euro 4,814 thousand at 31 March 2020 against Euro 2,665 thousand at 31 March 2019) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 1,712 thousand at 31 March 2020 against Euro 1,164 thousand at 31 March 2019), concerning the IRES and IRAP tax effect on taxed funds, as well as to subsidiary The Bridge (Euro 1,368 thousand at 31 March 2020 against Euro 1,063 thousand at 31 March 2019) and the effect of deferred tax assets set aside as a result of IFRS 16 (for Euro 1,003 thousand), which are expected to be recovered in the plans approved and used for the purposes of impairment tests.

Current assets

Note 8 - 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 each class of inventories), respectively:

(in thousands of Euro)	**Gross value at 31 March 2020**	**Provision for write-down**	**Net value at 31 March 2020**	**Gross value at 31 March 2019**
Raw materials	8,227	(1,840)	6,387	8,181
Semi-finished products	655	0	655	593
Finished products	40,219	(9,302)	30,917	40,140
Inventories	**49,101**	**(11,142)**	**37,959**	**48,914**

At 31 March 2020, an increase of Euro 2,139 thousand was recognised in inventories compared to the corresponding values at 31 March 2019, mainly due to the effect of the closure imposed in March as a result of the Covid-19 pandemic, which led to the impossibility of shipping the goods and consequently to a reduction in turnover as already mentioned above.

Below are the changes in the Provision for write-down of inventories:

(in thousands of Euro)	**Provision at 31 March 2019**	**Use**	**Accrual**	**Provision at 31 March 2020**
Provision for write-down of raw materials	1,761	(13)	92	1,840
Provision for write-down of finished products	11,333	(2,291)	260	9,302
Total Provision for write-down of inventories	**13,094**	**(2,304)**	**352**	**11,142**

Note 9 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Receivables from customers	30,216	37,641
Provision for bad debts	(3,744)	(3,098)
Current trade receivables	**26,471**	**34,543**

As at 31 March 2020 trade receivables amounted to Euro 26,471 thousand against Euro 34,543 thousand at 31 March 2019.
Trade receivables held by the Group, including the provision for bad debts, showed a reduction amounting to about Euro 8,072 thousand. This decrease was mainly due to a reduction in revenues as a result of the lockdown imposed by the governments for the Covid-19 emergency.
The adjustment to the face value of receivables from customers at their presumed realisable value has been obtained through a special Provision for bad debts, whose changes are showed in the table below:

(in thousands of Euro)	**Provision at 31 March 2020**	**Provision at 31 March 2019**
Balance at the beginning of the period	3,098	2,822
Accrual	969	938
Change in consolidation area	0	168
Uses	(323)	(830)
Total Provision for bad debts	**3,744**	**3,098**

Note 10 – Other current assets

Below is the breakdown of other current assets:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Other assets	2,782	1,143
Accrued income and prepaid expenses	3,418	4,188
Other current assets	**6,200**	**5,331**

Other assets related to advances to suppliers for Euro 1,043 thousand, INAIL advances of Euro 700 thousand and deferred receipts on credit cards for about Euro 28 thousand.

Accrued income and prepaid expenses mainly related to prepaid expenses on rents for which IFRS 16 has not been applied since they consist of variable lease payments (equal to Euro 235 thousand), as well as to costs relating to advertising, media and fairs (Euro 452 thousand), maintenance contracts, hiring and insurance costs (Euro 72 thousand), in addition to entry fees relating to subsidiary Lancel Sogedi amounting to about Euro 1,730 thousand.

Note 11 – Derivative assets

As at 31 March 2020 there were currency forward purchases (USD), the positive fair value of which was equal to Euro 184 thousand (compared to a negative value of Euro 78 thousand 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 associated interest rate risk, trying to fix the exchange rate at a level that is in line with the budget forecasts.

Note 12 – Tax receivables

As at 31 March 2020 tax receivables were equal to Euro 3,853 thousand (Euro 1,690 thousand at 31 March 2019) and mainly related to the current tax receivable for the year following the payment of advances for taxes higher than the amount actually due and to a VAT credit. The item increased mainly due to the VAT credit of the Italian companies following higher purchases in Europe and non-EU countries.

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Income tax receivables	2,244	1,066
VAT credit	1,445	583
Other tax receivables	164	41

Tax receivables	**3,853**	**1,690**

Note 13 – Cash and cash equivalents

Below is the breakdown of cash and cash equivalents:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Available current bank accounts	57,348	51,977
Money, cash on hand and cheques	202	369
Cash and cash equivalents	**57,550**	**52,346**

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

LIABILITIES

Note 14 – Shareholders' Equity

a) Share Capital

As at 31 March 2020, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was divided into 50,000,000 ordinary shares, fully subscribed and paid up, with regular enjoyment, with no par value.

b) Share premium reserve

This reserve, which remained unchanged compared to the previous year, was equal to Euro 1,000 thousand.

c) Translation reserve

As at 31 March 2020 the translation reserve was positive for Euro 1,689 thousand (it reported a positive balance of Euro 1,662 thousand at 31 March 2019). This item is referred to the exchange rate 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).

d) Profit/(Loss) attributable to the Group

This item relates to the recognition of the loss recorded by the Group, equal to Euro (7,714) thousand at 31 March 2020.

During the financial year ended 31 March 2020, the Parent Company's profit for the year, as resulting from the separate financial statements at 31 March 2019, was allocated as follows:

(i) Euro 4,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.08 per share to 50,000,000 outstanding shares;
(ii) Euro 1,428 thousand to profits carried forward, as the legal reserve had reached one fifth of the Share Capital.

e) Profits and reserves attributable to minority interests

The item refers to the portions of reserves and profits, equal to a negative value of Euro 323 thousand (at 31 March 2019 profits and reserves attributable to minority interests were negative for Euro 266 thousand), which are attributable to the minority interests of Piquadro Swiss SA, Lancel Sogedi, Lancel Russia and Lancel Zhongshan.

Non-current liabilities

Note 15 – Borrowings

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

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Borrowings from 1 to 5 years	20,501	13,598
Borrowings beyond 5 years		0
Medium/long-term borrowings	**20,501**	**13,598**

On 18 October 2019 a loan agreement was entered into with Unicredit for an amount of Euro 5 million, expiring on 31 October 2024.
On 24 January 2020 a loan agreement was entered into with Intesa Sanpaolo in an amount of Euro 5 million, expiring on 24 January 2025.
As at 31 March 2020, borrowings related to non-current liabilities for Euro 20,468 thousand and current liabilities for Euro 15,243 thousand (Note 21) and included:

1. Euro 126 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 10 June 2016 (for an initial amount of Euro 2,000 thousand), relating to the current portion only;
2. Euro 3,676 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 16 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 991 thousand and a non-current portion of Euro 2,685 thousand;
3. Euro 882 thousand relating to the unsecured loan granted by Cassa di Risparmio in Bologna on 30 November 2016 (for an initial amount of Euro 2,500 thousand), of which a current portion of Euro 503 thousand and a non-current portion of Euro 379 thousand;
4. Euro 566 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 7 December 2016 (for an initial amount of Euro 3,000 thousand), relating to the current portion only;
5. Euro 755 thousand relating to the unsecured loan granted by UniCredit on 10 January 2017 (for an initial amount of Euro 3,000 thousand), relating to the current portion only;
6. Euro 1,498 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 30 January 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 599 thousand and a non-current portion of Euro 899 thousand;
7. Euro 3,991 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 27 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 996 thousand and a non-current portion of Euro 2,994 thousand;
8. Euro 1,124 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 22 March 2017 (for an initial amount of Euro 5,000 thousand), relating to the current portion only;
9. Euro 1,356 thousand relating to the unsecured loan granted by UBI Banca on 22 May 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 601 thousand and a non-current portion of Euro 755 thousand;
10. Euro 4,737 thousand relating to the unsecured loan granted by Unicredit on 18 October 2019 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,483 thousand and a non-current portion of Euro 3,254 thousand;
11. Euro 3,000 thousand relating to the unsecured loan granted by Unicredit on 11 March 2020 (for an initial amount of Euro 3,000 thousand), relating to the non-current portion only;
12. Euro 5,000 thousand relating to the unsecured loan granted by Intesa Sanpaolo on 24 January 2020 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,000 thousand and a non-current portion of Euro 4,000 thousand;
13. Euro 5,000 thousand relating to the unsecured loan granted by Intesa Sanpaolo on 12 March 2020 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 2,500 thousand and a non-current portion of Euro 2,500 thousand;

14. Payables to banks relating to Piquadro Swiss, equal to about Euro 190 thousand in current operations and to Euro 33 thousand for the non-current portion.

Below is 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	126	0	0	0	126
BPER Loan	0.125% quarterly	16 November 2018	5,000	Euro	995	(4)	2,689	(4)	3,676
Carisbo Loan	0.38% six-monthly	30 November 2016	2,500	Euro	503	0	379	0	882
Credem Loan	0.4% six-monthly	7 December 2016	3,000	Euro	566	0	0	0	566
Unicredit Loan	0.51% six-monthly	10 January 2017	3,000	Euro	755	0	0	0	755
MPS Loan	0.7% p.a.	30 January 2017	3,000	Euro	600	(1)	900	(1)	1,498
MPS Loan	3m Euribor +1.1 spread	27 November 2018	5,000	Euro	1,000	(4)	3,000	(6)	3,991
Mediocredito Loan	0.43% + spread 2	22 November 2017	5,000	Euro	1,125	(1)	0	0	1,124
UBI Loan 04/01025637	0.73% p.a.	22 May 2017	3,000	Euro	602	(1)	756	(1)	1,356
Unicredit Loan	0.50% p.a.	18 October 2019	5,000	Euro	1,489	(6)	3,264	(10)	4,737
Unicredit Loan	0.70% p.a.	11 March 2020	3,000	Euro	0	0	3,000	0	3,000
Intesa SP Loan	3m Euribor +0.60 spread	21 January 2020	5,000	Euro	1,000	0	4,000	0	5,000
Intesa SP Loan	0.10% p.a.	12 March 2020	5,000	Euro	2,500	0	2,500	0	5,000
Payables to banks					190		33		223
					15,450	**(17)**	**20,522**	**(21)**	**35,934**

No covenants are applicable to these loans.

Note 16 – Payables to other lenders for lease agreements

Below is the related breakdown:

(in thousands of Euro)	**31March 2020**	**31 March 2019**
Non-current:		
Lease liabilities	39,243	0
Current:		
Lease liabilities	14,365	12
Payables to other lenders for lease agreements	**53,608**	**12**

Below is the following additional breakdown:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Payables to other lenders for lease agreements:		
Due within 1 year	14,365	12
Due from 1 to 5 years	25,823	0
Due beyond 5 years	13,420	0
Financial interest to be paid		0

Present value of payables to other lenders for lease agreements	**53,608**	**12**

The first-time adoption of the new IFRS 16 led to the recognition of a financial liability, equal to the present value of residual future payments, net of discounts obtained as a result of the COVID-19 emergency, as already referred to above. As at 31 March 2020 this item amounted to Euro 39,243 thousand classified among Non-current lease liabilities and to Euro 14,365 thousand among current lease liabilities.

Note 17 – Other non-current liabilities

Below is the related breakdown:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Other payables	4,003	7,159
Other non-current liabilities	**4,003**	**7,159**

As at 31 March 2020 "Other payables", totalling Euro 4,003 thousand, included the value of the purchase option of the remaining stakes of The Bridge S.p.A. for Euro 598 thousand and the fair value of the Annual Earn-Out to be paid to Richemont Holdings S.A. against the purchase of the stake representing the entire capital of Lancel International S.A., for Euro 3,341 thousand. These amounts have been calculated by an independent expert on the basis of the Plans that have been prepared by the Management staff and that have also been used for the purposes of the impairment test, as already mentioned above.
The decrease compared to the previous year, equal to Euro 3,156 thousand, was due to the first-time adoption of IFRS 16, which entailed the reclassification of the rents payable (straight lines) for Lancel Sogedi's points of sale to "Right-of-use assets".

Note 18 –Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit applied by an independent actuary according to IAS 19.

Below are the changes that occurred in the course of the last two financial years in the Provision for TFR (which represents the entire value of the Provision for employee benefits), including the effects of the actuarial valuation:

(in thousands of Euro)	**Provision for TFR**
Balance at 31 March 2018	**1,885**
Change in consolidation area	2,006
Financial costs	26
Net actuarial Losses (Gains) accounted for in the year	0
Indemnities paid in the year/Others	60
Balance at 31 March 2019	**3,977**
Change in consolidation area	0
Financial costs	(70)
Net actuarial Losses (Gains) accounted for in the year	3
Indemnities paid in the year/Others	(159)
Balance at 31 March 2020	**3,751**

As at 31 March 2020 the value of provision, equal to Euro 3,751 thousand (Euro 3,977 thousand at 31 March 2019), was determined by an independent actuary and the actuarial assumptions used for calculating the provision are described in the paragraph on *Accounting Standards – Provision for employee benefits* in these Notes to the Consolidated Financial Statements.
From the sensitivity analysis carried out on this item, some changes in the provision arise, at the same time as the main actuarial assumptions vary, which are not significant.

Note 19 – Provisions for risks and charges

Below are the changes in provisions for risks and charges during the year:

(in thousands of Euro)	**Provision at 31 March 2019**	**Use**	**Accrual**	**Provision at 31 March 2020**
Provision for supplementary clientele indemnity	1,200	(138)	172	1,234
Other Provisions for risks	1,624	(168)	219	1,674
Total	**2,824**	**(306)**	**391**	**2,908**

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.
As at 31 March 2020 the balance of this provision was equal to Euro 1,234 thousand, up by Euro 34 thousand compared to 31 March 2019 (Euro 1,200 thousand).

As at 31 March 2020 “Other provisions for risk” amounted to Euro 1,674 thousand and were broken down as follows:

- *Provision for returns,* Euro 918 thousand (Euro 891 thousand at 31 March 2019): the increase was generated by higher provisions set aside by the parent company.
- *Provision for taxes*, Euro 130 thousand (Euro 130 thousand at 31 March 2019): this provision did not record any change during the year.
- *Provision for product warranty and repair*, Euro 31 thousand (Euro 31 thousand at 31 March 2019): this provision did not record any change during the year.
- *Provision for Legal Disputes/Employees*, Euro 595 thousand (Euro 572 thousand at 31 March 2019): the provision mainly related to the amount set aside for legal risks and disputes with employees.

Note 20 – Deferred tax liabilities

The amount of deferred tax liabilities was equal to Euro 0 thousand; reference is made to the information reported in Note 7 above.

Current liabilities

Note 21 – Borrowings

As at 31 March 2020 current borrowings were equal to Euro 15,433 thousand compared to Euro 7,351 thousand at 31 March 2019. The balance related to a current portion of short-term loans for Euro 15,243 thousand and to payables to banks related to subsidiary Piquadro Swiss for Euro 190 thousand. For more details reference is made to Note 15 above.

Note 22 - Payables to other lenders for lease agreements

As at 31 March 2020 the amount of Euro 14,365 thousand (Euro 12 thousand at 31 March 2019) related to the payables for discounted cash flows of lease payments following the first-time adoption of IFRS 16. The increase in the item has been dealt with in Note 16.

Note 23 – Derivative liabilities

As at 31 March 2020 derivative liabilities, equal to Euro 17 thousand (Euro 6 thousand at 31 March 2019), related to the measurement of the Interest Rate Swap (IRS) derivative contract linked to the Mediocredito loan, with an initial amount of Euro 5,700 thousand.

Note 24 – Trade payables

Below is the breakdown of current trade liabilities

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Payables to suppliers	**38,681**	**36,219**

As at 31 March 2020 payables to suppliers showed an increase of about Euro 2.5 million compared to 31 March 2019 (equal to Euro 36,219 thousand), mainly due to the increase in purchases of goods and services, together with late payments for the temporary closure of some group companies due to the Covid-19 pandemic.

Note 25 – Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Payables to social security institutions	1,725	2,199
Payables to Pension funds	192	218
Other payables	1,218	1,621
Payables to employees	3,524	4,326
Advances from customers	176	70
IRPEF tax payables and other tax payables	0	223
Accrued expenses and deferred income	201	122
Other current liabilities	**7,036**	**8,779**

"Other current liabilities", for a total amount of Euro 7,036 thousand (Euro 8,779 thousand at 31 March 2019) included: payables to social security institutions that mainly relate to the Parent Company and Lancel Sogedi's payables due to INPS, payables to employees equal to Euro 3,524 thousand (Euro 4,326 thousand at 31 March 2019), which mainly included payables for remuneration to be paid and deferred charges with respect to employees.

Note 26 – Tax payables

Tax payables, equal to Euro 343 thousand (Euro 2,284 thousand at 31 March 2019) only included the IRPEF (Personal Income) tax debt, which had been equal to Euro 363 thousand in the previous year. The reduction compared to the previous year was due to the fact that the Parent Company Piquadro paid tax advances in excess of the amounts due for the current year: therefore, this differential was reclassified to tax receivables.

COMMENTS ON THE INCOME STATEMENT ITEMS

Note 27 – Revenues from sales

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

The Group's revenues are mainly realised in Euro.

Sales channel *(in thousands of Euro)*	**Revenues from sales 31 March 2020**	**%(*)**	**Revenues from sales 31 March 2019**	**%(*)**	**% Change 2020-2019**
PIQUADRO	71,954	47.3%	75,789	51.4%	(5.1)%
THE BRIDGE	26,674	17.5%	26,520	18.0%	0.6%
LANCEL	53,599	35.2%	45,163	30.6%	18.7%
Total	**152,227**	100.0%	**147,472**	100.0%	**3.2%**

(*) Percentage impact compared to revenues from sales

The consolidated turnover recorded by the Piquadro Group in the financial year ended 31 March 2020 amounted to Euro 152.2 million, up by 3.2% compared to Euro 147.5 million in the same period of the previous year. The increase in revenues was mainly due to the full consolidation of the twelve months of Lancel's sales (against ten months relating to the financial statements at 31 March 2019) and to an increase of 0.6% in the sales of The Bridge-branded products.

Breakdown of revenues by geographical area

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**Revenues from sales 31 March 2020**	**%(*)**	**Revenues from sales 31 March 2019**	**%(*)**	**% Change 2020-2019**
Italy	76,165	50.0%	79,556	53.9%	(4.3)%
Europe	71,975	47.3%	63,378	43.0%	13.6%
Rest of the World	4,087	2.7%	4,540	3.1%	(9.8)
Total	**152,227**	100.0%	**147,474**	100.0%	**3.2%**

(*) Percentage impact compared to revenues from sales

From a geographical point of view, at 31 March 2020 the Piquadro Group recorded a turnover of Euro 76,165 thousand on the Italian market, equal to 50.0% of the Group's total sales (54.0% of consolidated sales at 31 March 2019), down by 4.3% compared to the financial year ended 31 March 2019.

In the European market, the Group recorded a turnover of Euro 71,975 thousand, equal to 47.3% of consolidated sales (43.0% of consolidated sales at 31 March 2019), up by 13.6% compared to the FY 2018/2019. This growth was mainly due to the inclusion of Lancel (with a contribution equal to about 14.0%) in the consolidation area from June 2018.

In the non-European geographical area (named "Rest of the World"), the Piquadro Group recorded a turnover of Euro 4,087 thousand, equal to 2.7% of consolidated sales (3.1% of consolidated sales at 31 March 2019), with a relative decrease of about Euro 444 thousand compared to the FY 2018/2019.

Note 28 – Other income

In the financial year ended 31 March 2020, other income amounted to Euro 2,993 thousand (Euro 1,734 thousand in the financial year ended 31 March 2019) and were broken down as follows:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Charge-backs of transport and collection costs	129	132
Insurance and legal refunds	32	112
Revenues from sales at the corners	0	0
Other sundry income	2,832	1,493
Other income	**2,993**	**1,737**

In the financial year ended 31 March 2020, other income amounted to Euro 2,993 thousand, of which Euro 847 thousand related to the Piquadro brand, Euro 200 thousand related to The Bridge brand and Euro 1,945 thousand related to the Lancel brand.

Note 29 – Change in inventories

The change in inventories of raw materials was positive for Euro 14 thousand (positive for Euro 1,493 thousand at 31 March 2019); the change in semi-finished and finished products was positive for Euro 2,372 thousand (negative for Euro 1,821 thousand in the financial year ended 31 March 2019), with a net difference between the two periods equal to Euro 2,058 thousand.

Note 30 - Costs for purchases and information on purchases in foreign currency

Below is reported the breakdown by Company of the costs for purchases (the Parent Company, Uni Best Leather Goods Zhongshan Co. Ltd. and Lancel Sogedi are the Companies that purchase raw materials aimed at the production of Piquadro, The Bridge and Lancel-branded products, respectively):

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Piquadro brand	14,724	13,378
Uni Best Leather Goods Zhongshan Co. Ltd.	3,389	4,764
The Bridge	13,507	11,230
Lancel brand	4,999	10,735
Costs for purchases	**36,619**	**40,107**

The item “costs for raw materials” essentially includes the cost of materials used for the production of the Company’s goods and of consumables.

Even if the functional currency of the Group is the Euro, it is specified that the purchase costs of the Group Companies are partially incurred in US Dollars and Renminbi.

The table below reports the amount of purchases of raw materials, supplies, consumables and goods for resale, as well as the amount of other production costs (a portion of these costs is classified under costs for services) incurred in a currency other than the Euro, the Euro counter-value of these purchases in foreign currency and their impact on the total purchases of raw materials, supplies, consumables and goods for resale:

	Currency amount	**Average exchange rate**	**Amount in thousands of Euro**	**Currency Amount**	**Average exchange rate**	**Amount in thousands of Euro**
		31 March 2020			**31 March 2019**	

Renminbi	14,056,457	7.74	1,816	14,017,525	7.77	1,804
US Dollars	19,682,074	1.11	17,732	16,641,925	1.13	14,441
Total operating costs incurred in foreign currency			**19,548**			**16,245**

Overall, the Piquadro Group incurred, in the FY 2019/2020, operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 19.5 million, equal to 12.07% of total operating costs, while in the financial year ended 31 March 2019 corresponding costs were borne for about Euro 16.2 million equal to 10.57% of operating costs.

During the financial year ended 31 March 2020, the Group reported Net foreign exchange Losses of Euro 363 thousand (against Foreign exchange losses of Euro 328 thousand at 31 March 2019), as a result of the dynamics of the foreign exchange market.

In the FY 2019/2020, the Parent Company made forward purchases of US Dollars for an overall amount of USD 14.8 million (USD 17.8 million in the FY 2018/2019) including purchases in Dollars made for the supplies of Uni Best Leather Goods Zhongshan Co. Ltd. (net of the sale of leather made by the Company to the Chinese subsidiary) equal to a counter-value of about Euro 13.0 million at the average exchange rate prevailing in the FY 2018/2019 (about Euro 14.6 million at the average exchange rate for the FY 2018/2019); therefore 73.0% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2018/2019, 99.0% of the purchases in US Dollars made by the Company was covered).

Note 31 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Third-party manufacturing	18,335	15,909
Advertising and marketing	12,257	12,274
Transport services	7,121	6,143
Business services	6,424	5,316
Administrative services	2,925	4,815
General services	4,248	3,543
Production services	4,901	3,549
Total Costs for services	**56,212**	**51,548**
Costs for leases and rentals	**9,748**	**18,965**
Costs for services and leases and rentals	**65,960**	**70,390**

The decrease in costs for services and for leases and rentals was mainly due to the first-time adoption of the new IFRS 16, according to which discounted lease payments are stated among right-of-use assets.

Costs for leases and rentals mainly related to the rents that are fully variable, in particular of subsidiary Lancel Sogedi, and with a term of less than 12 months.

Note 32 - Personnel costs

Below is the breakdown of personnel costs:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Wages and salaries	30,014	28,701

Social security contributions	7,973	7,866
TFR	2,248	2,023
Personnel costs	**40,234**	**38,590**

The table below reports the exact number of the staff members employed by the Group at 31 March 2020 and 31 March 2019:

Units	**31 March 2020**	**31 March 2019**
Executives	10	8
Office workers	789	778
Manual workers	309	382
Total Group employees	**1,108**	**1,168**

In the financial year ended 31 March 2020, personnel costs reported an increase of 4.3%, from Euro 38,590 thousand in the financial year ended 31 March 2019 to Euro 40,234 thousand in the financial year ended 31 March 2020. The increase was in line with the value posted in the previous year, since at 31 March 2019 the Lancel Group was included in the consolidation area for the period from June 2018 to March 2019 only (10 months).

To supplement the information provided, below is also reported the average number of employees for the last two financial years:

Average unit	**31 March 2020**	**31 March 2019**
Executives	10	8
Office workers	796	631
Manual workers	352	377
Total Group employees	**1,157**	**1,015**

Note 33 – Amortisation, depreciation and write-downs

In the financial year ended 31 March 2020 amortisation and depreciation were equal to Euro 15,740 thousand (Euro 2,970 thousand in the financial year ended 31 March 2019). The increase of Euro 12,770 thousand mainly arose from the first-time adoption of the new IFRS 16, whose costs for the amortisation and depreciation of right-of-use assets came to about Euro 13,142 thousand.

The write-downs, equal to Euro 4,061 thousand (Euro 1,492 thousand at 31 March 2019), showed an increase compared to the previous year, mainly due to the write-downs carried out under IAS36, according to which the Group carried out an analysis aimed at assessing the recoverability of right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store (DOS), which showed evidence of impairment. The analysis revealed write-downs for impairment required for some DOSs, for which the respective assets were written down for a total of Euro 3,760 thousand, relating to rights of use (IFRS 16) for Euro 3,323 thousand and Key Money for Euro 437 thousand, as the relative recovery through prospective cash flows is not reasonably foreseeable at present.

The accrual to the provision for bad debts, equal to Euro 969 thousand at 31 March 2019 (Euro 938 thousand at 31 March 2019), remained in line with the value posted in the previous year.

Note 34 - Other operating costs

In the financial year ended 31 March 2020, other operating costs were equal to Euro 777 thousand (Euro 336 thousand at 31 March 2019).

Note 35 - Financial income

In the financial year ended 31 March 2020 financial income was equal to Euro 1,453 thousand (Euro 43,561 thousand in the financial year ended 31 March 2019). The decrease mainly related to the recognition of a "*Non-recurring income associated with the acquisition of the Lancel Group*" in an amount of Euro 42,176 thousand in the previous year.

The amount of Euro 1,453 thousand in the FY 2019/2020 mainly related to bank interest income of Euro 6 thousand, interest income from customers of Euro 13 thousand and foreign exchange gains, either realised or estimated, for Euro 538 thousand. Financial income includes proceeds of Euro 893 thousand relating to the adjustment to the value of the Parent Company's purchase option on the subsidiary The Bridge S.p.A. for Euro 365 thousand and on the subsidiary Lancel International for Euro 528 thousand. These estimates were made by an independent appraiser.

Note 36 - Financial costs

Below is the breakdown of financial costs:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Interest payable on current accounts	58	73
Interest and expense subject to final payment	12	12
Financial costs on loans	257	235
Lease charges	0	1
Other charges	40	127
Charges on right-of-use assets	911	0
Net financial costs on defined-benefit plans	25	26
Foreign exchange losses (either realised or estimated)	901	1,656
Financial costs	**2,204**	**2,129**

The increase in financial costs, equal to Euro 2,204 thousand in the FY 2019/2020, was mainly attributable to financial costs on leases arising from the first-time adoption of IFRS 16, equal to Euro 911 thousand, as well as to the foreign exchange losses, either realised or estimated, equal to Euro 901 thousand (Euro 1,656 thousand in the financial year ended 31 March 2019).

Note 37 – Income taxes

Below is the breakdown of income taxes:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
IRES tax (and income taxes of foreign subsidiaries)	1,491	2,167
IRAP tax	399	602
Deferred tax liabilities	(1,098)	(293)
Deferred tax assets	(540)	129
Total income taxes	**251**	**2,605**

Current taxes mainly relate to the tax burden calculated on the Parent Company's taxable income and to the deferred income calculated on the write-downs of Right-of-use assets.

Below is provided the reconciliation of tax charges and the product of the accounting profit multiplied by the applicable tax rate:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Profit (loss) before tax	(7,504)	37,081
Taxes calculated at the tax rate applicable in the individual Countries	1,491	2,167
Tax effect of income not subject to taxation	(528)	(538)

Tax effect of non-deductible costs	(1,110)	374
IRAP tax	399	602
Total	**251**	**2,605**

Note 38 - Earnings per share

As at 31 March 2020 basic earnings per share posted a negative value of Euro (0.155) and were calculated on the basis of the consolidated net profit (loss) for the year attributable to the Group, equal to Euro (7,755) thousand, divided by the weighted average number of ordinary shares outstanding in the year, equal to 50,000,000 shares.

	31 March 2020	31 March 2019
Group Net Profit (*in thousands of Euro)*	(7,755)	34,476
Average number of outstanding ordinary shares (in thousands of shares)	50,000	50,000
Basic earnings per share (in Euro)	**(0.155)**	**0.690**

Note 39 – Segment reporting

Following the acquisition of the Lancel Group, the Piquadro Group's Top Management reviewed the results of its operations obtained by each brand (Piquadro, The Bridge and 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 and Lancel) starting from the current financial year.
The table below illustrates the segment data of the Piquadro Group broken down by brand (Piquadro, The Bridge and Lancel), in relation to the financial years ended 31 March 2020 and 31 March 2019. The economic segment data are monitored by the company's Management until EBITDA level.

	31 March 2020					31 March 2019				
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**
Revenues from sales	**71,954**	**26,674**	**53,599**	**152,227**	**100.0%**	**75,789**	**26,520**	**45,162**	**147,472**	**100.0%**
Other income	848	200	1,945	2,993	2.0%	981	237	516	1,734	1.2%
Costs for purchases of materials	(12,990)	(3,923)	(17,320)	(34,233)	(22.5%)	(17,181)	(5,193)	(17,405)	(39,779)	(27.0%)
Costs for services and leases and rentals	(30,565)	(13,661)	(21,734)	(65,960)	(43.3%)	(31,570)	(14,546)	(24,274)	(70,390)	(47.7%)
Personnel costs	(16,003)	(6,336)	(17,895)	(40,234)	(26.4%)	(16,233)	(5,432)	(16,924)	(38,590)	(26.2%)
Provisions and write-downs	(600)	(263)	(106)	(969)	(0.6%)	(660)	(215)	(63)	(938)	(0.6%)
Other operating costs	(444)	(75)	(258)	(777)	(0.5%)	(387)	(96)	145	(337)	(0.2%)
EBITDA	**12,200**	**2,616**	**(1,769)**	**13,047**	**8.6%**	**10,738**	**1,275**	**(12,842)**	**(828)**	**(0.6%)**
Amortisation, depreciation and write-downs of fixed assets				(19,800)	(13.0%)				(3,524)	(2.4%)
Operating profit (loss)				**(6,753)**	**(4.4%)**				**(4,352)**	**(3.0%)**
Financial income and costs				(751)	(0.5%)				41,432	28.1%
Profit (loss) before tax				**(7,504)**	**(4.9%)**				**37,080**	**25.1%**
Income taxes				(251)	(0.2%)				(2,605)	(1.8%)
Profit for the year				**(7,755)**	**(5.1%)**				**34,475**	**23.4%**
Group Net Profit (Loss)				**(7,755)**	**(5.1%)**				**34,475**	**23.4%**

(*) percentage impact compared to total revenues from sales

As a segment analysis of the balance sheet, below are reported the assets, liabilities and fixed assets broken down by brand (Piquadro, The Bridge and Lancel) in the financial years ended 31 March 2020 and 31 March 2019:

	31 March 2020				**31 March 2019**			
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total**	**Piquadro**	**The Bridge**	**Lancel**	**Total**
Assets	103,805	33,579	73,334	**210,718**	73,990	25,288	56,399	**155,677**
Liabilities	79,610	22,312	46,876	**148,798**	46,890	16,267	19,051	**82,208**
Fixed assets	32,716	8,582	30,030	**71,328**	15,546	2,971	2,653	**21,170**

As to a breakdown of the Income Statement by brand, reference is made to the information reported in the Report on Operations in paragraph "Information by business segments and analysis of the performance of the Group's operations."

Note 40 – Commitments

a) *Commitments for purchases (if any) of property, plant and equipment and intangible assets*

As at 31 March 2020, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2019/2020.

Note 41 – Related-party transactions

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 items, 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 and OOO Piquadro Russia), or production activities (Uni Best Leather Goods Zhongshan Co. Ltd.).
The relations with Group companies are mainly commercial and for services - management fees -, and are regulated at arm's length. There are also financial relations (intergroup 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 the Palmieri Family Foundation, there are no other related parties (pursuant to IAS 24) of the Piquadro Group.

In the financial year ended 31 March 2020 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 and the rent relating to the lease of the property located in Milan, at Piazza San Babila, used as a Lancel Showroom.
Piqubo S.p.A. also charged the subsidiary The Bridge S.p.A. the rent relating to the lease of the property located in Milan, at Piazza San Babila, used as a The Bridge Showroom. These lease agreements were 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 for office purposes located in Milan, Piazza San Babila no. 5, which is used as a Showroom of Piquadro S.p.A. and whose lease cost is reported in the table below. This lease agreement was entered into at arm's length.

During the FY 2019/2020 no transactions were effected with the 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.

The table below reports the breakdown of the main financial relations maintained with the related companies (thousands of Euro).

	Receivables		Payables	
(in thousands of Euro)	**31 March 2020**	**31 March 2019**	**31 March 2020**	**31 March 2019**
Financial relations with Piqubo S.p.A.	0	0	74	0
Financial relations with Piquadro Holding S.p.A.	0	0	26	0
Financial relations with Palmieri Family Foundation	0	0	0	0
Total Receivables from and Payables to Controlling Companies	**0**	**0**	**100**	**0**

The table below reports the breakdown of the main economic relations maintained with the related companies (thousands of Euro).

	Revenues		Costs	
(in thousands of Euro)	**31 March 2020**	**31 March 2019**	**31 March 2020**	**31 March 2019**
Economic relations with Piqubo S.p.A.	0	0	357	79
Economic relations with Piquadro Holding S.p.A.	0	0	249	246
Economic relations with Palmieri Family Foundation	0	0	0	0
Total Revenues from and Costs to Controlling Companies	**0**	**0**	**606**	**325**

Below are reported the following financial relations with Piquadro Holding S.p.A.:

- in the FY 2019/2020, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 2,734,800 relating to the profit for the FY 2018/2019;
- in the FY 2018/2019, Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 1,367,443 relating to the profit for the FY 2017/2018.

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 and to the members of the Board of Statutory Auditors of Piquadro S.p.A., in relation to the FY 2019/2020 for the performance of their duties in the Parent Company and other Group Companies, and the fees accrued by any Key Executives (as at 31 March 2020 Directors had not identified Key Executives):

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees for the position	Non-cash benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/19-31/03/20	2022	500	7	-	52	**559**
Pierpaolo Palmieri	Vice-Chairman – Executive	01/04/19-31/03/20	2022	250	4	-	6	**260**

	Director							
Marcello Piccioli	Executive Director	01/04/19-31/03/20	2022	180	3	-	10	**193**
Roberto Trotta (1)	Executive Director	01/04/19-31/03/20	2022	1)	3	-	221	**224**
Paola Bonomo	Independent Director	01/04/19-31/03/20	2022	18	0	0	2	**20**
Catia Cesari	Independent Director	01/04/19-31/03/20	2022	18	0	0	2	**20**
Barbara Falcomer	Independent Director	01/04/19-31/03/20	2022	18	0	0	2	**20**
				984	**17**	**-**	**295**	**1,296**

1) He waived the emolument for the period from 01/04/2019 to 31/03/2020.

Fees due to the Board of Statutory Auditors

(in thousands of Euro)

First and last name	Position Held	Period in which the position was held	Term of office	Fees in Piquadro	Other fees	Total
Patrizia Riva	Chairman Standing auditor	25/07/19 - 31/03/20 01/04/19 - 24/07/19	2022	22	0	22
Pietro Michele Villa	Standing auditor Chairman	25/07/19 - 31/03/20 01/04/19 - 24/07/19	2022	19	0	19
Giuseppe Fredella	Standing auditor	01/04/19 - 31/03/20	2022	17	0	17
				58	**0**	**58**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 3,069 in the last financial year and the reimbursement of any charges relating to the National Social Security Fund.

Information required by Article 149-*duodecies* of the CONSOB Issuers' Regulation

Type of service	**Entity performing the service**	**Fees** *(in thousands of Euro)*
Statutory audit of annual and half-year accounts (1)	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	151
Other Services (2)	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	15
Audit of accounts of Subsidiaries (3)	Parent Company's Independent Auditors (Deloitte and Touche S.p.A) and related Network	130
Certification services (4)	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	33

(1) The item "Statutory audit of annual and half-year accounts" relates to the fees due for Piquadro;
(2) "Other services" relate to the fees due for the voluntary audit of the pro-forma consolidated financial statements at 31 March 2019 of Lancel International SA and its subsidiaries ("Lancel

Group") prepared according to paragraph 4.4 of the contract of sale signed between Piquadro S.p.A. and Richemont Holdings AG.;

(3) The item "Audit of accounts of Subsidiaries" relates to the fees due for Unibest and other Group companies;
(4) "Certification services" relate to the Disclosure of non-Financial Information.

Note 42 – Events after the reporting date

As is public knowledge, since January 2020 a new coronavirus appeared in China and now spread to all over the world (better known as Covid-19) is causing serious effects on global economy and in social terms, especially in view of the global spread of the epidemic that led the World Health Organization to declare the state of "pandemic" on 11 March 2020.

In this regard, the Group has for some time been strictly conforming to the measures issued by the Competent Authorities and has taken any other precaution regarded as appropriate to safeguard the health of its employees and suppliers in order to also contain the spread of the virus in the regions affected by the contagion. Despite the large spread of the Covid-19 virus and the uncertainty as to the duration of this pandemic, as well as the decisions concerning the resumption of production activities, do not allow the Company to make, at present, any reliable forecast of possible results for the current financial year, it has, however, already taken note of the significant change in the global economic scenario and has adopted and is still implementing actions aimed at reducing costs and maintaining liquidity, in order to also limit any future impact in economic and financial terms and to support its financial strength.
The paragraph on the "**COVID-19 Virus**" of this Annual Financial Report describes the impact of the pandemic and the measures taken by the Group to reduce its effects from an economic and financial point of view.

No significant events are reported which occurred after the reporting date in addition to those described above.

Note 43 – Other information

a) Shares of Piquadro S.p.A. owned by its Directors or Statutory Auditors

Below is reported the chart containing the equity investments (if any) held by Directors, Statutory Auditors, General Managers, Key Executives and their spouses and minor children in Piquadro S.p.A. and its subsidiaries.

First and last name	Position	Investee company	Number of shares owned at the end of the previous financial year	Number of shares purchased	Number of shares sold	Number of shares owned at the end of the current financial year
Marco Palmieri	Chairman - CEO (1)	Piquadro S.p.A.	31,909,407	0	0	31,909,407
Pierpaolo Palmieri	Vice-Chairman, Executive Director (2)	Piquadro S.p.A.	2,276,801	0	0	2,276,801
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	0	0	3,000

(1) At the end of the FY 2019/2020, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a Company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..
(2) At the end of the FY 2019/2020, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

b) Sale transactions with a reconveyance obligation

As at 31 March 2020, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold to third-party customers.

c) Information on the financial instruments issued by the Company and by the Group

The Company and the Group did not issue financial instruments during the financial year.

d) Shareholder loans to the Company

The Company and the Group have no payables to shareholders for loans.

e) Information relating to assets and loans intended for a specific business

The Company and the Group have not constituted assets intended for a specific business, nor has it raised loans intended for a specific business.

f) Information required by Article 1, paragraphs 125-129, of Law no. 124 of 4 August 2017

The regulations governing the transparency of government grants under Article 1, paragraphs from 125 to 129, of Law no. 124/2017 falls within the scope of a broader set of provisions aimed at ensuring transparency in financial relationships between public entities and other persons or entities, but the lack of clarity of the wording has immediately raised problems of interpretation and application in relation to companies. In this regard, ANAC (Italian Anti-corruption Authority) passed resolution no. 1134 of 8 November 2017, appointing each administration to implement and control said grants, in addition to be responsible for the proper performance of any consequent obligation. By opinion no. 1149 of 1 June 2018, the Council of State then clarified that the first year of application is that relating to the 2019 financial period for the sums received from 1 January to 31 December 2018.
More recently, under Law no. 12 of 11 February 2019 (Decree Law no. 135 of 14 December 2018), the grants that fall within the scope of the regulations governing the National register of state aids established by the Ministry for Economic Development (MISE) (Law no. 115/2015) are not required to be declared for the purposes of Law no. 124.
Finally, note that both the Assonime (Italian Association of Joint-stock Companies= Circular no. 5 “Business activity and competition”, published on 22 February 2019, and the Circular issued by the Italian accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) in March 2019, confirm that the operations carried out as part of the entity’s business do not fall within the scope of the purpose of the request and from the scope of disclosures, where bilateral relationships exist which are managed according to market rules and the concessionary measures aimed at companies in general rather than to a specific business entity (for example, tax concession measures). In light of the above provisions it is believed that there are no amounts to be reported for Piquadro S.p.A. and its subsidiaries with reference to this provision of law.

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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

We, the undersigned, Marco Palmieri, in his capacity as Chief Executive Officer, and Roberto Trotta, in his capacity as Financial Reporting Officer of Piquadro S.p.A., certify, 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 business and
- actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the period from 1 April 2019 to 31 March 2020.

It is also certified that the consolidated financial statements at 31 March 2020:

a) 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;
b) correspond to the results in the accounting books and records;
c) 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 consolidation area.

The Report on Operations includes a reliable analysis of the performance and of the result of operations, as well as of the position of the Issuer and of the companies included in the consolidation area, together with a description of the main risks and uncertainties to which they are exposed.

Silla di Gaggio Montano (BO), 23 July 2020

Marco Palmieri
Chief Executive Officer

Signed: Marco Palmieri

Roberto Trotta
Financial Reporting Officer

Signed: Roberto Trotta

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Piquadro S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Piquadro S.p.A. and its subsidiaries ("Piquadro group" or "Group"), which comprise the statement of financial position as of March 31, 2020, the Income statement, statement of comprehensive income, statement of changes in net equity, cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Piquadro group as of March, 31 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of Piquadro S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Deloitte.

Initial application of IFRS 16 Leases	
Description of the key audit matter	As described in Note "*Accounting standards, amendments and interpretations applied since April 1, 2019*" of the Explanatory Notes, the Group applied the international accounting standard IFRS 16 "Leases" (hereinafter also the "Standard"). The Group elected to adopt the Standard using the modified retrospective approach, without restating comparative information. The adoption of the Standard led to the recognition as of April 1, 2019 of non current assets within "Right-of-use assets" for Euro 69.2 million and of lease liabilities current and no current within "*Payables to other lenders for lease agreements*" for the same amount. The application of the Standard required the Directors to make significant judgments. In particular, for determining the lease terms, the Directors considered the relevant contractual terms and conditions as well as the various cases applicable according to the legislation in force in the various countries in which the Group operates. With reference to the rates used for discounting future lease payments, Management has estimated the incremental borrowing rates considering the reference rate, as the risk-free rate of the economic environment in which the Group operates at the various maturities, and the credit spread adjustment applicable to the Group. The initial application of the Standard also required the Group to adopt specific procedures for the mapping and analysis of all contracts that could contain a lease. Given the material effects deriving from the adoption of the Standard on the Group's financial statements and considering the aforementioned significant judgments made by the Management and the complexity of the IFRS 16 implementation project carried out by the Group, due to number and heterogeneity of contracts, we deem the initial application of the Standard as a key audit area for the audit of the Piquadro Group financial statements as of March 31, 2020.
Audit procedures performed	In carrying out audit procedures, we first examined the IFRS 16 implementation project carried out by the Group. Moreover, our audit procedures included, among others, the following: • obtaining and analysis, with the support of our internal IFRS specialists, of the accounting policy defined by the Group for the IFRS 16 adoption; • understanding of the procedures and relevant controls, included those related to IT systems, put in place by the Group as part of the process of first time adoption of the Standard for the purpose of identification, mapping and evaluation of contracts that could contain a lease; • acquisition of information about the IT infrastructure used for the IFRS 16 transition, as well as carrying out of analysis and verifications on the main IT systems and processes implemented or modified and understanding of the related general and application relevant controls; • carrying out of specific procedures, on a sample basis, in order to verify the complete and correct quantification of the effect of the first time adoption of the Standard and the mathematical accuracy of the related calculations; • assessment of the reasonableness of the assumptions used by the Group Management and their consistency with IFRS 16;

- verification of the disclosure included in the Explanatory Notes and its compliance with the Standard.

Covid-19 and related effects on the impairment test	
Description of the key audit matter	As reported in the relevant paragraph of the Notes to the Financial Statements, the Covid-19 pandemic has had a significant impact on the Group's recent performance in terms of sales. The measures adopted by the public authorities to contain and combat the spread of the Covid-19 virus in the various countries in which the Group operates have led to a general slowdown in consumption in the business sector of the market targeted by our Group companies, which was exacerbated by the temporary closure of stores and shops to the public during the lockdown period. The most significant impact on the Group's consolidated financial statements at 31 March 2020 entailed: i) a fall in revenues, with a consequent substantial reduction in profitability; during the last quarter of the financial year ended 31 March 2020, i.e. the period in which the spread of the virus led to giving the go-ahead to the measures imposed by the public authorities, the Piquadro Group's revenues recorded a decrease of approximately Euro 9.7 million, equal to 24.3% of sales in the last quarter of the financial year ended March 2019, and ii) the evidence of impairment indicators that led to a loss of value of assets in relation to certain Key money and Rights of use of the sales outlets, which were recognized following the first-time adoption of the new IFRS 16. As reported in Note 3, these assets were written down for a total of about Euro 3.7 million as a result of the impairment test. As reported by the Directors, the continuing spread of the Covid-19 virus and related restrictions on public life are highly likely to have a significant impact on business of the Group, and at present, they believe that there will be a significant drop in sales in the financial year that will end on 31 March 2021 compared to the financial year ended 31 March 2020, with consequent negative effects on profitability. The Directors also indicate that the amount of this decrease cannot be quantified to date and will depend on the duration of the period of infection and the scope of any additional restrictive measure that may be taken in the country where the Group operates. Nevertheless, considering the presumed significant reduction of the revenues, the Directors report that the Group will continue to take any and all possible measures to reduce costs, in order to mitigate the reduction in its profitability in consideration of this presumably significant drop in revenues. The Management has developed a forecasting model based on its best estimate of the impact of Covid-19 on the future plans of the Group companies also in a multi-scenario logic, which have been used both for the purposes of the impairment test and the assessment on the going concern. On this basis, the Company's Management staff have assessed that, despite the difficult economic and financial scenario, there are no uncertainties as to the Group's ability to continue to operate as a going concern, considering the existing levels of capitalization and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

	In view of the significance of the effects of Covid-19 in the financial statements as of 31 March 2020 and in particular of the subjective nature of the estimates made to determine the cash flows of the CGUs and the key variables of the impairment model, and the many unpredictable factors that might influence the performance of the markets in which the Group operates, we considered the Covid-19 and its impacts to be a key audit matter of the audit of the consolidated financial statements of the Group.
Audit procedures performed	In the context of our audit work we performed the following procedures, among others, partly with assistance from experts: • understanding the process carried out by the Group to manage the Covid-19 emergency situation; • understanding any measures issued by the Authorities according to Covid-19 emergency; • reading the meeting of Board of Directors; • analysis of the main assumptions carried out by the Directors underlying the multi-scenario plans; • discussions with the Directors in order to obtain information deemed useful in the circumstances; • analysis of the available lines of credit and discussing with the Directors regarding the ongoing negotiation to manage the Group cash requirement for the period of 12 months following the date of preparation of the financial statements; • examination of the approach adopted by Management to determine the value in use of the CGUs, and analysis of the methods and assumptions applied by management to carry out the impairment test; • understanding and testing the operating effectiveness of the relevant controls implemented by the Piquadro Group over the impairment testing process; • analysis of the reasonableness of the principal assumptions made in order to forecast cash flows, partly by analyzing external data and obtaining information from Management that we deemed to be significant; • analysis of actual values in comparison with the original plans, in order to assess the nature of variances and the reliability of the multi-scenario planning process; • assessment of the reasonableness of the discount rates (WACC) and the long-term growth rate (g-rate), partly via the appropriate identification of and reference to external sources that are normally used in professional practice and to key data for main comparables; • verification of the mathematical accuracy of the model used to determine the value in use of the CGU; • verification of the sensitivity analysis prepared by Management; • examination of the adequacy of the information disclosed about the effects of Covid-19 and the impairment tests and its consistency with the requirements of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piquadro S.p.A. has appointed us on July 26, 2016 as auditors of the Company for the years from March 31, 2017 to March 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piquadro S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Piquadro Group as of March 31st, 2018, including their consistency with the related consolidated financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and the ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98, with the consolidated financial statements of Piquadro Group as of March 31st, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the above-mentioned report on operations and some specific information contained in the report on corporate governance and the ownership structure are consistent with the consolidated financial statements of Piquadro Group as of March 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the Group and of the related context acquired during the audit, we have nothing to report.

Statement pursuant to art. 4 of the Consob Regulation for the implementation of Legislative Decree 30 December 2016, no. 254

The Directors of Piquadro S.p.A. are responsible for the preparation of the non-financial statement pursuant to Legislative Decree 30 December 2016, no. 254.

We verified the approval by the Directors of the non-financial statement.

Pursuant to art. 3, paragraph 10 of Legislative Decree 30 December 2016, no. 254, this statement is subject of a separate attestation issued by us.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Bologna, Italy
July 29, 2020

STATEMENT OF FINANCIAL POSITION

(in Euro)	Notes	31 March 2020	31 March 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	699,045	1,334,288
Right-of-use assets	(2)	14,817,122	0
Property, plant and equipment	(3)	8,486,869	8,274,687
Equity investments	(4)	13,946,609	14,054,807
Receivables from others	(5)	426,427	367,942
Receivables from subsidiaries	(6)	9,800,000	8,325,000
Deferred tax assets	(7)	1,597,154	1,044,730
TOTAL NON-CURRENT ASSETS		**49,773,226**	**33,401,454**
CURRENT ASSETS			
Inventories	(8)	15,838,815	13,490,543
Trade receivables	(9)	18,375,137	22,756,103
Receivables from subsidiaries	(10)	7,999,264	7,307,309
Other current assets	(11)	2,414,915	1,224,049
Derivative assets	(12)	184,472	77,933
Tax receivables	(13)	1,051,363	145,710
Cash and cash equivalents	(14)	26,073,282	14,041,399
TOTAL CURRENT ASSETS		**71,937,248**	**59,043,046**
TOTAL ASSETS		**121,710,474**	**92,444,500**

STATEMENT OF FINANCIAL POSITION

(in Euro)	Notes	31 March 2020	31 March 2019
LIABILITIES			
EQUITY			
Share Capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		1,395,833	1,289,713
Retained earnings		35,407,054	33,979,142
Profit for the year		3,373,749	5,427,912
TOTAL EQUITY	(15)	**42,176,636**	**42,696,767**
NON-CURRENT LIABILITIES			
Borrowings	(16)	20,467,738	13,598,304
Payables to other lenders for lease agreements	(17)	11,114,923	0
Other non-current liabilities	(18)	3,938,599	4,817,701
Provision for employee benefits	(19)	239,651	294,403
Provisions for risks and charges	(20)	1,463,288	1,380,174
TOTAL NON-CURRENT LIABILITIES		**37,224,199**	**20,090,582**
CURRENT LIABILITIES			
Borrowings	(21)	15,242,964	7,173,888
Payables to other lenders for lease agreements	(22)	3,495,722	0
Trade payables	(23)	16,488,812	13,419,833
Payables to subsidiaries	(24)	4,561,951	4,042,790
Derivative liabilities	(25)	16,575	5,524
Other current liabilities	(26)	2,161,400	2,819,282
Tax payables	(27)	342,215	2,195,834
TOTAL CURRENT LIABILITIES		**42,309,639**	**29,657,151**
TOTAL LIABILITIES		**79,533,838**	**49,747,733**
TOTAL EQUITY AND LIABILITIES		**121,710,474**	**92,444,500**

INCOME STATEMENT

(in Euro)	Notes	31 March 2020	31 March 2019
REVENUES			
Revenues from sales	(28)	69,717,198	72,791,815
Other income	(29)	4,496,402	2,445,376
TOTAL REVENUES (A)		**74,213,600**	**75,237,191**
OPERATING COSTS			
Change in inventories	(30)	(2,348,271)	(989,417)
Costs for purchases	(31)	26,178,873	22,782,188
Costs for services and leases and rentals	(32)	26,139,602	29,819,686
Personnel costs	(33)	12,925,681	12,630,170
Amortisation, depreciation and write-downs	(34)	6,898,257	2,919,630
Other operating costs	(35)	330,306	264,726
TOTAL OPERATING COSTS (B)		**70,124,448**	**67,426,983**
OPERATING PROFIT (A-B)		**4,089,152**	**7,810,208**
FINANCIAL INCOME AND COSTS			
Shares of profits (losses) of investee Companies	(36)	(167,068)	(175,290)
Financial income	(37)	1,463,211	1,050,995
Financial costs	(38)	(791,978)	(591,475)
TOTAL FINANCIAL INCOME AND COSTS		**504,165**	**284,230**
PROFIT (LOSS) BEFORE TAX		**4,593,317**	**8,094,438**
Income taxes	(39)	(1,219,568)	(2,666,526)
PROFIT FOR THE YEAR		**3,373,749**	**5,427,912**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Profit for the year (A)	**3,374**	**5,428**
Components that can be reclassified to profit or loss		
Profit/ (Loss) on cash flow hedge instruments	69	167
Components that cannot be reclassified to profit or loss :		
Actuarial gains (losses) on defined-benefit plans	37	(5)
Total Profits recognised in equity (B)	**106**	**162**
Total Comprehensive Income for the year (A) + (B)	**3,480**	**5,590**

It should be noted that the items recognised in the Statement of Comprehensive Income are reported net of the related tax effect.
For more details, reference should be made to Note 6.

STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)

Description	Share capital	Share premium reserve	Other reserves: Fair value reserve	Other reserves: Reserve for Employee Benefits	Other reserves: Other reserves	Other reserves: Total Other Reserves	Retained earnings	Profit for the period	Equity
Balances as at 31.03.2018	**1,000**	**1,000**	**(115)**	**(45)**	**1,288**	**1,128**	**31,702**	**5,278**	**40,107**
Profit for the year								5,428	**5,428**
Other comprehensive result at 31 March 2019:									
- Reserve for actuarial gains (losses) on defined-benefit plans				(5)		**(5)**			**(5)**
- Fair value of financial instruments			167			**167**			**167**
Comprehensive Income for the year	**0**	**0**	**167**	**(5)**	**0**	**162**		**5,428**	**5,590**
- Distribution of dividends to shareholders								(3,000)	**(3,000)**
-Allocation of the result for the year ended 31.03.2018 to reserves							2,278	(2,278)	**0**
Balances as at 31.03.2019	**1,000**	**1,000**	**52**	**(50)**	**1,288**	**1,290**	**33,979**	**5,428**	**42,697**
Profit for the year								3,374	**3,374**
Other comprehensive result at 31 March 2019:						**0**			**0**
- Reserve for actuarial gains (losses) on defined-benefit plans				37		**37**			**37**
- Fair value of financial instruments			69			**69**			**69**
Comprehensive Income for the year	**0**	**0**	**69**	**37**	**0**	**106**		**3,374**	**3,480**
- Distribution of dividends to shareholders								(4,000)	**(4,000)**
-Allocation of the result for the year ended 31.03.2019 to reserves							1,428	(1,428)	**0**
Balances as at 31.03.2020	**1,000**	**1,000**	**121**	**(13)**	**1,288**	**1,396**	**35,407**	**3,374**	**42,177**

CASH FLOW STATEMENT

(in thousands of Euro)	31 March 2020	31 March 2019
Profit before tax	**4,593**	**8,094**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,485	1,734
Write-downs of property, plant and equipment and intangible assets	66	0
Amortisation and depreciation of right-of-use assets	3,896	0
Write-downs of right-of-use assets	853	0
Other accruals	111	0
Accrual to the provision for bad debts	600	1,186
Revaluation/Write-downs of equity investments	167	174
Adjustment to the provision for employee benefits	618	4
Net financial costs/(income), including exchange rate differences	(671)	(460)
Cash flows from operating activities before changes in working capital	**11,719**	**10,734**
Change in trade receivables (gross of the provision)	3,781	(2,990)
Change in receivables from subsidiaries	(2,167)	(2,554)
Change in inventories	(2,348)	(989)
Change in other current assets	(1,249)	787
Change in trade payables	3,793	58
Change in payables to subsidiaries	519	1,203
Change in provisions for risks and charges	(904)	128
Change in other current liabilities	(1,537)	3,395
Change in tax receivables/payables	(2,759)	(173)
Cash flows from operating activities after changes in working capital	**8,847**	**9,599**
Payment of taxes	(1,628)	(2,775)
Interest collected / (paid)	(53)	460
Cash flow generated from operating activities (A)	**7,167**	**7,283**
Investments in intangible assets	(714)	(200)
Disinvestments from intangible assets	0	3
Investments in property, plant and equipment	(1,355)	(852)
Disinvestments from property, plant and equipment	0	4
Investments in non-current financial assets	0	(20)
Disinvestments from non-current financial assets	0	0
Investments for the acquisition of the Lancel Group	0	(5,292)
Changes generated from investing activities (B)	**(2,069)**	**(6,357)**
Financing activities		
Change in short- and medium/long-term borrowings	14,939	(2,532)
○ new issues of long-term borrowings	22,000	10,000
○ repayments and other net changes in borrowings	(7,062)	(12,532)
Changes in financial instruments	11	(69)
Lease instalments paid	(4,015)	(830)
Payment of dividends	(4,000)	(3,000)
Cash flow generated from/(absorbed by) financing activities (C)	**6,934**	**(6,432)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	12,032	(5,505)
Cash and cash equivalents at the beginning of the period	**14,041**	**19,546**
Cash and cash equivalents at the end of the period	**26,073**	**14,041**

STATEMENT OF FINANCIAL POSITION PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Statement of financial position

(in thousands of Euro)	Notes	31 March 2020	Related parties	31 March 2019
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	(1)	699		1,334
	(2)	14,817	2,224	0
Property, plant and equipment	(3)	8,487		8,275
Equity investments	(4)	13,947	13,947	14,055
Receivables from others	(5)	426		368
Receivables from subsidiaries	(6)	9,800	9,800	8,325
Deferred tax assets	(7)	1,597		1,045
TOTAL NON-CURRENT ASSETS		**49,773**	**25,971**	**33,401**
CURRENT ASSETS				
Inventories	(8)	15,839		13,491
Trade receivables	(9)	18,375		22,756
Receivables from subsidiaries	(10)	7,999	7,999	7,307
Other current assets	(11)	2,415		1,224
Derivative assets	(12)	184		78
Tax receivables	(13)	1,051		146
Cash and cash equivalents	(14)	26,073		14,041
TOTAL CURRENT ASSETS		**71,937**	**7,999**	**59,043**
TOTAL ASSETS		**121,710**	**33,970**	**92,445**

Statement of financial position

(in thousands of Euro)	Notes	31 March 2020	Related parties	31 March 2019
LIABILITIES				
EQUITY				
Share Capital		1,000		1,000
Share premium reserve		1,000		1,000
Other reserves		1,396		1,290
Retained earnings		35,407		33,979
Profit for the year		3,374		5,428
TOTAL EQUITY	(15)	**42,177**	**0**	**42,697**
NON-CURRENT LIABILITIES				
Borrowings	(16)	20,468		13,598
Payables to other lenders for lease agreements	(17)	11,115		0
Other non-current liabilities	(18)	3,939		4,818
Provision for employee benefits	(19)	240		294
Provisions for risks and charges	(20)	1,463		1,380
TOTAL NON-CURRENT LIABILITIES		**37,224**	**0**	**20,091**
CURRENT LIABILITIES				
Borrowings	(21)	15,243		7,174
Payables to other lenders for lease agreements	(22)	3,496		0
Trade payables	(23)	16,489		13,420
Payables to subsidiaries	(24)	4,562	4,562	4,043
Derivative liabilities	(25)	17		6
Other current liabilities	(26)	2,161		2,819
Tax payables	(27)	342		2,196
TOTAL CURRENT LIABILITIES		**42,310**	**4,562**	**29,657**
TOTAL LIABILITIES		**79,534**	**4,562**	**49,748**
TOTAL EQUITY AND LIABILITIES		**121,710**	**4,562**	**92,445**

INCOME STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

Income Statement

(in thousands of Euro)	Notes	31 March 2020	Related parties	31 March 2019
REVENUES				
Revenues from sales	(28)	69,717	6,065	72,792
Other income	(29)	4,496	1,958	2,445
TOTAL REVENUES (A)		**74,214**	**8,023**	**75,237**
OPERATING COSTS				
Change in inventories	(30)	(2,348,)		(989)
Costs for purchases	(31)	26,179	8,164	22,782
Costs for services and leases and rentals	(32)	26,140	2,241	29,820
Personnel costs	(33)	12,926		12,630
Amortisation, depreciation and write-downs	(34)	6,898		2,920
Other operating costs	(35)	330		265
TOTAL OPERATING COSTS (B)		**70,124**	**10,405**	**67,427**
OPERATING PROFIT (A-B)		**4,089**	**(2,382)**	**7,810**
FINANCIAL INCOME AND COSTS				
Shares of profits (losses) of investee Companies	(36)	(167)		(175)
Financial income	(37)	1,463	106	1,051
Financial costs	(38)	(792)		(591)
TOTAL FINANCIAL INCOME AND COSTS		**504**	**106**	**284**
PROFIT (LOSS) BEFORE TAX		**4,593**	**(2,275)**	**8,094**
Income taxes	(39)	(1,220)	0	(2,667)
PROFIT FOR THE YEAR		**3,374**	**(2,275)**	**5,428**

CASH FLOW STATEMENT PURSUANT TO CONSOB RESOLUTION NO. 15519 OF 27 JULY 2006

(*in thousands of Euro*)	31 March 2020	Related parties	31 March 2019
Profit before tax			**8,094**
Adjustments for:			
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,485		1,734
Write-downs of property, plant and equipment and intangible assets	66		0
Amortisation and depreciation of right-of-use assets	3,896		0
Write-downs of right-of-use assets	853		0
Other accruals	111		0
Accrual to the provision for bad debts	600		1,186
Revaluation /Write-downs of equity investments	167		174
Adjustment to the provision for employee benefits	618		4
Net financial costs/(income), including exchange rate differences	(671)		(460)
Cash flows from operating activities before changes in working capital	**11,719**		**10,732**
Change in trade receivables (gross of the provision)	3,781		(2,990)
Change in receivables from subsidiaries	(2,167)	(2,167)	(2,554)
Change in inventories	(2,348)		(989)
Change in other current assets	(1,249)		787
Change in trade payables	3,793		58
Change in payables to subsidiaries	519	519	1,203
Change in provisions for risks and charges	(904)		128
Change in other current liabilities	(1,537)		3,395
Change in tax receivables/payables	(2,759)		(173)
Cash flows from operating activities after changes in working capital	**8,847**	**(1,648)**	**9,599**
Payment of taxes	(1,628)		(2,775)
Interest paid	(53)	74	460
Cash flow generated from operating activities (A)	**7,167**	**(1,574)**	**7,283**
Investments in intangible assets	(714)		(200)
Disinvestments from intangible assets	0		3
Investments in property, plant and equipment	(1,355)		(852)
Disinvestments from property, plant and equipment	0		4
Investments in non-current financial assets	0		(20)
Disinvestments from non-current financial assets	0		0
Dividends collected	0		0
Investments for the acquisition of the Lancel Group	0		(5,292)
Changes generated from investing activities (B)	**(2,069)**	**0**	**(6,357)**
Financing activities			
Change in short- and medium/long-term borrowings	14,939		(2,532)
- New loans	22,000		10,000
- Repayments and other net changes in Borrowings	(7,062)		(12,468)
Changes in financial instruments	11		(69)
Lease instalments paid	0		(830)
Other minor changes	(4,015)		0
Payment of dividends	(4,000)	(2,726)	(3,000)
Cash flow generated from/(absorbed by) financing activities (C)	**6,934**	**(2,726)**	**(6,432)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	12,032	4,300	**(5,505)**
Cash and cash equivalents at the beginning of the period	**14,041**		**19,546**
Cash and cash equivalents at the end of the period	**26,073**		**14,041**

NOTES TO THE FINANCIAL STATEMENTS OF PIQUADRO S.P.A. AT 31 MARCH 2020

General information

These separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the “Company”) relate to the financial year ended 31 March 2020 and have been prepared by applying the IFRS adopted by the European Union. Piquadro S.p.A. is a Joint-stock Company established in Italy and registered in the Register of Companies of Bologna, with registered and administrative office in Silla di Gaggio Montano (Bologna).
The separate financial statements are presented in Euro and all values reported therein are presented in Euro, unless otherwise specified.

For a better understanding of the economic performance of the Company, reference is made to the extensive information reported in the Report on Operations prepared by the Directors.

The data of these financial statements can be compared to the same of the previous financial year, except as reported below.

This document was prepared by the Board of Directors on 23 July 2020 and will be submitted for approval by the Shareholders’ Meeting called, on first call, for 10 September 2020.

The Company's business

Piquadro S.p.A. designs and markets 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 (then renamed 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 68.3% of the Share Capital of Piquadro S.p.A., the shares of which are listed on the Milan Stock Exchange since 25 October 2007.
The flexibility of the business model adopted by the Company allows it to maintain control over all of the critical phases of the production and distribution chain. Indeed, the Company carries out the design, planning, procurement, quality, marketing, communication and distribution phases wholly within the confines of its organisation and only resorts to outsourcing for a part of the production activities, although it also retains control over the quality and efficiency of the phases that are currently outsourced. The Company is particularly focused on the activity of design, planning and development of the product, which is carried out by an internal team whose commitment is aimed at maintaining quality and style innovation which have always characterised the Company's products. In this regard, the design team, in light of the well-established experience of the persons who compose it, represents a fundamental resource for the Company.
The Company makes use of a delocalised production model at the Chinese plant which is leased to the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd., located in the region of Guangdong, China and at third-party workshops located abroad (mainly in China), which are generally divided on the basis of the type of product. About 34.9% of production is carried out internally within the Piquadro Group, at the Chinese plant of Zhongshan - Guangdong, while the residual part is outsourced. This model, in the opinion of the Management, ensures flexibility and efficiency of the production cycle, thus reducing fixed costs, while retaining control over the critical phases of the value chain, also for the purpose of ensuring product quality.

Main events that occurred in the course of the financial year ended 31 March 2020 and related significant accounting effects

The Covid-19 pandemic, which spread in China and Asia firstly from January 2020 and then in Europe and America from February and March 2020, and the consequent measures adopted by public and government authorities of the countries hit by the emergency, aimed at containing the virus have had a very serious impact on the personal and professional life of people and of course of companies.
These urgent regulatory measures also involved, in fact, the prohibition and/or restriction on the mobility and movement of people and goods and the closure of commercial activities and venues for sales to the public (lockdown), as well as restrictions on industrial and production activities, with an exceptionally adverse impact on tourist flows all around the world and, consequently, on the performance of the market, leading to the closure of most of the outlets in the distribution network of Piquadro S.p.A..
Piquadro immediately coped with this new difficult scenario by conforming to all the guidelines issued by the Italian Government, as well as by the governments and public authorities of the countries in which the Piquadro Group operates, implementing extraordinary measures aimed at the maximum protection of the health of its employees and collaborators, as well as of its image. The prevention, containment and adjustment measures taken by the Company concerned, among other things, (i) labour law issues concerning relations with employees and occupational safety, (ii) agreements with the Group companies' management staff, (iii) access to social shock absorber schemes provided for by government measures, (iv) the temporary closure of DOSs. The Company also took several actions in support of local areas, community and health system.
The paragraph on the "**COVID-19 Virus**" of this Annual Financial Report describes the impact of the pandemic and the measures taken by the Group to reduce its effects from an economic and financial point of view.

No events are reported in addition to those described above, which occurred during the financial year ended 31 March 2020 with a significant impact in terms of accounting.

Schedules of financial statements adopted and reporting currency

At the time of the preparation of the separate financial statements at 31 March 2019 and at 31 March 2020, the Management of Piquadro S.p.A. selected the following schedules from among those specified under IAS 1 (revised), as it considered them to be more suitable to represent the Company's equity, economic and financial position:

- classification of the statement of financial position reporting current assets/liabilities and non-current assets/liabilities;
- classification of costs in the Income Statement by nature;
- classification in the Statement of Comprehensive Income presented in a separate document with respect to the Income Statement, as permitted by IAS 1 (revised);
- preparation of the Cash Flow Statement according to the indirect method.

The schedule of the Statement of Comprehensive Income has been amended in order to reflect the breakdown into components that can be reclassified and components that cannot be reclassified through profit and loss, as required by the amendments to IAS 1 introduced by Regulation (EC) no. 475/2012 (as illustrated in the paragraph on "Accounting standards, amendments and interpretations").

It should be noted that, following the first-time adoption of IFRS 16 from 1 April 2019, the statement of financial position has been amended by adding a specific line to the section of non-current assets of the financial statements, separately from intangible assets and property, plant and equipment, relating to right-of-use assets. On the other hand, a new specific line for non-current lease liabilities has been added to the section of non-current liabilities of the financial statements, separately from the others, and, likewise, a new specific line for current lease liabilities has been added to the section of current liabilities of the financial statements, separately from the others. As regards the cash flow statement, it should be noted that the reduction in financial liabilities for financial costs on leased assets has been recognised explicitly in the section of net cash flows from operating activities; moreover, the section of cash flows from financing activities now explicitly reports the disbursements of the nominal value of lease liabilities.
Finally, it should be noted that the IFRS 16 was adopted by the Group from 1 April 2019, opting for the modified retrospective approach: therefore, the comparative data have not been modified.

For a better recognition and ease of reading, except as regards the statement of financial position and the Income Statement, the accounting data both in the Schedules of Financial Statements and in these Notes to the Financial Statements, are reported in thousands of Euro.
The reporting currency of these separate financial statements is the Euro.

In compliance with Regulation (EU) no. 1606/2002, the separate financial statements of Piquadro S.p.A at 31 March 2020 were prepared in accordance with IAS/IFRS (International Accounting Standards and International Financial Reporting Standards, hereinafter also referred to as "IFRS") issued by the International Accounting Standards Board ("IASB") and endorsed by the European Union, as supplemented by the related interpretations issued by the International Financial Reporting Standards Interpretations Committee (IFRS IC), which was previously named Standing Interpretations Committee (SIC), as well as by the related measures issued in the implementation of article 9 of Legislative Decree no. 38/2005.

Accounting policies

The accounting standards and consolidation principles adopted in the preparation of these Financial Statements are consistent with those applied to prepare the Consolidated Financial Statements at 31 March 2019, while also taking account of the information provided below in relation to the new accounting standards, amendments and interpretations applicable from 1 April 2019.

The accounting policies used in preparing the separate financial statements at 31 March 2020, which do not differ from those used in the previous financial year, are indicated below.

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.
Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

Intangible assets with a definite useful life are systematically amortised over their useful life, to be intended as the estimated period in which assets will be used by the company. Goodwill and any other intangible asset, where existing, with an indefinite useful life are not amortised, but are tested for impairment at least on an annual basis, for the purposes of verifying the existence of impairment losses (if any).
The rates applied are:

Development costs	25%
Patents	33.3%
Trademarks	10%
Concessions	33.3%

(i) Research and Development costs

Research costs are charged to the Income Statement in the financial year in which they are incurred. Development costs entered under intangible assets where all the following conditions are fulfilled:

a) the project is clearly identified and the related costs can be identified and measured reliably;
b) the technical feasibility of the project has been demonstrated;
c) the intention to complete the project and to sell the intangible assets generated by the project has been demonstrated;
d) a potential market exists or, in the case of internal use, the benefit of the intangible asset has been demonstrated for the production of the intangible assets generated by the project;
e) the technical and financial resources necessary for the completion of the project are available.

Amortisation of Development costs entered under intangible assets will start from the date when the result generated by the project is marketable. Amortisation is made on a straight-line basis over a period of 4 years, which represents the estimated useful life of capitalised expenses.

(ii) Industrial patent and intellectual property rights, Licences and similar Rights

Charges relating to the acquisition of industrial patent and intellectual property Rights, Licences and similar Rights are capitalised on the basis of the costs incurred for their purchase.

Amortisation is calculated on a straight-line basis so as to allocate the cost incurred for the acquisition of the right over the shorter of the period of the expected use and the term of the related contracts, starting from the time when the acquired right may be exercised; usually, this period has a duration of 5 years.

Right-of-use assets

The asset for the right to use leased assets is initially valued at cost, and subsequently amortised or depreciated over the lease term. The cost includes:
- the initial amount of lease liabilities;
- incentives received under the lease agreement;
- initial direct costs incurred by the lessee;
- any estimated costs that will be incurred by the lessee to restore the leased asset to the conditions existing prior to the lease inception date, in accordance with the provisions of the lease agreement.

Right-of-use assets are amortised or depreciated according to IAS16. Finally, right-of-use assets are tested for impairment according to IAS 36.

Property, plant and equipment

Property, plant and equipment are entered at their purchase price or production cost, including any directly-attributable additional charges required to make the assets available for use.
Costs incurred subsequent to the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer.
The assets whose sale is highly probable as at the reporting date of the financial statements are separated from property, plant and equipment and classified under current assets under item "Current assets available for sale" and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the Management has defined, by a formal resolution, a plan for the disposal of the asset (or of the disposal group) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the disposal group) has been offered for sale at a reasonable price compared to its current fair value. Furthermore, the sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

Property, plant and equipment under finance leases, through which all risks and rewards attached to ownership are substantially transferred to the Company, are entered under the relevant classes of property, plant and equipment and are depreciated by applying the same depreciation rates reported below which have been adopted for the related relevant class, provided the lease term is less than the useful life represented by such rates and there is no reasonable certainty of the transfer of the ownership of the leased asset at the natural expiry of the agreement; in this case, the depreciation period is represented by the term of the lease agreement. Assets are entered against the entry of short- and medium-term payables to the lessor financial entity; rentals paid are allocated between financial charges and reduction in borrowings.

Leases in which the lessor substantially retains the risks and rewards attached to ownership of the assets are classified as operating leases. Costs for rentals arising from operating leases are charged to the Income Statement on a straight-line basis on the basis of the contract term.

Property, plant and equipment are systematically depreciated on a straight-line basis over their useful life, to be intended as the estimated period in which the asset will be used by the company. The value to be depreciated is represented by the entry value as reduced by the presumed net transfer value at the end of its useful life, if it is significant and can be determined reasonably. Land is not subject to depreciation, even if purchased jointly with a building, as well as the tangible assets intended for transfer which are valued at the lower of the entry value and their fair value, net of disposal charges.
The rates applied are:

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17.5%*
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%
Fittings	12%
Motor vehicles and means of internal transport	20%
Cars	25%

* Or over the term of the lease agreement should the same be lower and there is not reasonable certainty of the renewal of the same at the natural expiry of the contract.

Should the asset being depreciated be made up of elements that can be clearly identified and whose useful life significantly differs from that of the other parts making up the asset, depreciation is made separately for each of the parties making up the asset (component approach).

Ordinary maintenance costs are fully charged to the Income Statement. Costs for improvements, refurbishment and transformation increasing the value of property, plant and equipment are charged as an increase in the relevant assets and depreciated separately.

Financial charges directly attributable to the construction or production of a tangible asset are capitalised as an increase in the asset under construction, up to the time when it is available for use.

The recoverability of the entry value of property, plant and equipment is verified by adopting the criteria indicated in point “Impairment losses of assets” below.

Equity investments

Equity investments in subsidiaries are accounted for at cost, which is possibly reduced for lasting impairment losses as required by IAS 36. The original value is reinstated in the subsequent financial years if the reasons for the write-down no longer apply.
Equity investments in other companies are measured at fair value; if the fair value cannot be estimated reliably, the investment is valued at cost.
The recoverability of their entry value is verified by adopting the criteria indicated in point “Impairment losses of assets”.

Receivables and other non-current and current assets

Financial assets

Financial assets, as required by the new IFRS 9, are classified, according to the management methods applied by the Group and based on the related features of contract cash flows, into the following categories:
- Amortised Cost: this category includes financial assets that are held for the sole purpose of collecting contract cash flows. They are measured at amortised cost, with proceeds recognised through profit or loss based on the effective interest rate method.
- Fair value through other comprehensive income (“FVOCI”): this category includes financial assets the contract cash flows of which exclusively consist of the payment of principal and interest and that are held in order to collect contract cash flows, as well as flows deriving from their sale. They are measured at fair value. Interest income, foreign exchange gains and losses, impairment losses (and related value write-backs) of financial assets classified as assets at FVOCI, are accounted for through profit or loss; other changes in the fair value of assets are accounted for among OCI. Upon the sale or reclassification of these financial assets to other categories, because of a change in the business model, cumulative profits or losses recognised in OCI are reclassified to profit or loss.
- Fair value through profit or loss (“FVTPL”): this category includes residual items concerning financial assets that do not fall within the categories of Amortised Cost or FVOCI, such as, for example, financial assets acquired for trading purposes or derivatives, or assets designated at FVTPL on the part of the Management upon initial recognition. They are measured at fair value. Any profits or losses arising from this measurement are recognised through profit or loss.
- FVOCI for equity instruments: financial assets consisting of equity instruments issued by other entities (i.e. interests in companies other than subsidiaries, associates and jointly-controlled companies), which are not held for trading purposes, can be classified in the category of FVOCI. This option can be applied on an instrument-by-instrument basis and provides for any change in the fair value of these instruments to be recognised in OCI, without being recycled to profit or loss, either upon their transfer or upon their impairment. Only the dividends arising from these instruments will be recognised through profit or loss.
The fair value of financial assets is determined on the basis of the listed offer prices or through the use of financial models. The fair value of unlisted financial assets is estimated by using appropriate valuation techniques adapted for the specific situation.
Measurements are carried out on a regular basis in order to establish whether there is any objective evidence that a financial asset or a group of assets may have reported an impairment loss. If there is objective evidence, the impairment loss is recognised as a cost in the income statement for the period.

Trade receivables

Upon initial recognition they are measured at fair value, while trade receivables without any significant financial component are valued at the transaction price. The measurement of their recoverable value is made on the basis of the Expected Credit Losses model required by IFRS 9.
They are measured at fair value upon initial recognition and then at amortised cost, using the effective interest method. They are stated net of a provision for bad debts, which is entered as a direct deduction from the receivables themselves to adjust their measurement at their presumed realisable value. Expected credit losses are estimated by using an allocation matrix broken down by maturities of overdue amounts, making reference to the entity's past experience of credit losses, as well as to an analysis of the creditors' financial position, as adjusted to include specific factors of the creditor and a valuation of the current and expected trend in these factors on the reporting date of the financial statements.
An accrual due to impairment losses on trade receivables is recognised when there is any objective evidence that the Group will not be able to collect any and all amounts according to the initial terms and conditions. The amount of the accrual is charged to profit or loss.

Inventories

Inventories are valued and entered at the lower of the purchase or production cost, including additional charges, as determined according to the weighted average cost method, and the value of presumed realisable value inferable from the market performance.

Cash and cash equivalents

The item relating to cash and cash equivalents includes cash, current bank accounts, demand deposits and other short-term high-liquidity financial investments, which are readily convertible into cash, or which can be transformed into cash and cash equivalents within 90 days of the date of original acquisition, and are subject to a non-significant risk of changes in value.

Impairment losses of assets

When events occur that make an impairment of an asset expected, its recoverability is checked by comparing its entry value with the related recoverable value, represented by the higher of the fair value, net of disposal charges, and the value in use.
In the absence of a binding sale agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available in order to reflect the amount that the business could obtain by selling the asset.
The value in use is determined by discounting back the expected cash flows deriving from the use of the asset and, if they are significant and if they can be determined reasonably, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions that can be proved and that represent a best estimate of the future economic conditions that will arise during the residual useful life of the asset, giving greater importance to external factors. Valuation is carried out for individual assets or for the smallest identifiable group of assets that generate independent cash inflows deriving from their on-going use (the so-called cash generating unit). An impairment is recognised in the Income Statement should the entry value of the asset or of the cash generating unit to which it is allocated be higher than the recoverable value.
If the reasons for the write-downs previously made no longer apply, the assets, excluding goodwill, are reinstated and the adjustment is charged as a revaluation (reinstatement of value) in the Income Statement. The revaluation is made at the lower of the recoverable value and the entry value, including the write-downs previously made and reduced by the amortisation rates which would have been allocated had no write down been made.
Right-of-use assets have been tested for impairment according to IAS 36.

Equity

The Share Capital is made up of the outstanding ordinary shares and is entered at its nominal value. Any costs relating to the issue of shares or options are classified as a reduction in Equity (net of the tax benefit related thereto) as a deduction of the income arising from the issue of such instruments.

In case of purchase of treasury shares, the price paid, including directly-attributable additional charges (if any), is deducted from the Companies' Equity up to the time of cancellation, reissue or disposal of the shares. When the said treasury shares are resold or reissued, the price received, net of directly attributable additional charges (if any) and of the related tax effect, is accounted for as an increase in the Company's Equity.

Reserve for financial assets/liabilities at fair value

This reserve refers to the effect of accounting for derivative instruments which are eligible for hedge accounting under Equity.

Legal reserve

Entries are made in the legal reserve through provisions recognised pursuant to art. 2430 of the Italian Civil Code, or the reserve is increased to an extent equal to the 20th part of the net profits achieved by the Company until the reserve in question reaches a fifth of the Share Capital. Once a fifth of the Share Capital is reached, if for whatever reason the reserve is decreased, it shall be replenished with the minimum annual provisions as indicated above.

Hedging financial instruments

The Company carries out transactions in derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. The Company does not hold financial instruments of a speculative nature, as required by the risk policy approved by the Board of Directors. In accordance with IFRS 9, hedging financial instruments are accounted for according to the procedures laid down for hedge accounting if all the following conditions are fulfilled:

i. at inception of the hedge, there is formal documentation of the hedging relationship and the company's risk management objective and strategy for undertaking the hedge;
ii. the hedge is expected to be highly effective in offsetting changes in fair value (fair value hedge) or cash flows (cash flow hedge) that are attributable to the hedged risk;
iii. for cash flow hedges, any forecast transaction being hedged is highly probable and presents an exposure to the changes in cash flows which could finally affect the economic result for the period;
iv. hedge effectiveness is reliably measurable, i.e. the fair value or cash flows of the hedged item and the fair value of the hedging instrument can be reliably measured;
v. the hedge must be assessed on an on-going basis and be highly effective for the entire life of the derivative.

The criterion for measuring hedging instruments is represented by their fair value as at the designated date.
The fair value of foreign exchange derivatives is calculated in relation to their intrinsic value and time value.
On each closing date of the financial statements, hedging financial instruments are tested for effectiveness, in order to verify whether the hedge meets the requirements to be qualified as effective and to be accounted for according to hedge accounting.
When the financial instruments are eligible for hedge accounting, the following accounting treatments will be applied:

Fair value hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in fair value of a balance sheet asset or liability attributable to a specific risk that might impact the Income Statement, the profit or loss arising from the subsequent measurements at fair value of the hedging instrument are recognised in the Income Statement. The profit or loss on the hedged item, attributable to the hedged risk, modify the book value of this item and are recognised in the Income Statement.

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and which could have effects on the Income Statement, changes in fair value of the hedging instrument are taken to the Statement of comprehensive income, while the ineffective portion (if any) is recognised in the Income Statement.
If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the Statement of Comprehensive Income up to that time, are recognised in the Income Statement at the time when the related transaction is carried out.

If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to Equity are immediately recognised in the Income Statement.
If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the Income Statement.

Financial liabilities

Financial liabilities are initially accounted for at fair value, net of transaction costs incurred. Subsequently they are stated at amortised cost; the differential between the amount collected, net of transaction costs, and the amount to be repaid is accounted for through profit or loss on the basis of the term of the loans, using the effective interest method.
In the case of non-substantial amendments to the terms and conditions of a financial instrument, the difference between the present value of flows as changed (determined by using the effective interest rate of the instrument outstanding at the date of the change) and the book value of the instrument is stated through profit or loss.
The loans are classified among current liabilities if the Group has not any unconditional right to defer the repayment of the liability for at least 12 months after the reporting date.
Financial liabilities are derecognised from the balance sheet when the specific contract obligation is extinguished. This also occurs when the existing contract terms and conditions are amended, if the new terms and conditions have changed the initial arrangements significantly.

Lease liabilities

Lease liabilities are measured at the present value of lease payments due for fixed rents not yet paid at the inception date of the lease, as discounted using the lessee's incremental borrowing rate. Liabilities for leased assets are subsequently increased by interest that accrues on these liabilities and decreased in correlation with lease payments. In addition, lease liabilities may increase or decrease in value in order to reflect reassessments or lease modifications of future lease payments that are made after the inception date.

Financial instruments and IFRS 7

The category of financial instruments

The disclosure required by IFRS 7, which allows the assessment of the significance of the Group's financial instruments and the nature of risks associated thereto, is reported in different paragraphs of these explanatory notes.

RISK FACTORS

The Company is exposed to risks associated with its own business, which are specifically referable to the following cases:

- Credit risk arising from business transactions or financing activities;
- Liquidity risk relating to the availability of financial resources and to the access to the credit market;
- Market risk which is identified in detail as follows:
    - Foreign exchange risk, relating to operations in currencies other than currencies of denomination;
    - Interest rate risks, relating to the Company's exposure on financial instruments which bear interest.

Credit risk

The operational management of this risk is delegated to the Credit Management function which is shared by the Administration, Finance and Control Department with the Sales Department and is carried out as follows:

- assessing the credit standing of the customers;
- monitoring the related expected incoming flows;
- the appropriate payment reminder actions;
- debt collection actions, if any.

The write-down necessary to bring the nominal value in line with the expected collectable value has been determined by analysing all of the expired loans in the accounts and using all the available information on individual debtors. Loans which are the object of disputes and for which there is a legal or insolvency procedure have been fully written down, while fixed write-down percentages have been applied to all the other receivables, again taking account of both legal and actual situations. Below is reported the summary statement of the changes in the Provision for bad debts.

(in thousands of Euro)	Provision at 31 March 2019	Use	Accrual	Provision at 31 March 2020
Provision for bad debts	2,000	(238)	600	2,362
Total Provision	**2,000**	**(238)**	**600**	**2,362**

Breakdown of loans

As required by IFRS 7, below is reported a breakdown of expired loans:

in thousands of Euro		**Loans falling due**	**Expired loans**			**Provision for bad debts**
31/03/2020	**Amount in the accounts**		**1- 60 days**	**61 - 120 days**	**over 120 days**	
DOS	0	0	0	0	0	0
Wholesale	18,375	14,699	1,405	634	3,999	(2,362)
Subsidiaries	7,999	3,873	754	585	2,787	0
Total	**26,374**	**18,572**	**2,159**	**1,219**	**6,786**	**(2,362)**

in thousands of Euro		**Loans falling due**	**Expired loans**			**Provision for bad debts**
31/03/2019	**Amount in the accounts**		**1- 60 days**	**61 - 120 days**	**over 120 days**	
DOS	0	0	0	0	0	0
Wholesale	22,756	19,328	862	647	3,919	(2,000)
Subsidiaries	15,632	3,354	851	614	10,813	0
Total	**38,388**	**22,682**	**1,713**	**1,261**	**14,732**	**(2,000)**

Liquidity risk

The financial requirements are affected by the dynamics of receipts from customers in the Wholesale channel, a segment which is mainly made up of points of sale/shops; as a consequence, credits are highly fragmented, with variable average payment times.
Nevertheless, the Company is able to finance the growing requirements of net working Capital with ease, through the cash flows generated by operations, including the short-term receipts generated by the DOS channel and, when necessary, through recourse to short-term loans.

Furthermore, policies and processes have been adopted which are aimed at optimising the management of financial resources, thus reducing liquidity risks:

i. maintaining an adequate level of available funds;
ii. obtaining adequate credit lines;
iii. monitoring the perspective liquidity conditions, in relation to the corporate process.

Liquidity schemes:

Type of instruments	Amount in the accounts	Within 1 year	From 1 to 5 years	Beyond 5 years
31/03/2020				
Payables to banks for Loans	35,711	15,243	20,468	0
Payables to banks for credit lines	0	0	0	0
Trade payables	16,489	16,489	0	0
Trade payables to Subsidiaries	4,562	4,562	0	0
Other borrowings (lease)	14,611	3,496	8,311	2,804
Derivative liabilities for IRS contract	17	17	0	0
Derivative liabilities for USD forward contracts	0	0	0	0
Total	**71,390**	**39,807**	**28,779**	**2,804**

Type of instruments	Amount in the accounts	Within 1 year	From 1 to 5 years	Beyond 5 years
31/03/2019				
Payables to banks for Loans	20,772	7,174	13,598	0
Payables to banks for credit lines	0	0	0	0
Trade payables	13,420	13,420	0	0
Trade payables to Subsidiaries	4,043	4,043	0	0
Other borrowings (lease)	0	0	0	0
Derivative liabilities for IRS contract	6	6	0	0
Derivative liabilities for USD forward contracts	0	0	0	0
Total	**38,240**	**24,642**	**13,598**	**0**

Below are reported the main assumptions for the table above:

(i) Loans payable: the future cash flows have been provided directly by the banks concerned;

(ii) Current bank accounts: by virtue of the worst case in which the worst scenario is equal to the repayment on demand of the use of the credit line, the related cash out has been charged to the first time band;

(iii) Foreign exchange forwards: the cash out in Euro has been reported which has been envisaged as per contract at the time of the subscription of the derivative instruments;

(iv) Finance leases: the payables have been reported which arise from the first-time adoption of the new IFRS 16, calculated as the present value of discounted future payments due.

As at 31 March 2020 the Group could rely on credit lines of about Euro 58,188 thousand (about Euro 57,419 thousand at 31 March 2019). As regards the balance of Current Assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of Net trade receivables, which totalled Euro 18,375 thousand at 31 March 2020 (Euro 22,756 thousand at 31 March 2019).

MARKET RISK

Foreign exchange risk

The Company is subject to market risks arising from fluctuations in the exchange rates of the currencies, as it operates in an international context in which transactions, mainly those with suppliers, are settled in US Dollars (USD). It follows that the Company's net result is partially affected by the fluctuations in the Euro and US Dollars exchange rate.

The necessity to manage and control financial risks has induced the Management to adopt a risk containment strategy, better defined as "hedge accounting policy". This consists in continuously hedging the risks relating to purchases over a time period of six months on the basis of the amount of the orders issued that shall be settled in US dollars. This conduct can be classified as a "cash flow hedge" or the hedge of the risk of changes in the future cash flows; these flows can be related to assets or liabilities entered in the accounts or to highly probable future transactions. In compliance with IAS 39, the portions of profit or loss accrued on the hedging instrument, which is considered effective for hedging purposes, has been recognised directly in Equity under a special reserve.

During the financial year ended 31 March 2020, the Parent Company executed forward currency contracts for USD 14,740 thousand, equal to an aggregate counter-value of Euro 13,023 thousand, with an average exchange rate of USD 1.132.

For an analysis of the effects of these risks, reference is made to the table reported below (sensitivity analysis):

			Foreign Exchange risk (FER)			
			+ 10% Euro/USD		**- 10% Euro/USD**	
	Book value	**Of which subject to FER**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	26,073	2,477	(225)	0	275	0
Trade receivables	18,375	19	(2)	0	2	0
Receivables from subsidiaries	77,999	2,188	(199)	0	243	0
Derivative financial instruments	184					
			(426)	0	520	0
Financial liabilities:						
Borrowings	35,711		0	0	0	0
Payables to other lenders for lease	14,611		0	0	0	0
Trade payables	16,489	718	(65)	0	80	0
Payables to subsidiaries	4,562	2,255	(205)	0	251	0
Derivative financial instruments	17		0	0	0	0
			(270)	0	330	0
Total increases (decreases) at 31/03/2020			**(696)**	**0**	**851**	**0**

			Foreign exchange risk (FER)			
			+ 10% Euro/USD		- 10% Euro/USD	
	Book value	**Of which subject to FER**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	14,041	117	(11)	0	13	0
Trade receivables	22,756	32	(3)	0	4	0
Receivables from subsidiaries	15,632	1,785	(188)	0	230	0
Derivative financial instruments	78	0	0	0	0	0
			(202)	0	247	0
Financial liabilities:						
Borrowings	20,772	0	0	0	0	0
Payables to other lenders for lease	0	0	0	0	0	0
Trade payables	13,420	1,806	(164)	0	201	0
Payables to subsidiaries	4,043	935	(147)	0	180	0
Derivative financial instruments	6	0	0	0	0	0
			(312)	0	381	0
Total increases (decreases) at 31/03/2019			**(514)**	**0**	**628**	**0**

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.

Interest rate risk

			Interest rate risk (IRR)			
			+ 50 bps on IRR		- 50 bps on IRR	
	Book value	**Of which subject to IRR**	**Profits (Losses)**	**Other changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets:						
Cash and cash equivalents	26,073	26,073	130	0	(130)	0
Trade receivables	18,375	0	0	0	0	0
Receivables from subsidiaries	7,999	0	0	0	0	0
Derivative financial instruments	184	0	0	0	0	0
			130		(130)	
Financial liabilities:						
Payables to banks for Loans	35,711	35,711	(179)	0	179	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	16,489	0	0	0	0	0
Payables to subsidiaries	4,562	0	0	0	0	0
Other borrowings (lease)	14,611	14,611	(73)	0	73	0

Derivative financial instruments	17	0	0	0	0	0
			(252)	0	252	0
Total increases (decreases) at 31 March 2020			**(121)**	**0**	**121**	**0**

			Interest rate risk (IRR)			
			+ 50 bps on IRR		**- 50 bps on IRR**	
	Book value	**Of which subject to IRR**	**Profits (Losses)**	**Other Changes in Equity**	**Profits (Losses)**	**Other changes in Equity**
Financial assets:						
Cash and cash equivalents	14,041	14,041	70	0	(70)	0
Trade receivables	22,756	0	0	0	0	0
Receivables from subsidiaries	14,041	0	0	0	0	0
Derivative financial instruments	78	0	0	0	0	0
			70	0	(70)	0
Financial liabilities:						
Payables to banks for Loans	20,772	20,772	(104)	0	104	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	13,420	0	0	0	0	0
Payables to subsidiaries	4,043	0	0	0	0	0
Other borrowings (lease)	0	0	0	0	0	0
Derivative financial instruments	6	0	0	0	0	0
			(104)	0	104	0
Total increases (decreases) at 31 March 2019			**(34)**	**0**	**34**	**0**

The variability parameters applied were identified in the context of changes that are reasonably possible on exchange rates with all other variables being equal.

Capital risk management

The Company manages the Capital with the objective of supporting the core business and optimising the value for Shareholders, while maintaining a correct structure of the Capital and reducing its cost.
Piquadro S.p.A. monitors the Capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and Net Invested Capital.

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Net financial debt	(28,203)	(12,304)
Equity	42,177	42,697
Net invested capital	70,380	55,001

Gearing ratio	**(40.1)%**	**(22.4)%**

Employee benefits

Law no. 296 of 27 December 2006, the 2007 Finance Law, introduced considerable amendments as regards the allocation of funds of the Provision for TFR. Until 31 December 2006, TFR was included within the scope of post-employment benefit plans, of the "defined benefit" type of plans and was measured according to IAS 19, using the Projected Unit Credit method made by independent actuaries. This calculation consists in estimating the amount of the benefit that an employee will receive on the alleged date of termination of the employment relationship using demographic and financial assumptions. The amount that is thus calculated is then discounted back and re-proportioned on the basis of the length of service built up against the total length of service and is a reasonable estimate of the benefits that each employee has already accrued with respect to the work performed. Actuarial gains and losses arising from changes in the actuarial assumptions used are recognised in the Income Statement.
As a result of the reform of supplementary pension schemes, the Provision for TFR, as regards the portion accrued from 1 January 2007, is to be considered as being substantially assimilated to a "defined contribution plan". In particular, these amendments introduced the possibility for workers to choose where to allocate the TFR that is accruing. In companies with more than 50 employees, the new TFR flows may be allocated by the worker to selected pension schemes or kept in the company and transferred to INPS (*Istituto Nazionale di Previdenza Sociale*, National Social Security Institute).

In short, following the reform on supplementary pension schemes, the Company has carried out an actuarial measurement of the TFR accrued before 2007, without further including the component relating to future pay increases. On the contrary, the portion accrued after 2007 has been accounted for according to the procedures attributable to defined contribution plans.

June 2012 saw the issue of Regulation (EC) no. 475/2012, which adopted, at EU level, the revised version of IAS 19 (Employee benefits), which will be applicable effective from 1 April 2013 on a mandatory and retrospective basis, as required by IAS 8 (Accounting policies, changes in accounting estimates and errors).
As required by this standard, the Company applied said changes starting from the 2012/2013 consolidated financial statements. Specifically, IAS 19 revised provides for the recognition of changes in actuarial gains/losses ("re-measurements") for defined-benefit plans (e.g. the Staff Severance Pay [*Trattamento di Fine Rapporto* – TFR]) under Other Comprehensive Income, thus eliminating any other options previously envisaged (including that adopted by the Piquadro Group, which recognised said components under personnel costs in the Income Statement). Any cost relating to work performance, as well as any interest expense relating to the time value component in actuarial calculations (reclassified under financial charges) remained in the Income Statement.
Below are the effects of the retrospective application of said changes in previous financial statements:

- the reclassification for Euro 32 thousand from the reserve of "Retained earnings" to the reserve for "Employee benefits" (classified under Other reserves), against actuarial effects recognised before 31 March 2013;
- the reclassification of actuarial effects relating to the FY 2012/2013, equal to Euro 6 thousand (including the related tax effect) from the profit for the period to the Statement of Comprehensive Income.

Provisions for risks and charges

Provisions for risk and charges cover certain or probable costs and charges of a fixed nature, whose timing or amount was uncertain at the closing date of the financial year. Provisions are recognised when: (i) it is probable that a current obligation (legal or constructive) exists as a result of past events; (ii) it is probable that the fulfilment of the obligation will require the payment of a consideration; (iii) the amount of the obligation can be estimated reliably. Provisions are entered at the value representing the best estimate of the amount that the Company would rationally pay to discharge the obligation or to transfer it to third parties at the closing date of the period. When the financial effect of time is significant and the payment dates of the obligations can be estimated reliably, the provision is discounted back; the increase in the Provision connected with the passage of time is charged to the Income Statement under item "Financial income (Charges)". The Provision for supplementary clientele indemnity, as well as any other Provisions for risks and charges, is allocated on the basis of a reasonable estimate of the future probable liability, taking account of the available elements and also taking account of the estimates made by independent third-party actuaries.

Income taxes

Taxes for the period represent the sum of current and deferred taxes.

Current taxes are determined on the basis of a realistic forecast of charges to be paid in the application of the tax regulations in force; the related debt is reported net of advances, taxes withheld and tax credits that can be offset, under item "Current tax payables". If there is a credit, the amount is reported under item "Current tax receivables " under current assets.

Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities entered in the accounts and the corresponding values recognised for tax purposes. Deferred tax assets are entered when it is probable that they will be recovered. Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset if they refer to taxes that can be offset. The balance of the set-off is entered under item "Deferred tax assets" if positive and under item "Deferred tax liabilities" if negative".
Both current and deferred taxes are recognised under item "Income tax expenses" in the Income Statement, except when these taxes are originated from transactions whose effects are recognised directly in Equity. In this case, the contra-entry of the recognition of the debt for current taxes, of deferred tax assets and liabilities is charged as a reduction in the Equity item from which the effect being recorded originated.
Deferred tax assets and liabilities are calculated on the basis of the tax rates which are expected to be applied in the tax year when these assets will be realised or these liabilities will be discharged.
Furthermore, for a better representation of the provisions laid down under "IAS 12 – Income Taxes" in relation to the offsetting of deferred taxation, the Group has deemed it appropriate to reclassify portions of deferred tax assets and liabilities where there is a legal right to setoff current tax assets and the corresponding current tax liabilities.

Currency translation

Receivables and payables initially expressed in a currency other than the functional currency of the Company which recognises the receivable/payable (foreign currency) are translated into the functional currency of the said Company at the exchange rates prevailing at the dates on which the related transactions take place. The exchange rate differences realised on the occasion of the collection of receivables and the payment of debts in foreign currency are entered in the Income Statement. As at the reporting date of the financial statements, receivables and payables in foreign currency are translated at the exchange rates prevailing at that date, charging any changes in the value of the receivable/payable to the Income Statement (estimated foreign exchange gains and losses).

Revenue recognition

Revenues are recognised through profit or loss at the time when the contract obligation relating to the transfer of goods or services has been satisfied. An asset is regarded as transferred to the end customer when the latter obtains control over the asset itself. With reference to the main types of revenues achieved by the Group, they are recognised on the basis of the following criteria:
I. Sales of goods - Retail segment. The Group operates in the retail business through its own network of DOSs. Revenues are accounted for at the time of the delivery of the goods to the customers. Sales are usually collected directly on a cash basis or through credit cards.
II. Sales of goods - Wholesale segment. The Group distributes products in the Wholesale market. Following the analysis carried out for the purposes of the first-time adoption of IFRS 15 (1 January 2018), it emerged that there is only one performance obligation for this type of transaction. In particular, the related revenues are accounted for when the customer obtains control of the goods shipped (at a point in time), while taking account of any estimated effect of period-end returns. The recognition of returns to be received in the consolidated statement of financial position includes a liability, under Other liabilities, consisting of the debt for the reimbursement of returns (contract liability) and an asset, under Inventories, consisting of the right to recover products for returns (contract assets).
III. Sales of goods - e-commerce. The Group also distributes products directly through the e-commerce channel. The related revenues are accounted for when the customer obtains control of the goods shipped, while taking account of any estimated effect of period-end returns, which are recorded by recognising separately a liability,

under Other Liabilities, consisting of the debt for the reimbursement of returns (contract liability) and an asset, under Inventories, consisting of the right to recover products for returns (contract assets).
IV. Performance of services. These revenues are accounted for proportionally to the stage of completion of the service rendered as at the relevant date and in accordance with contract provisions.

V. Royalties. Royalties that accrue as a result of licensing the sale of products (sales-based royalties) or the use of certain assets (usage-based royalties) are recognised when the aforesaid sale or use occurs or when the obligation to which the royalty relates has been satisfied, whichever is later.

Financial income and costs

These include any and all financial items charged to profit or loss for the period, including interest expense accrued on borrowings, calculated using the effective interest method (mainly current account overdrafts, medium/long-term loans), foreign exchange gains and losses, profits and losses from derivatives (according to the accounting policies set out above), dividends received, the amount of interest arising from the accounting treatment of leased assets (IFRS 16) and provisions for personnel (IAS 19).
Interest income and expense are charged to profit or loss for the period in which they are realised or incurred, except for capitalised costs (IAS 23).

Cost recognition

Costs are recognised when they relate to goods and services purchased and/or received during the period or relate to the systematic apportionment of an expense from which future benefits derive that can be apportioned over time.

Financial charges and charges from services are recognised on an accruals basis.

Use of estimates

The process of drawing up the financial statements involves the Management making accounting estimates based on complex and/or subjective judgements; these estimates are based on past experiences and assumptions that are considered reasonable and realistic on the basis of information known at the moment of making the estimate. The use of these accounting estimates affects the value of assets and liabilities and the disclosure on potential assets and liabilities as at the reporting date, as well as the amount of revenues and costs in the relevant period. The final results, or the actual economic effect that is recognised when the event takes place, of the financial statement items for which the abovementioned estimates and assumptions were used, may differ from those reported in the financial statements that recognise the effects arising from the event that is subject to estimation, due to the uncertainty that is characteristic of assumptions and the conditions on which the estimates are based.

Main estimates adopted by the Management

Below are briefly described the Accounting Standards which, more than others, require greater subjectivity on the part of the Directors in working out the estimates and for which a change in the conditions underlying the assumptions applied could have a significant impact on the consolidated financial data:

Impairment of assets: property, plant and equipment and intangible assets with a definite life are subject to verification in order to ascertain if an impairment has occurred. This impairment shall be recognised by means of a write-down when indicators exist that could lead to an expectation of difficulties in recovering the relative net book value through usage of the asset. Verifying that the abovementioned indicators exist requires Directors to exercise subjective valuations based on information available and inferable from the market, as well as using past experience. Moreover, should the likelihood of a potential impairment be ascertained, the Company will set about calculating this using the evaluation techniques that it considers appropriate. Correctly identifying the items that indicate the existence of a potential impairment and the estimates used for calculating the same depend on factors which can vary over time and affect the valuations and estimates carried out by the Directors.

Amortisation and depreciation of fixed assets: the amortisation and depreciation of fixed assets constitute a significant cost for the Company. The cost of property, plant and equipment is depreciated on a straight-line basis over the estimated useful life of the related assets. The useful economic life of the Company's fixed assets is determined by the Directors at the time when the fixed asset has been purchased; it is based on past experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Company periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rates for future financial years.

Deferred taxes: deferred tax assets are accounted for on the basis of the income expected in the future financial years. The measurement of the expected income for the purposes of accounting for deferred taxes depends on factors which can vary over time and determine significant effects on the measurement of deferred tax assets.

Provisions for legal and tax risks: provisions are made for legal and tax risks, if required, which represent the risk of being the losing party. The amount of the Provisions (if any) entered in the accounts statements relating to such risks represents the best estimate at that time made by Management. This estimate entails the adoption of assumptions which depend on factors which can vary over time and which could therefore have effects compared to the current estimated made by the Directors for the preparation of the financial statements.

Furthermore, below are the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2019/2020.

Actuarial calculation of defined-benefit pension plans: the estimates, demographic and economic-financial assumptions adopted, with the support of the valuations of an actuarial expert, in the actuarial calculation for the determination of defined-benefit plans within post-employment benefits are broken down as follows:

Annual rate of inflation	**Probability of exit of the employee from the Group**	**Probability of advance payments of the TFR**
1.5% for 2020 and 1.5% for 2019	Frequency of 0.4% for 2020 and 0.4% for 2019	2.70% for 2020 and 2.70% for 2019

Finally, it is specified that the actuarial valuations have been made by using the curve of the interest rates of the corporate securities with rating AA 10+.

Amendments to Accounting Standards

IFRS Accounting Standards, amendments and interpretations applied from 1 April 2019

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 sets out a control model (right of use) of an asset, distinguishing leases from service contracts, on the basis of whether the following key requirements are met by leases, 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 provides for a single model to account for and measure lease agreements for lessees, which provides for the recognition of the leased asset, including under operating leases, among assets against an entry under borrowings. On the contrary, the standard does not include significant amendments for lessors.
  The Group adopted the new standard from 1 April 2019, using a modified retrospective approach; therefore, comparative data have not been changed with respect to the information published in the annual

financial report at 31 March 2019. Specifically, the Company has accounted, in relation to agreements previously classified as operating leases, for:

- 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;
- 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;
- variable lease payments, which do not depend from an index or a rate, but which mainly depend from the volume of sales, are still accounted for as costs for leases and rentals through profit or loss.

The table below reports the impact arising 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	17.5
Total Assets	**17.5**
SHAREHOLDERS' EQUITY AND LIABILITIES	
Shareholders' Equity	
Profits carried forward	0
Non-current liabilities	
Non-current financial liabilities for leases	12.8
Current liabilities	
Current financial liabilities for leases	4.7
Total Shareholders' Equity and Liabilities	**17.5**

In adopting IFRS 16, the Company 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 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 has not entailed 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, among the practical expedients provided for in IFRS 16, the 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 Company 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 Company 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 at 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 Company, equal to 0.70%.

- 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 has entailed effects 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 April 2019. The adoption of this amendment has had no impact on the Company’s 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 has had no impact 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 has had no impact 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 has had no impact on the Company's financial statements.

Accounting Standards, amendments and interpretations endorsed by the European Union but not yet applicable and not early adopted by the Piquadro Group at 31 March 2020.

- 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 the definition of "material" 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 were endorsed on 29 November 2019 and apply to all transactions after 1 January 2020.
  The directors do not expect a significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- On 29 March 2018, the IASB published an amendment to the "References to the Conceptual Framework in IFRS Standards". The amendment is effective for periods commencing on or after 1 January 2020, with early adoption permitted.

  The Conceptual Framework sets out the basic concepts for financial reporting and guides the Board in the development of IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same manner so as to provide useful information to investors, lenders and other creditors.

The Conceptual Framework supports the entities in developing accounting standards when no IFRS is applicable to a particular transaction and, more generally, helps stakeholders understand and interpret the Standards.

- On 26 September 2019, the IASB published "Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform". This document makes amendments to IFRS 9 - *Financial Instruments* and IAS 39 - *Financial Instruments: Recognition and Measurement*, as well as to IFRS 7 - *Financial Instruments: Disclosures*. Specifically, the document makes amendments to some of the requirements prescribed for the application of hedge accounting, providing for temporary exceptions applicable thereto, in order to mitigate the impact arising from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendments also require entities to provide, in their financial statements, additional information on their hedging relationships that are directly affected by uncertainties generated by the reform and to which the aforesaid exceptions apply.

  Given that these amendments will be applied from 1 January 2020, any possible effect will be recognised in the financial statements for the financial periods ended after that date.

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

As at the reporting date of this financial report, 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 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, which makes it possible to exclude the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of assets carried out after 1 January 2020, with early adoption permitted.

  Considering that this amendment will be applied to new acquisitions that will be completed as from 1 January 2020, any possible effect will be recognised in the consolidated financial statements for the financial periods ended after that date.

o On 18 May 2017, the IASB published IFRS 17 - *Insurance Contracts*, which is 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 insurance contracts issued. The IASB has developed the standard to eliminate inconsistencies and weaknesses in existing accounting policies by providing a single principle-based framework in order to take account of any type of insurance contracts, including reinsurance contracts held by an insurer.
The new standard also lays down reporting and disclosure requirements to improve comparability between entities operating in this segment.
The new standard measures an insurance contract on the basis of a General Model or a related simplified version, according to the Premium Allocation Approach ("PAA").

The main features of the General Model are:

- estimates and assumptions of future cash flows are always current;
- the measurement reflects the time value of money;
- the estimates make extensive use of observable market prices;
- there is a current and explicit measurement of risk;
- the expected profit is deferred and aggregated into groups of insurance contracts upon initial recognition; and
- the expected profit is recognised in the contract coverage period taking account of adjustments resulting from changes in the cash flow assumptions relating to each group of contracts.

The PAA approach involves the measurement of the liability for the residual coverage of a group of insurance contracts provided that, upon initial recognition, the entity expects the liability to reasonably represent an approximation of the General Model. Contracts with a coverage period 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 measurement of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if it is expected that the balance to be paid or collected will arise within one year of the date on which the claim occurred.
An entity shall apply the new standard to insurance contracts issued, including reinsurance contracts issued, and to reinsurance contracts 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 only for entities that apply IFRS 9 - *Financial Instruments* and IFRS 15 - *Revenue from Contracts with Customers*.

With reference to the new amendments and new interpretations reported above, at present the directors are assessing the possible effects on the Company's financial statements correlated to their introduction.

COMMENTS ON THE ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

Non-current assets

The following statements have been prepared for the two classes of intangible assets and property, plant and equipment, which report, for each item, historical costs, the previous amortisation and depreciation, the changes that occurred in the last two financial years and the closing balances.

Note 1 – Intangible assets

The table below reports the opening balance, the changes that occurred in the FY 2018/2019 and FY 2019/2020 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licences, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Gross value	592	63	3,063	3,538	12	7,268
Amortisation fund	(592)	(59)	(2,626)	(2,395)	0	(5,672)
Net value at 31/03/2018	**0**	**4**	**437**	**1,143**	**13**	**1,596**
Increases for the period	0	6	194	0	0	200
Sales	0	0	(3)	0	0	(3)
Reclassifications	0	0	12	0	(12)	0
Write-downs	0	0	0	0	0	0
Amortisation	0	(3)	(254)	(202)	0	(459)
Gross value	592	69	3,266	3,538	0	7,465
Amortisation fund	(592)	(62)	(2,880)	(2,597)	0	(6,131)
Net value at 31/03/2019	**0**	**7**	**386**	**941**	**0**	**1,334**
Increases for the period	0	6	344	0	202	552
Sales	0	0	0	0	0	0
Reclassifications	0	0	0	(941)	0	(941)
Write-downs	0	0	0	0	0	0
Amortisation	0	(4)	(241)	0	0	(246)
Gross value	592	75	3,610	0	202	6,804
Amortisation fund	(592)	(66)	(3,122)	0	0	(6,104)
Net value at 31/03/2020	**0**	**9**	**488**	**0**	**202**	**699**

Increases in intangible assets under development, equal to Euro 202 thousand in the financial year ended 31 March 2020, related to costs of investments in the new integrated software.
No intangible assets with an indefinite useful life are reported in the accounts.

The key moneys outstanding at the end of the financial year were reclassified to “Right-of-use assets” as required by the newly-adopted IFRS 16.

Note 2 – Right-of-use assets

On 13 January 2016 the IASB (International Accounting Standards Board) published IFRS 16 - *Leases*, which replaces IAS 17 and which was adopted by the European Union on 9 November 2017.
IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. The Company adopted the new standard from 1 April 2019, according to the modified retrospective approach; therefore, comparative data were not subject to change with respect to the information that had already been published in the annual financial report at 31 March 2019.
The first-time adoption of IFRS 16 at 1 April 2019 had a significant impact on the Company's financial statements as a result of the operations performed. In fact, the Company is a lessee under several lease agreements that have been analysed for the application of the new IFRS 16 and that mainly concern DOSs, outlets, warehouses, offices and showrooms, company cars and office and electronic machines.
The main category consists of property leases, which in fact account for approximately 90% of total lease liabilities.
From an accounting point of view, the first-time adoption of IFRS 16 has led to the recognition of a right-of-use asset on the assets covered by the lease agreements and a liability for leased assets in relation to the fixed instalments still to be paid. The asset for the right to use leased assets is initially valued at cost, and subsequently amortised or depreciated over the term of the lease agreement set out during the analysis. The cost of right-of-use assets includes the value initially recognised for the lease liability, any initial direct costs incurred, any estimated restoration costs to be incurred upon expiry of the agreement and any advance lease payments made at the date of the first transition, net of lease incentives received. The lease liability is measured at the present value of lease payments due for fixed rents not yet paid at the transition date, as discounted by using the interest rate as defined below.
The liability for leased assets is subsequently increased by the interest accruing on that liability and decreased in correlation with lease payments.
The key moneys were reclassified to Right-of-use assets following the first-time adoption of the new IFRS 16.

The main assumptions adopted by the Company for the purposes of the first-time adoption of IFRS 16 are summarised below:
- In adopting IFRS 16, the Company has made use of the exemption granted in relation to short-term leases (i.e. agreements expiring within 12 months or less) and for lease agreements for which the underlying asset consists of a low-value asset. The first-time adoption of IFRS 16 has not entailed, for these agreements for which the exemption was used, the recognition of the financial liability of the lease and the related right of use; therefore, the accounting entries did not report any change compared to the previous period;
- Significant initial direct costs, which showed a positive net carrying amount in the balance sheet at the transition date, have been included in the measurement of the right of use at 1 January 2019;
- The term of the lease agreements, with particular reference to the exercise of renewal and early termination options, has been determined on the basis of information available at the transition date;
- The discount rate (IBR, Incremental Borrowing Rate) used for the estimates of discounted future lease payments has been determined by taking account of the 10-year bond rate, plus an average spread calculated by taking account of the current cost of the Company's debt;
- Variable rents, which do not depend on an index or rate, but which depend mainly on the volume of sales, are still accounted for as costs for leases and rentals through profit or loss.
Assets for the right to use leased assets include the value of lease liabilities recognised initially, any initial direct costs incurred, the estimate of any restoration costs to be incurred upon expiry of the agreement and any advance lease payments made at the date of first transition, net of lease incentives received.

On 31 March 2020 the Company carried out an analysis aimed at assessing the recoverability of right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store (DOS), which showed evidence of impairment. The analysis revealed write-downs for impairment required for some DOSs, for which the respective assets were written down for a total of Euro 853 thousand, relating to rights of use (IFRS 16) for Euro 416 thousand and Key Money for Euro 437 thousand, as the relative recovery through prospective cash flows is not reasonably foreseeable at present. Impairment tests have been carried out for all those points of sale for which the Management staff have reported any evidence of impairment following the preparation of the plans impacted by the Covid-19 emergency, as already mentioned above.

The breakdown of the historical cost, amortisation fund and net book value of the Right of use at 31 March 2020 is reported below:

Right-of-use assets *(in thousands of Euro)*	**Land and Buildings**	**Key Money**	**Other Assets**	**Total**
First-time adoption of IFRS 16	16,848	0	689	17,537
Increases/Other changes	648	1,381	0	2,029
Decreases/write-downs	(416)	(437)	0	(853)
Amortisation and depreciation	(3,530)	(161)	(205)	(3,896)
Total at 31.03.2020	**13,550**	**783**	**484**	**14,817**

Right-of-use assets at 31 March 2020 amounted to Euro 14,817 thousand and were mainly made up of assets relating to lease agreements for the spaces of shops, showrooms and long-term car hire agreements on a residual basis.

Note 3 - Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2018/2019 and FY 2019/2020 and the final balance of property, plant and equipment:

(in thousands of Euro)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and business equipment**	**Other assets**	**Fixed assets under construction and advances**	**Total**
Gross value	878	6,332	2,846	13,549	366	0	23,971
Depreciation fund	0	(2,320)	(2,593)	(9,999)	(357)	0	(15,269)
Net value at 31/03/2018	**878**	**4,012**	**253**	**3,550**	**9**	**0**	**8,702**
Increases for the period	0	0	149	640	7	56	852
Sales	0	0	0	(4)	0	0	(4)
Depreciation	0	(193)	(84)	(981)	(17)	0	(1,275)
Write-down of gross value	0	0	0	0	0	0	0
Write-down of depreciation fund	0	0	0	0	0	0	0
Other changes in historical cost	0	0	0	0	0	0	0
Other changes in depreciation fund	0	0	0	0	0	0	0
Reclassifications	0	0	(3)	(1)	4	0	0
Gross value	878	6,332	2,992	14,184	374	56	24,816
Depreciation fund	0	(2,513)	(2,677)	(10,980)	(371)	0	(16,541)
Net value at 31/03/2019	**878**	**3,819**	**315**	**3,204**	**3**	**56**	**8,275**

(in thousands of Euro)	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
Increases for the period	0	2	331	1,152	25	5	1,515
Sales	0	0	0	0	0	0	0
Depreciation	0	(188)	(130)	(908)	(12)	0	(1,238)
Write-down of gross value	0	0	0	253		0	253
Write-down of depreciation fund	0	0	0	(317)	0	0	(317)
Other changes in historical cost	0	0	7	(503)	(8)	0	(504)
Other changes in depreciation fund	0	0	(10)	503	8	0	501
Reclassifications	0	0	0	56		(56)	0
Gross value	878	6,334	3,331	15,142	391	5	26,081
Depreciation fund	0	(2,701)	(2,817)	(11,702)	(375)	0	(17,594)
Net value at 31/03/2020	**878**	**3,633**	**514**	**3,440**	**16**	**0**	**8,487**

Increases in property, plant and equipment, equal to Euro 1,515 thousand in the financial year ended 31 March 2020 (Euro 852 thousand at 31 March 2019) were mainly attributable to the miscellaneous equipment purchased for refurbishment and set-up of shops transformed into Bi-Brand boutiques for Euro 306 thousand and to costs for the new points of sale in Bari, Bologna at Piazza Maggiore and at Naples Airport for Euro 845 thousand.

Note 4 – Equity investments

Below is the breakdown of the item:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Piquadro España SLU	824	824
Piquadro Deutschland GmbH	25	25
Piquadro Hong Kong Co. Ltd.	66	66
Uni Best Leather Goods Zhongshan Co. Ltd.	372	372
Piquadro Trading Shenzhen Co. Ltd.	0	0
Piquadro Taiwan Co. Ltd.	601	601
Piquadro France SARL	0	0
Piquadro Swiss SA	0	0
Piquadro UK Limited	1,171	1,171
Piquadro USA INC.	802	802
OOO Piquadro Russia	564	672
The Bridge S.p.A.	4,208	4,208
Lancel International S.A.	5,292	5,292
Total equity investments in subsidiaries	**13,925**	**14,033**
Equity investments in other companies	22	22
Total equity investments	**13,947**	**14,055**

The statements below report the equity investments relating to subsidiaries, as well as any additional information required by Article 2427 of the Italian Civil Code. The values refer to the last financial statements, as adjusted by

IFRS entries.

Company name	HQ	Ownership %	Book value	Equity	Provision for write-down of equity investments
Piquadro España SLU	Barcelona	100%	824	862	0
Piquadro Deutschland GmbH	Munich	100%	25	42	0
Piquadro Hong Kong Co. Ltd.	Hong Kong	100%	66	120	0
Uni Best Leather Goods Zhongshan Co. Ltd.	Zhongshan	100%	372	544	0
Piquadro Taiwan Co. Ltd.	Taipei	100%	601	911	0
Piquadro Swiss SA	Mendrisio	51%	0	(656)	335
Piquadro UK Limited	London	100%	1,171	1,172	0
Piquadro USA INC.	New York	100%	801	897	0
OOO Piquadro Russia	Moscow	100%	672	564	0
The Bridge S.p.A.	Scandicci	100%	4,208	3,051	0
Lancel International S.A.	Villar–Sur-Glane	99.9958%	5,292	44,194	0

Below is the breakdown of changes in the value of equity investments:

(in thousands of Euro)	**Book value 31/03/2019**	**Increases**	**Write-downs**	**Revaluation**	**Other changes**	**Book value 31/03/2020**
Piquadro España SLU	824	0	0	0	0	824
Piquadro Deutschland GmbH	25	0	0	0	0	25
Piquadro Hong Kong Co. Ltd.	66	0	0	0	0	66
Uni Best Leather Goods Zhongshan Co. Ltd.	372	0	0	0	0	372
Piquadro Trading Shenzhen Co. Ltd.	0	0	0	0	0	0
Piquadro Taiwan Co. Ltd.	601	0	0	0	0	601
Piquadro France SARL	0	0	0	0	0	0
Piquadro Swiss SA	0	0	0	0	0	0
Piquadro UK Limited	1,171	0	0	0	0	1,171
Piquadro USA INC	802	0	0	0	0	802
OOO Piquadro Russia	672	0	(108)	0	0	564
The Bridge S.p.A.	4,208	0	0	0	0	4,208
Lancel International S.A. (*)	5,292	0	0	0	0	5,292
Total equity investments in subsidiaries	**14,033**					**13,925**
Equity investments in other companies	22					22
Total equity investments	**14,055**					**13,947**

Write-downs for the year were due to the realignment between the book value of the subsidiary in Piquadro and the related Equity value in relation to the investees Piquadro Swiss and Piquadro Russia.

The Company has conducted the impairment test of investee The Bridge, which shows a differential between the book value of the investee and the equity equal to Euro 3,051 thousand, in order to recognise losses and/or value reinstatements (if any) to be charged to Profit or Loss, following the procedure required by IAS 36 and thus comparing the book value of the investee and the value in use given by the present value of estimated cash flows that are expected to arise from the continuing use of the asset involved in the impairment test.

The Unlevered Discounted Cash Flow method has been used, which arises from the preparation of three plans relating to the period from 2021 to 2025, which were approved by the Directors of subsidiary The Bridge on 29 June 2020. The plans provide for three different scenarios (“Base”, “Worst” e “Best”) to which a different probability of occurrence has been assigned (70% for the "Base" scenario, 20% for the "Worst" scenario and 10% for the "Best" scenario), while also taking into account, for the purposes of both the design of the plans and the

probability of occurrence of the scenarios to which they are associated, the effects arising from the global spread of the COVID-19 virus. The plans do not include any possible non-recurring operation and/or operations that had not yet been defined on the closing date of the financial year.
The impairment test was approved by the Company's Board of Directors' meeting held on 23 July 2020.

The terminal value has been calculated based on the "perpetual annuity" formula, assuming a "g-rate" growth rate equal to zero on a prudential basis and considering an operating cash flow based on the last year of explicit forecasts, as adjusted in order to project a stable situation "perpetually", specifically using the following main assumptions: - balancing between investments and amortisation and depreciation (with a view to considering an investment level required to maintain the business continuity); - change in working capital equal to zero. From the value obtained by adding discounted cash flows for the explicit period and of the terminal value ("Enterprise Value") must be deducted the net financial debt as at the date of valuation, i.e. 31 March 2020, in order to obtain the economic value of the equity investments in the process of being measured ("Equity Value").
The average cost of capital is the result of the weighted average cost of debt (prepared by considering the relevant rates, plus a "spread"). The cost of net worth is determined by using the levered beta value and the financial structure of a panel of comparables in the sector.

The WACC used has been equal to 8.5%.

The impairment test conducted on the investee The Bridge, by taking account of the weighting of the three scenarios, has not reported any impairment loss to be charged to profit or loss as at 31 March 2020.

Furthermore, also on the basis of the instructions laid down in the document no. 4 that was prepared jointly by the Bank of Italy, CONSOB and ISVAP on 3 March 2010, the Company has taken steps to prepare the sensitivity analysis based on the results of the impairment test with respect to the changes in the basic assumptions that may affect the value in use of the equity investment. Likewise, the analyses did not report any impairment loss in the case of a positive change of 3.5% in the WACC or of 10% in cash flows.

The Company has conducted the impairment test of investee Lancel International SA, in order to recognise losses and/or value reinstatements (if any) to be charged to Profit or Loss, following the procedure required by IAS 36 and thus comparing the book value of the investee and the value in use given by the present value of estimated cash flows that are expected to arise from the continuing use of the asset involved in the impairment test.

The Unlevered Discounted Cash Flow method has been used, which arises from the preparation of three plans relating to the period from 2021 to 2025, providing for three different scenarios ("Base", "Worst" e "Best") to which a different probability of occurrence has been assigned (70% for the "Base" scenario, 20% for the "Worst" scenario and 10% for the "Best" scenario), while also taking into account, for the purposes of both the design of the plans and the probability of occurrence of the scenarios to which they are associated, the effects arising from the global spread of the COVID-19 virus.
The plans and impairment tests were approved by the Company's Board of Directors' meeting held on 23 July 2020.

The terminal value has been calculated based on the "perpetual annuity" formula, assuming a "g-rate" growth rate equal to zero on a prudential basis and considering an operating cash flow based on the last year of explicit forecasts, as adjusted in order to project a stable situation "perpetually", specifically using the following main assumptions: - balancing between investments and amortisation and depreciation (with a view to considering an investment level required to maintain the business continuity); - change in working capital equal to zero. From the value obtained by adding discounted cash flows for the explicit period and of the terminal value ("Enterprise Value") must be deducted the net financial debt as at the date of valuation, i.e. 31 March 2020, in order to obtain the economic value of the equity investments in the process of being measured ("Equity Value").
The average cost of capital is the result of the weighted average cost of debt (prepared by considering the relevant rates, plus a "spread"). The cost of net worth is determined by using the levered beta value and the financial structure of a panel of comparables in the sector.

The WACC used has been equal to 8.5%.

The impairment test conducted on the investee Lancel International SA, by taking account of the weighting of the three scenarios, has not reported any impairment loss to be charged to profit or loss as at 31 March 2020.

Note 5 - Receivables from others

Receivables from others (equal to Euro 426 thousand at 31 March 2020 against Euro 368 thousand at 31 March 2019) relate to guarantee deposits paid by the Company for various utilities, including those relating to the operation of Company-owned shops.

Note 6 – Receivables from subsidiaries

Receivables from subsidiaries amounted to Euro 9,800 thousand at 31 March 2020 against Euro 8,325 thousand at 31 March 2019, including the long-term portion of the loan granted to subsidiary The Bridge S.p.A. at arm's length during the previous year.

Note 7 – Deferred tax assets

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Deferred tax assets:		
- within 12 months	0	76
- beyond 12 months	1,712	1,088
	1,712	**1,164**
Deferred tax liabilities		
- within 12 months	0	0
- beyond 12 months	115	119
	115	**119**
Net Position	**1,597**	**1,045**

Below are the main elements that make up deferred tax assets and deferred tax liabilities and their changes in the financial years ended 31 March 2020 and 31 March 2019:

Deferred tax assets	**31 March 2020**		**31 March 2019**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax assets with effect through P&L:				
Provision for bad debts	2,243	538	1,862	447
Provision for obsolescence of inventories	948	264	701	168
Provisions for risks and charges	385	107	213	59
Amortisation and depreciation	972	271	777	189
Others	1,928	538	1,215	321
Total	**6,476**	**1,719**	**4,768**	**1,184**
Amount credited (debited) to P&L	*0*	*404*		*112*
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	(27)	(8)	(72)	(20)
Total	**(27)**	**(8)**	**(72)**	**(20)**

Amount credited (debited) to Comprehensive Income	0	144	0	(62)
Total tax effect	**6,449**	**1,712**	**4,696**	**1,164**

Deferred tax liabilities	**31 March 2020**		**31 March 2019**	
(in thousands of Euro)	**Temporary differences**	**Tax effect (IRES+IRAP)**	**Temporary differences**	**Tax effect (IRES+IRAP)**
Deferred tax liabilities with effect through P&L:				
Others	143	115	498	119
Total				
Amount credited (debited) to P&L	0	4		(6)
Deferred tax liabilities with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)			0	0
Defined-benefit plans			0	0
Total				
Amount credited (debited) to Comprehensive Income			0	0
Total tax effect	**143**	**115**	**498**	**119**

Note 8 – 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 at 31 March 2020**	**Provision for write-down**	**Net value at 31 March 2020**	**Net value at 31 March 2019**
Raw materials	1,655	(174)	1,481	1,707
Semi-finished products	186	0	186	88
Finished products	14,945	(774)	14,171	11,646
Inventories	**16,787**	**(948)**	**15,839**	**13,491**

Below are the breakdown and changes in the Provision for write-down of inventories:

(in thousands of Euro)	**Provision as at 31 March 2019**	**Use**	**Accrual**	**Provision as at 31 March 2020**
Provision for write-down of raw materials	187	(13)	0	174

Provision for write-down of finished products	514	0	260	774
Total Provision for write-down of inventories	**701**	**(13)**	**260**	**948**

As at 31 March 2020, there was the recognition of an increase of Euro 2,348 thousand in inventories compared to the corresponding values at 31 March 2019, mainly due to the effect of the closure of the company for part of the month of March due to the Covid-19 pandemic.

Note 9 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Receivables from customers	20,737	24,756
Provision for bad debts	(2,361)	(2,000)
Current trade receivables	**18,375**	**22,756**

Gross trade receivables showed a balance of Euro 20,737 thousand at 31 March 2020, showing a decrease of Euro 4,381 thousand compared to the balance as at 31 March 2019. The decrease was mainly due to the combined effect of the loss of revenues in the last 10 days of March due to the closure of the company as a result of the Covid-19 pandemic, the amounts collected up to that date and an increase in write-downs of approximately Euro 600 thousand for the financial year.

The adjustment to the face value of receivables from customers at their presumed realisable value was obtained through a special Provision for bad debts, whose changes are showed in the table below:

(in thousands of Euro)	**Provision at 31 March 2020**	**Provision at 31 March 2019**
Balance at the beginning of the period	1,000	1,641
Accrual	600	660
Uses	(238)	(301)
Total Provision for bad debts	**2,361**	**2,000**

Note 10 – Receivables from subsidiaries

Below is the breakdown of short-term receivables from subsidiaries:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Piquadro España SLU	446	432
Piquadro Deutschland GmbH	151	131
Piquadro Hong Kong Co. Ltd.	196	303
Uni Best Leather Goods Zhongshan Co. Ltd.	2,147	2,073
Piquadro Taiwan Co. Ltd.	0	128
Piquadro Swiss SA	629	588
Piquadro UK Limited	22	120
OOO Piquadro Russia	1,491	1,227
Piquadro LLC	0	0
Piquadro USA INC.	9	0
The Bridge S.p.A.	1,992	1,663
Lancel Sogedi SA	911	619
Lancel Italia	5	24

Receivables from subsidiaries	**7,999**	**7,307**

The increase in receivables from Subsidiaries was mainly due to a higher number of intragroup transactions with Lancel Sogedi and The Bridge. Three loans are recognised between the Parent Company and Piquadro Swiss, Piquadro Deutschland and The Bridge S.p.A., respectively, all disbursed at arm's length.
The receivable relating to The Bridge S.p.A. totalled Euro 11,792 thousand at 31 March 2020 (Euro 9,988 thousand at 31 March 2019). The related long-term portion has been reclassified to non-current assets, for which reference is made to note 5.

Note 11 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Other assets	1,596	343
Accrued income and prepaid expenses	819	881
Other current assets	**2,514**	**1,224**

Other assets were mainly made up of advances to suppliers for Euro 847 thousand and INAIL advances of Euro 116 thousand.

Accrued income and prepaid expenses mainly related to prepaid expenses on rents (Euro 135 thousand at 31 March 2020 against Euro 308 thousand at 31 March 2019), for which IFRS 16 was not applied since they consisted of variable rents, and on advertising (Euro 449 thousand at 31 March 2020 against Euro 414 thousand at 31 March 2019).

Note 12 – Derivative assets

As at 31 March 2020 there were currency forward purchases (USD), the positive fair value of which was equal to Euro 184 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 related interest rate risk, trying to fix the exchange rate at a level that is in line with the budget forecasts..

Note 13 – Tax receivables

As at 31 March 2020 tax receivables were equal to Euro 1,051 thousand (Euro 146 thousand at 31 March 2019). These receivables mainly related to VAT receivables from the Tax Office, as well as to receivables for the withholding recorded on bank interest income.

Note 14 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents relating to Piquadro S.p.A.:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Available current bank accounts	26,001	13,907
Money, cash on hand and cheques	72	134
Cash and cash equivalents	**26,073**	**14,041**

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

LIABILITIES

Note 15 – Shareholders' Equity

a) Share capital

As at 31 March 2020, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by 50,000,000 ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

Other information on Equity

Below is the statement concerning Equity items, as broken down on the basis of their origin, distributability and availability, in compliance with the provisions under paragraph 7-bis) of Article 2427 of the Italian Civil Code (the values are expressed in thousands of Euro):

Description	Amount	Possible use	Available share	Distributable share	Other reserves Profit (Loss) for the period	
					Coverage	**Other**
Share Capital	1,000	B	0	0		
Capital reserves						
Share premium reserve	1,000	A,B,C	1,000	1,000		
Other reserves						
Fair value reserve	52		0	0		
Reserve for Employee Benefits	(50)		0	0		
Stock Option reserve	0		0	0		
Reserve from merger	0		0	0		
Other reserves on account of capital	1,676	A,B,C	1,676	1,676		
Revenue reserves						
Undivided profits						
Legal reserve	200	B	200	0		
Reserve of undivided profits	33,391	A,B,C	33,391	33,391		
	37,269		**36,267**	**36,067**		

KEY: "A" for capital increase; "B" for loss coverage; "C" for distribution to shareholders.

Share premium reserve

This reserve, which remained unchanged compared to the previous financial year, was equal to Euro 1,000 thousand.

b) Other reserves

Other reserves were equal to Euro 1,396 thousand and included the fair value reserve for derivative instruments (positive and equal to Euro 121 thousand), the reserve for actuarial gains (losses) on defined-benefit plans (negative and equal to Euro 13 thousand), the positive reserve which arose at the time of the contribution of the branch of business made on 2 May 2005 (equal to Euro 1,158 thousand) and the negative merger reserve (equal to Euro 92 thousand).

c) Profit for the year

This item relates to the recognition of the Company profit recorded, equal to Euro 3,374 thousand as at 31 March 2020.
During the financial year ended 31 March 2019, the Company's profit for the period, as resulting from the separate financial statements as at 31 March 2019, was allocated as follows:

- Euro 4,000 thousand to dividends, corresponding to earnings per share equal to about Euro 0.08 per share to 50,000,000 outstanding shares;
- Euro 1,428 thousand to profits carried forward as the legal reserve had achieved one fifth of the Share Capital.

Non-current liabilities

Note 16 – Borrowings

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

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Borrowings from 1 to 5 years	20,468	13,598
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	**20,468**	**13,598**

On 18 October 2019 a loan agreement was entered into with Unicredit for an amount of Euro 5 million, expiring on 31 October 2024.
On 24 January 2020 a loan agreement was entered into with Intesa Sanpaolo in an amount of Euro 5 million, expiring on 24 January 2025.
As at 31 March 2020, borrowings related to non-current liabilities for Euro 20,468 thousand and current liabilities for Euro 15,243 thousand (Note 21) and included:

- Euro 126 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 10 June 2016 (for an initial amount of Euro 2,000 thousand), relating to the current portion only;
- Euro 3,676 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 16 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 991 thousand and a non-current portion of Euro 2,685 thousand;
- Euro 882 thousand relating to the unsecured loan granted by Cassa di Risparmio in Bologna on 30 November 2016 (for an initial amount of Euro 2,500 thousand), of which a current portion of Euro 503 thousand and a non-current portion of Euro 379 thousand;
- Euro 566 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 7 December 2016 (for an initial amount of Euro 3,000 thousand), relating to the current portion only;
- Euro 755 thousand relating to the unsecured loan granted by UniCredit on 10 January 2017 (for an initial amount of Euro 3,000 thousand), relating to the current portion only;
- Euro 1,498 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 30 January 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 599 thousand and a non-current portion of Euro 899 thousand;
- Euro 3,991 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 27 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 996 thousand and a non-current portion of Euro 2,994 thousand;

- Euro 1,124 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 22 March 2017 (for an initial amount of Euro 5,000 thousand), relating to the current portion only;
- Euro 1,356 thousand relating to the unsecured loan granted by UBI Banca on 22 May 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 601 thousand and a non-current portion of Euro 755 thousand;
- Euro 4,737 thousand relating to the unsecured loan granted by Unicredit on 18 October 2019 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,483 thousand and a non-current portion of Euro 3,254 thousand;
- Euro 3,000 thousand relating to the unsecured loan granted by Unicredit on 11 March 2020 (for an initial amount of Euro 3,000 thousand), relating to the non-current portion only;
- Euro 5,000 thousand relating to the unsecured loan granted by Intesa Sanpaolo on 24 January 2020 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,000 thousand and a non-current portion of Euro 4,000 thousand;
- Euro 5,000 thousand relating to the unsecured loan granted by Intesa Sanpaolo on 12 March 2020 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 2,500 thousand and a non-current portion of Euro 2,500 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	126	0	0	0	126
BPER Loan	0.125% quarterly	16 November 2018	5,000	Euro	995	(4)	2,689	(4)	3,676
Carisbo Loan	0.38% six-monthly	30 November 2016	2,500	Euro	503	0	379	0	882
Credem Loan	0.4% six-monthly	7 December 2016	3,000	Euro	566	0	0	0	566
Unicredit Loan	0.51% six-monthly	10 January 2017	3,000	Euro	755	0	0	0	755
MPS Loan	0.7% p.a.	30 January 2017	3,000	Euro	600	(1)	900	(1)	1,498
MPS Loan	3m Euribor + 1.1 spread	27 November 2018	5,000	Euro	1,000	(4)	3,000	(6)	3,991
Mediocredito Loan	0.43% + spread 2	22 November 2017	5,000	Euro	1,125	(1)	0	0	1,124
UBI Loan 04/01025637	0.73% p.a.	22 May 2017	3,000	Euro	602	(1)	756	(1)	1,356
Unicredit Loan	0.50% p.a.	18 October 2019	5,000	Euro	1,489	(6)	3,264	(10)	4,737
Unicredit Loan	0.70% p.a.	11 March 2020	3,000	Euro	0	0	3,000	0	3,000
Intesa SP Loan	3m Euribor + 0.60 spread	21 January 2020	5,000	Euro	1,000	0	4,000	0	5,000
Intesa SP Loan	0.10% p.a.	12 March 2020	5,000	Euro	2,500	0	2,500	0	5,000
					15,260	**(17)**	**20,489**	**(21)**	**35,711**

Note 17 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Non-current:		

Lease liabilities	11,115	0
Current:		
Lease liabilities	3,496	0
Payables to other lenders for lease agreements	**14,611**	**0**

The first-time adoption of the new IFRS 16 led to the recognition of a financial liability, equal to the present value of residual future payments. As at 31 March 2020 this item amounted to Euro 11,115 thousand classified among Non-current lease liabilities and to Euro 3,496 thousand among current lease liabilities.

Below is reported the following additional breakdown:

(in thousands of Euro)	31 March 2020	31 March 2019
Payables to other lenders for lease agreements:		
Due within 1 year	3,496	0
Due from 1 to 5 years	8,311	0
Due beyond 5 years	2,804	0
Present value of payables to other lenders for lease agreements	**14,611**	**0**

Note 18 – Other non-current liabilities

Below is the related breakdown:

(in thousands of Euro)	31 March 2020	31 March 2019
Other payables	3,939	4,818
Other non-current liabilities	**3,939**	**4,818**

"Other payables" include the value of the purchase option of The Bridge S.p.A. for Euro 598 thousand and the fair value of the Annual Earn-Out relating to the acquisition of the Lancel Group, which took place in the previous financial year, equal to about Euro 3,341 thousand. These amounts have been calculated by an independent expert.

Note 19 - Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit applied by an independent actuary according to IAS 19. Below are reported the changes that occurred in the course of the last two financial years in the Provision for TFR (which represents the entire value of the Provision for employee benefits), including the effects of the actuarial valuation:

(in thousands of Euro)	Provision for TFR
Balance at 31 March 2018	**268**
Financial costs	9
Net actuarial Losses (Gains) accounted for in the period	0
Indemnities paid in the financial year/Others	17
Balance at 31 March 2019	**294**
Financial costs	(33)
Net actuarial Losses (Gains) accounted for in the period	3
Indemnities paid in the financial year/Others	(22)
Balance at 31 March 2020	**240**

The actuarial criteria and assumptions used for calculating the Provision are indicated in the paragraph *Accounting Standards – Provision for employee benefits* in these Notes.

From the sensitivity analysis, some changes in the provision arise, at the same time as the actuarial assumptions vary, which are not significant.

Note 20 – Provisions for risks and charges

Below are the changes of provisions for risks and charges during the financial year:

(in thousands of Euro)	**Provision at 31 March 2019**	**Use**	**Accrual**	**Reclassifications**	**Provision at 31 March 2020**
Provision for clientele supplementary indemnity	829	(138)	52	0	743
Other Provisions for risks	274	0	111	0	385
Provision for write-downs of equity investments	277	0	58	0	335
Total	**1,380**	**(138)**	**221**	**0**	**1,463**

The "Provision for clientele supplementary indemnity" represents the potential liability with respect to agents in the event of the Company terminating agreements or agents retiring. The amount of the liability was calculated by an independent actuary as at the reporting date.
Other provisions for risks, equal to Euro 385 thousand mainly relate to the provision for risks on returns on sales equal to Euro 88 thousand, to provision for risks on repairs for Euro 10 thousand and to other provisions for risks on potential liabilities generated by current operations for Euro 287 thousand. Specifically, this item includes the provision for risks on legal disputes for Euro 157 thousand and the provision for risks for taxes that are regarded as probable, equal to Euro 130 thousand, as detailed below. This provision includes the liabilities that are regarded as probable, recognised in relation to the PVC involving Piquadro S.p.A. and includes taxes, interest and charges for tax advice. On 31 May 2017 the Bologna Tax Police Unit concluded the tax audit that had been started on 1 February 2017, through the service of a Report of Findings (*Processo Verbale di Constatazione*, "PVC"). In analysing the objections raised in the PVC, the Company has deemed it appropriate to recognise, on a prudential basis, an amount of tax, sanctions and interest corresponding to that for which there is a risk of sustaining a future outlay, in a provision for risks among liabilities.
No developments were noted on the reporting date of these notes.

The provision for write-down of equity investments related to the portion of financial deficit of investee Piquadro Swiss. Specifically, the increase for the year was due to the amount of final loss recorded by said investee in the year.

Current liabilities

Note 21 – Borrowings

As at 31 March 2020 borrowings were equal to Euro 15,243 thousand against Euro 7,175 thousand at 31 March 2019; for the breakdown, reference is made to Note 16 above, the balance of which is made up of the current portion of payables to banks for loans.
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Note 22 - Payables to other lenders for lease agreements

This item amounted to Euro 3,496 thousand at 31 March 2020 (Euro 0 thousand at 31 March 2019). The change in this item is described in Note 16.

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 criteria (based on the schedule set out in CONSOB Communication no. 6064293 of 28 July 2006):

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
(A) Cash	72	134
(B) Other cash and cash equivalents (available current bank accounts)	26,001	13,907
(C) Liquidity (A) + (B)	**26,073**	**14,041**
(D) Finance leases	(3,496)	0
(E) Current bank debt	0	0
(F) Current portion of current debt	(15,260)	(7,179)
(G) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	0	(750)
(H) Current financial debt (D) + (E) + (F) + (G)	**(18,755)**	**(7,929)**
(I) Short-term Net Financial Position (C) + (H)	**7,318**	**6,112**
(L) Non-current bank debt	(20,468)	(13,598)
(M) Finance leases	(11,115)	0
(N) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(598)	(949)
(O) Payables to the Richemont Group for the acquisition of the Lancel Group	(3,341)	(3,869)
(P) Non-current financial debt (L) + (M) + (N) + (O)	**(35,521)**	**(18,416)**
(Q) Net Financial Debt (I) + (P)	**(28,203)**	**(12,304)**

As at 31 March 2020 Piquadro S.p.A.'s Net Financial Position posted a negative value of Euro 28.2 million, showing a deterioration of Euro 15.9 million compared to the debt recorded at 31 March 2019, which posted a negative value of Euro 12.3 million. The change in the net financial position at 31 March 2020 was substantially due to the first-time adoption of the new IFRS 16, giving rise to an impact of about Euro 14.6 million.

The adjusted Net Financial Position, defined as the Net Financial Position, net of impacts arising from the first-time adoption of IFRS 16, at 31 March 2020 posted a negative value of Euro 13.6 million, showing a deterioration of about Euro 1.3 million compared to the debt recorded at 31 March 2019.

The change in the adjusted Net Financial Position was due to dividends paid for Euro 4.0 million, investments in intangible assets, property, plant and equipment and non-current financial assets for about Euro 2.1 million, an increase of Euro 0.5 million in working capital and a free cash flow generated for about Euro 5.3 million.

Note 23 – Trade payables

Below is the breakdown of current trade liabilities (including invoices to be received from suppliers):

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Payables to suppliers	16,489	13,420

Payables to suppliers at 31 March 2020 showed an increase of approximately Euro 3 million as a result of the postponement of deadlines in March due to the global pandemic that led to the temporary closure of the company.

Note 24 – Payables to subsidiaries

Below is the breakdown of liabilities to Subsidiaries (including invoices to be received and a credit note to be received):

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Piquadro España SLU	107	74
Piquadro Deutschland GmbH	26	34
Piquadro Hong Kong Co. Ltd.	103	100
Uni Best Leather Goods Zhongshan Co. Ltd.	2,228	1,622
Piquadro Taiwan Co. Ltd.	204	219
Piquadro UK Limited	425	553
OOO Piquadro Russia	378	46
Piquadro LLC	810	770
The Bridge S.p.A.	278	625
Lancel Sogedi	3	0
Payables to subsidiaries	**4,562**	**4,043**

The increase in payables to Subsidiaries was mainly due to the increase in the balances payable to subsidiaries Uni Best Leather Goods Zhongshan Co. Ltd. and Piquadro Russia.

Note 25 – Derivative liabilities

As at 31 March 2020 derivative liabilities were equal to Euro 17 thousand (Euro 6 thousand 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 and crystallise the exchange rate at a level that is in line with the budget forecasts.

Note 26 - Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Payables to social security institutions	522	571
Payables to Pension funds	34	28
Other payables	4	759
Payables to employees	1,281	951
Advances from customers	108	50
Accrued expenses and deferred income	212	461
Other current liabilities	**2,161**	**2,819**

Payables to social security institutions (Euro 522 thousand) mainly relate to the payables due to INPS (equal to Euro 422 thousand), while payables to employees (equal to Euro 1,281 thousand) mainly included payables for remuneration and bonuses to be paid to employees of the Company. Furthermore, “Other payables” showed a reduction as a result of the amount due within 12 months, equal to Euro 750 thousand, for the deferred payment of the price for the acquisition of The Bridge S.p.A., which took place in December 2019.

Note 27 – Tax payables

As at 31 March 2020, Tax payables were equal to Euro 342 thousand (Euro 2,196 thousand at 31 March 2019), mainly related to the IRPEF tax debt. The reduction compared to the previous financial year was mainly due to the credit position claimed from the Tax Office for VAT due on higher purchases made in European and non-EU countries.

(in thousands of Euro)	**31 March 220**	**31 March 2019**
Tax payables	**342**	**2,196**

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

Note 28 – Revenues from sales

The breakdown of revenues from sales according to categories of activities is not reported as it is considered not to be significant for the understanding of and the opinion on the economic results.

The Company's revenues are mainly realised in Euro.

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**Revenues from sales 31 March 2020**	**%**	**Revenues from sales 31 March 2019**	**%**	**% Change 2020-2019**
Italy	54,687	78.4%	58,871	80.8%	(7.0)%
Europe	13,945	20.0%	12,844	17.6%	8.6%
Rest of the World	1,084	1.6%	1,130	1.6%	(4.0)%
Total	**69,717**	**100.0%**	**72,792**	**100.0%**	**(4.2)%**

Note 29 – Other income

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Charge-backs of transport and collection costs	126	130
Insurance and legal refunds	69	96
Other sundry income	4,301	2,219
Other income	**4,496**	**2,445**

Other income mainly related to chargebacks to subsidiaries relating to administrative services (administration, finance, control and IT) and strategic services (strategy, marketing and communication, design, product development, sales coordination) performed by the Parent Company. The increase compared to the previous year was due to higher volumes of services delivered to investee The Bridge and to the Lancel Group.

Note 30 – Change in inventories

The change in inventories of raw materials was negative for Euro 226 thousand (negative for Euro 48 thousand at 31 March 2019), while the change in inventories of semi-finished and finished products was positive for Euro 2,573 thousand (negative for Euro 941 thousand at 31 March 2019).

Note 31 - Costs for purchases

The item essentially includes the cost of materials used for the production of the Company's goods and of consumables. As at 31 March 2020 costs for purchases were equal to Euro 26,179 thousand (Euro 22,782 thousand at 31 March 2019).

The table below reports the amount of purchases of raw and secondary materials, consumables and goods for resale, as well as the amount of other production costs incurred in a currency other than the Euro (a portion of these costs is classified under costs for services), the Euro counter-value of these purchases in foreign currency and their impact on the total purchases of raw and secondary materials, consumables and goods for resale.

	Currency amount	Average exchange rate	Amount in thousands of Euro	Currency amount	Average exchange rate	Amount in thousands of Euro
		31 March 2020			31 March 2019	
US Dollars	19,682,074	1.11	17,732	16,641,925	1.13	14,727
Total operating costs incurred in foreign currency			**17,732**			**14,727**

In the FY 2019/2020, the Parent Company made forward purchases of US Dollars for an overall amount of USD 14.8 million (USD 17.8 million in the FY 2018/2019) including purchases in dollars made for the supplies of Uni Best Leather Goods Zhongshan Co. Ltd. (net of the sale of leather made by the Company towards the Chinese subsidiary), equal to a counter-value of about Euro 13.0 million at the average exchange rate prevailing in the FY 2018/2019 (about Euro 14.6 million at the average exchange rate for the FY 2018/2019); therefore 73.0% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2018/2019, 99.0% of the purchases in US Dollars made by the Company was covered).

Note 32 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

(in thousands of Euro)	31 March 2020	31 March 2019
Third-party manufacturing	7,962	8,468
Advertising and marketing	4,123	3,824
Transport services	4,695	4,121
Business services	2,252	2,477
Administrative services	887	871
Production services	5,066	5,135
Costs for leases and rentals	1,153	4,924
Costs for services and leases and rentals	**26,139**	**29,820**

Costs for leases and rentals mainly relate to lease rentals relating to the Company’s shops, which showed a reduction as a result of the first-time adoption of the new IFRS 16. The rents stated among costs for leases and rentals related to the agreements for which the Company has made use of the exemption granted in relation to short-term leases (i.e. agreements expiring within 12 months or less) and for lease agreements for which the underlying asset consists of a low-value asset.

Note 33 - Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	31 March 2020	31 March 2019
Wages and salaries	9,568	9,469
Social security contributions	2,710	2,573
Employee Severance Pay	618	588
Other personnel costs	30	
Personnel costs	**12,926**	**12,630**

The table below reports the exact number of the staff members employed by the Company as at 31 March 2020 and 31 March 2019:

Units	**31 March 2020**	**31 March 2019**
Executives	8	6
Office workers	249	230
Manual workers	44	37
Total	**301**	**273**

Note 34 - Amortisation, depreciation and write-downs

In the FY 2019/2020, amortisation and depreciation were equal to Euro 5,380 thousand (Euro 1,734 thousand in the FY 2018/2019). Write-downs related, as already mentioned in Note 7, to the accrual to the Provision for bad debts from customers for about Euro 600 thousand and to the write-down of fixed assets for Euro 918 thousand.

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Amortisation of intangible assets	407	459
Depreciation of property, plant and equipment	1,077	1,275
Amortisation of right-of-use assets	3,896	0
Write-down of fixed assets	918	0
Provision for bad debts	600	1,186
Amortisation, depreciation and write-downs	**6,898**	**2,920**

Note 35 - Other operating costs

In the FY 2019/2020, other operating costs, equal to Euro 330 thousand (Euro 265 thousand in the FY 2018/2019), mainly related to charges generated from current operations.

Note 36 – Shares of profits (losses) from investee Companies

Write-downs and revaluations were made for the realignment between the book value of the equity investments held by the Parent Company and the equity of subsidiaries.
The write-down concerned subsidiary Piquadro Russia, while the accrual to the Provision for risks on equity investments was made against the negative equity of subsidiary Piquadro Swiss SA.

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Write-down of equity investments in subsidiaries	(108)	(103)
Revaluation of equity investments in subsidiaries	0	0
Accrual to the Provision for risks on equity investments	(59)	(72)
Shares of profits (losses) from investee companies	**(167)**	**(175)**

Note 37 - Financial income

The amount of Euro 1,463 thousand in the FY 2019/2020 (Euro 1,051 thousand at 31 March 2019) mainly related to bank interest income of Euro 4 thousand, interest receivable from customers for Euro 8 thousand, foreign exchange gains either realised or estimated for Euro 449 thousand (foreign exchange gains either realised or estimated at 31 March 2019 were equal to Euro 910 thousand).
Financial income includes proceeds amounting to Euro 893 thousand relating to the adjustment to the value of the Company's purchase option towards subsidiary The Bridge S.p.A. (Euro 365 thousand) and to the value of the earn-out of subsidiary Lancel International (Euro 528 thousand). These valuations were made by an independent appraiser.

Note 38 - Financial costs

Below is the breakdown of financial costs:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Interest payable on current accounts	51	65
Interest and expenses subject to final payment	12	12
Financial costs on loans	121	106
Lease charges	0	0
Other charges	40	124
Net financial costs on defined-benefit plans	3	4
Foreign exchange losses (either realised or estimated)	163	280
Financial costs on lease IFRS16	402	0
Financial costs	**792**	**591**

The increase in financial costs, equal to Euro 792 thousand in FY 2019/2020, was mainly attributable to financial costs on lease arising from the first-time adoption of IFRS 16, equal to Euro 402 thousand, as well as to foreign exchange losses, either realised or estimated, equal to Euro 163 thousand (Euro 280 thousand in the financial year ended 31 March 2019).

Note 39 – Income taxes

Below is reported the breakdown of income tax:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
IRES tax	1,302	2,246
IRAP tax	325	529
Total current taxes	**1,627**	**2,775**

Current taxes relate to the tax burden calculated on the Company's taxable income.

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Deferred tax liabilities	(4)	(108)
Deferred tax assets	(404)	0
Total deferred tax liabilities and assets	**(408)**	**(108)**

Below is reported the reconciliation between theoretical and actual tax charge:

(in thousands of Euro)	**31 March 2020**	**31 March 2019**
Profit (loss) before tax	4,593	8,094
Theoretical tax charge	24.0%	24.0%
Theoretical income taxes	1,102	1,943
Tax effect of permanent differences	(207)	195
Other changes	0	0
Total	**895**	**2,138**
IRAP tax	325	529
Current and deferred taxes in the accounts	**1,220**	**2,667**

Note 40 – Commitments

a) *Commitments for purchases (if any) of property, plant and equipment and intangible assets*

As at 31 March 2020, the Company had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2019/2020.

Note 41 – Related-party transactions

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 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 and OOO Piquadro Russia) or production (Uni Best Leather Goods Zhongshan Co. Ltd.), as well as The Bridge S.p.A. and Lancel Sogedi which sell The Bridge and Lancel-branded products.
The relations with Group companies are mainly commercial and regulated at arm's length. There are also financial relations (intergroup loans) between Piquadro S.p.A. and some Subsidiaries, conducted at arm's length.

On 18 November 2010 Piquadro S.p.A. adopted, pursuant to and for the purposes of art. 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.

Below is reported the breakdown of financial receivables from Subsidiaries:

Financial receivables *(in thousands of Euro)*	**31 March 2020**	**31 March 2019**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	0	0
Piquadro Deutschland GmbH	126	126
Piquadro Taiwan Co. Ltd.	0	0
Piquadro Hong Kong Co. Ltd.	0	0
Piquadro Swiss SA	172	171
OOO Piquadro Russia	0	0
Piquadro USA INC.	9	0
The Bridge S.p.A.	11,543	9,294
Lancel Sogedi S.A.	0	0
Lancel Italia S.r.l.	0	0
Provision for write-down of receivables from subsidiaries	0	0
Total financial receivables from subsidiaries	**11,850**	**9,591**
Total financial receivables	**11,850**	**9,591**
% Impact	**100.0%**	**100.0%**

The table below provides the breakdown of trade receivables from Subsidiaries, included in the items "Receivables from subsidiaries" as commented on in Note 9:

Trade receivables *(in thousands of Euro)*	**31 March 2020**	**31 March 2019**
Controlling companies		
Piqubo S.p.A.	0	0

Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	446	432
Piquadro Deutschland GmbH	25	6
Piquadro Hong Kong Co. Ltd.	196	303
Piquadro Taiwan Co. Ltd.	0	128
Uni Best Leather Goods Zhongshan Co. Ltd.	2,147	2,073
Piquadro Swiss SA	457	417
Piquadro UK Limited	22	120
Piquadro LLC	0	0
OOO Piquadro Russia	1,491	1,226
The Bridge S.p.A.	249	694
Lancel Sogedi S.A.	911	618
Lancel Italia S.r.l.	5	24
Total trade receivables from subsidiaries	**5,949**	**6,041**
Total trade receivables	**24,324**	**28,797**
% Impact	**24.5%**	**21.0%**

Trade receivables from Subsidiaries mainly relate to the sale of products for the subsequent distribution by directly-operated stores, and specifically of Uni Best Leather Goods Zhongshan Ltd, to the sale of raw materials (leather) purchased directly from the Company and then to be used in manufacturing processes or also to charge-back by the Parent Company of administrative and/or strategic services.

Below is the breakdown of borrowings from Subsidiaries:

Borrowings *(in thousands of Euro)*	**31 March 2020**	**31 March 2019**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro France SARL	0	0
Total borrowings from subsidiaries	**0**	**0**
Total borrowings	**35,711**	**20,772**
% Impact	**0.0%**	**0.3%**

The table below provides the breakdown of trade payables to Subsidiaries, included in the item "Payables to subsidiaries", as commented on in Note 24:

Trade payables *(in thousands of Euro)*	**31 March 2020**	**31 March 2019**
Controlling companies		
Piqubo S.p.A.	22	0
Piquadro Holding S.p.A.	26	0
Subsidiaries		
Piquadro España SLU	107	74

Piquadro Deutschland GmbH	26	35
Piquadro Hong Kong Co. Ltd.	103	100
Uni Best Leather Goods Zhongshan Co. Ltd.	2,228	219
Piquadro Taiwan Co. Ltd.	204	1,622
Piquadro UK Limited	425	553
OOO Piquadro Russia	378	770
Piquadro LLC	810	46
The Bridge S.p.A.	278	624
Lancel Sogedi	3	0
Total trade payables to Subsidiaries	**4,562**	**4,043**
Total trade payables	**21,051**	**17,463**
% Impact	**21.7%**	**23.2%**

Trade payables partly derive from the services rendered in relation to the Service Agreements executed with the subsidiaries Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro Hong Kong Co. Ltd., Piquadro Taiwan Co. Ltd., Piquadro UK Limited, Piquadro LLC and OOO Piquadro Russia carried out on the basis of market values, and partly from the purchase of finished products realised by the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd..

Below is the breakdown of revenues from (direct and indirect) controlling Companies and from Subsidiaries:

Revenues *(in thousands of Euro)*	**31 March 2020**	**31 March 2019**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	972	999
Piquadro Deutschland GmbH	26	22
Piquadro Hong Kong Co. Ltd.	100	156
Piquadro Taiwan Co. Ltd.	242	322
Uni Best Leather Goods Zhongshan Co. Ltd.	1,614	1,474
Piquadro Swiss SA	167	182
Piquadro UK Limited	190	192
Piquadro LLC	0	16
Piquadro USA INC	0	0
OOO Piquadro Russia	1,445	1,479
The Bridge S.p.A.	874	808
Lancel Sogedi S.A.	2,373	1,054
Lancel Italia S.r.l.	20	20
Total revenues from Subsidiaries	**8,023**	**6,725**
Total revenues	**74,214**	**75,237**
% Impact	**10.8%**	**8.9%**

Revenues from Subsidiaries essentially relate to the sale of leather products by the Company, as well as to charge-backs by the Parent Company to subsidiaries in relation to administrative and strategic services. These transactions were carried out at arm's length.
Below are reported the operating costs towards Subsidiaries:

Costs *(in thousands of Euro)*	31 March 2020	31 March 2019
Controlling companies		
Piqubo S.p.A.	217	79
Piquadro Holding S.p.A.	249	246
Subsidiaries		
Piquadro España SLU	277	188
Piquadro Deutschland GmbH	121	137
Piquadro Hong Kong Co. Ltd.	428	328
Piquadro Taiwan	507	0
Uni Best Leather Goods Zhongshan Co. Ltd.	7,263	7,590
Piquadro UK Limited	487	382
Piquadro LLC	0	999
OOO Piquadro Russia	486	316
The Bridge S.p.A.	747	529
Lancel Sogedi S.A.	88	0
Lancel Italia S.r.l.	0	0
Total costs towards Controlling Companies and Subsidiaries	**10,871**	**11,093**
Total operating costs	**70,124**	**67,427**
% Impact	**15.5%**	**16.5%**

Operating costs towards Subsidiaries mainly relate to the purchase of finished products made by the Company towards the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. and to the services rendered in relation to the so-called Service Agreements executed with the subsidiaries Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro UK Limited, Piquadro Hong Kong Co. Ltd.,Piquadro Taiwan Co. Ltd., Piquadro LLC and OOO Piquadro Russia, carried out on the basis of market values. All transactions were carried out at arm's length.

Piqubo S.p.A., the ultimate Parent Company, charged Piquadro the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse and of the Milan Showroom for the Lancel Brand.

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 for office purposes located in Milan, Piazza San Babila no. 5, which is used as a Showroom of Piquadro S.p.A.. This lease agreement has been entered into at arm's length.

Below is reported the financial income from related Companies:

Financial income *(in thousands of Euro)*	31 March 2020	31 March 2019
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro Deutschland GmbH	1	1
Piquadro Swiss SA	2	2
Piquadro USA INC	0	0
The Bridge S.p.A.	103	89
Total financial income from Subsidiaries	**106**	**92**

Total financial income	**1,463**	**1,051**
% Impact	**7.2%**	**8.7%**

Below is the breakdown of financial costs to related Companies:

Financial costs *(in thousands of Euro)*	**31 March 2020**	**31 March 2019**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro France SARL	0	0
Total financial costs to Subsidiaries	**0**	**0**
Total financial costs		**591**
% Impact	**0.0%**	**0.0%**

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

Below are reported the following financial relations with Piquadro Holding S.p.A.:

- in the FY 2019/2020 Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 2,734,800 relating to the profit for the FY 2018/2019;
- in the FY 2018/2019 Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 1,367,443 relating to the profit for the 2017/2018.

In the FY 2019/2020 no transactions were effected with the 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.

Fees due to the Board of Directors

Below are indicated the fees by name (including emoluments due to Directors and current and deferred remuneration, also in kind, by subordinate employment) due to the Directors and to the members of the Board of Statutory Auditors of Piquadro S.p.A. for the FY 2019/2020 for the performance of their duties in the Parent Company and other Group Companies, and the fees accrued by any Key Executives (as at 31 March 2020, the Directors had not identified Key Executives):

First and last name	**Position held**	**Period in which the position was held**	**Term of office**	**Fees for the position**	**Non-cash benefits**	**Bonuses and other incentives**	**Other Fees**	**Total**
Marco Palmieri	Chairman and CEO	01/04/19-31/03/20	2022	500	7	-	52	**559**
Pierpaolo Palmieri	Vice-Chairman– Executive Director	01/04/19-31/03/20	2022	250	4	-	6	**260**
Marcello Piccioli	Executive Director	01/04/19-31/03/20	2022	180	3	-	10	**193**

Roberto Trotta (1)	Executive Director	01/04/19-31/03/20	2022	1)	3	-	221	**224**
Paola Bonomo	Independent Director	01/04/19-31/03/20	2022	18	0	0	2	**20**
Catia Cesari	Independent Director	01/04/19-31/03/20	2022	18	0	0	2	**20**
Barbara Falcomer	Independent Director	01/04/19-31/03/20	2022	18	0	0	2	**20**
				984	**17**	**-**	**295**	**1,296**

1) He waived the emolument for the period from 01/04/2019 to 31/03/2020.

Fees due to the Board of Statutory Auditors

(in thousands of Euro)

First and last name	Position Held	Period in which the position was held	Term of office	Fees in Piquadro	Other fees	Total
Patrizia Riva	Chairman Standing auditor	25/07/19 - 31/03/20 01/04/19 - 24/07/19	2022	22	0	22
Pietro Michele Villa	Standing auditor Chairman	25/07/19 - 31/03/20 01/04/19 - 24/07/19	2022	19	0	19
Giuseppe Fredella	Standing auditor	01/04/19 - 31/03/20	2022	17	0	17
				58	**0**	**58**

The Statutory Auditors are also entitled to receive the reimbursement of expenses incurred for the reasons of their position, which amounted to Euro 675 in the last financial year and the reimbursement of any charges relating to the National Social Security Fund.

Information required by Article 149-*duodecies* of the CONSOB Issuers' Regulation

Type of service	**Entity performing the service**	**Fees** *(in thousands of Euro)*
Statutory audit of annual and half-year accounts[(a)]	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	151
Other Services[(b)]	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	15
Audit of accounts of Subsidiaries[(c)]	Parent Company's Independent Auditors (Deloitte and Touche S.p.A) and Network of the Parent Company's Independent Auditors	35
Certification services[(d)]	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	33

- The item "Statutory audit of annual and half-year accounts" relates to the fees due by Piquadro;
- "Other services" relate to the fees relating to Pro-forma accounts;
- The item "Audit of accounts of Subsidiaries" relates to the fees relating to Unibest;
- "Certification services" relate to the Disclosure of non-Financial Information.

Note 42 – Significant events after the reporting date

As is public knowledge, since January 2020 a new coronavirus appeared in China and now spread to all over the world (better known as Covid-19) is causing serious effects on global economy and in social terms, especially in view of the global spread of the epidemic that led the World Health Organization to declare the state of "pandemic" on 11 March 2020.

In this regard, the Group has for some time been strictly conforming to the measures issued by the Competent Authorities and has taken any other precaution regarded as appropriate to safeguard the health of its employees and suppliers in order to also contain the spread of the virus in the regions affected by the contagion. Despite the large spread of Covid-19 and the uncertainty as to the duration of this pandemic, as well as the decisions to resume production activities, do not allow the Company to make, at present, any reliable forecast of possible results for the current financial year, it has, however, already taken note of the significant change in the global economic scenario and has adopted and is still implementing actions aimed at reducing costs and maintaining liquidity, in order to also limit any future impact in economic and financial terms and to support its financial strength.
The paragraph on the "**COVID-19 Virus**" of this Annual Financial Report describes the impact of the pandemic and the measures taken by the Group to reduce its effects from an economic and financial point of view.

No significant events are reported which occurred after the reporting date in addition to those described above.

Note 43 – Other information

a) Shares of Piquadro S.p.A. owned by its Directors or Statutory Auditors

Below is reported the chart containing the equity investments held by Directors, Statutory Auditors, General Managers, Key Executives and their spouses and minor children in Piquadro S.p.A. and its subsidiaries.

First and last name	Position	Investee company	No. of shares owned at the end of the previous financial year	No. of shares purchased	No. of shares sold	No. of shares owned at the end of the current financial year
Marco Palmieri	Chairman CEO(1)	Piquadro S.p.A.	31,909,407	0	0	31,909,407
Pierpaolo Palmieri	Vice-Chairman – Executive Director(2)	Piquadro S.p.A.	2,276,801	0	0	2,276,801
Roberto Trotta	Executive Director	Piquadro S.p.A.	3,000	0	0	3,000

(1) At the end of the FY 2019/2020, the Chairman of the Board of Directors and CEO of Piquadro S.p.A., Marco Palmieri, owned a stake equal to 93.34% of the Share Capital of Piquadro Holding S.p.A., through Piqubo S.p.A., a Company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..
(2) At the end of the 2019/2020, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

b) Sale transactions with a reconveyance obligation

As at 31 March 2020, the Company had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold to third-party customers.

c) Information on the financial instruments issued by the Company

The Company did not issue financial instruments during the financial year.

d) Shareholder loans to the Company

The Company has no payables to Shareholders for loans.

e) Information relating to assets and loans intended for a specific business

The Company has not constituted assets intended for a specific business, nor has it raised loans intended for a specific business.

f) Indication of the controlling entity and information on the management and coordination activity pursuant to article 2497 of the Italian Civil Code

Piquadro S.p.A. is not subject to management and coordination activities pursuant to Article 2497 and ff. of the Italian Civil Code. In fact, although under Article 2497-*sexies* of the Italian Civil Code "*it is presumed, unless there is evidence to the contrary, that the activity of management and coordination of Companies is carried out by the Company or entity that is required to consolidate their financial statements or that controls them in any way pursuant to Article 2359*", neither Piqubo S.p.A. nor Piquadro Holding S.p.A., i.e. the companies controlling Piquadro S.p.A., carries out management and coordination activities in relation to Piquadro S.p.A., in that (i) they do not give instructions to their subsidiary; and (ii) there is no significant organisational/functional connection between these Companies and Piquadro S.p.A..
In addition to directly carrying out operating activities, Piquadro S.p.A., in its turn, also carries out management and coordination activities in relation to the Companies it controls, pursuant to Articles 2497 and ff. of the Italian Civil Code.

g) Information required by Article 1, paragraphs 125-129, of Law no. 124 of 4 August 2017

The regulations governing the transparency of government grants under Article 1, paragraphs from 125 to 129, of Law no. 124/2017 falls within the scope of a broader set of provisions aimed at ensuring transparency in financial relationships between public entities and other persons or entities, but the lack of clarity of the wording has immediately raised problems of interpretation and application in relation to companies. In this regard, ANAC (Italian Anti-corruption Authority) passed resolution no. 1134 of 8 November 2017, appointing each administration to implement and control said grants, in addition to be responsible for the proper performance of any consequent obligation. By opinion no. 1149 of 1 June 2018, the Council of State then clarified that the first year of application is that relating to the 2019 financial period for the sums received from 1 January to 31 December 2018.
More recently, under Law no. 12 of 11 February 2019 (Decree Law no. 135 of 14 December 2018), the grants that fall within the scope of the regulations governing the National register of state aids established by the Ministry for Economic Development (MISE) (Law no. 115/2015) are not required to be declared for the purposes of Law no. 124.
Finally, note that both the Assonime (Italian Association of Joint-stock Companies= Circular no. 5 "Business activity and competition", published on 22 February 2019, and the Circular issued by the Italian accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) in March 2019, confirm that the operations carried out as part of the entity's business do not fall within the scope of the purpose of the request and from the scope of disclosures, where bilateral relationships exist which are managed according to market rules and the concessionary measures aimed at companies in general rather than to a specific business entity (for example, tax concession measures). In light of the above provisions it is believed that Piquadro S.p.A. did not receive disbursements that fall within the scope of the cases required by Law no. 124 referred to above.

CERTIFICATION ON THE SEPARATE 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 Financial Reporting Officer of Piquadro S.p.A., certify, 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 separate financial statements in the course of the period from 1 April 2019 to 31 March 2020.

It is also certified that the separate financial statements as at 31 March 2020:

a) 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;
b) correspond to the results in the accounting books and records;
c) are suitable to give a true and correct representation of the equity, economic and financial position of the Issuer.

The Report on Operations includes a reliable analysis of the performance and of the result of operations, as well as of the position of the Issuer, together with a description of the main risks and uncertainties to which they are exposed.

Silla di Gaggio Montano (Bologna), 23 July 2020

Marco Palmieri
Chief Executive Officer

Signed: Marco Palmieri

Roberto Trotta
Financial Reporting Officer

Signed: Roberto Trotta

The highlights of the financial statements of the Subsidiaries included in the consolidation area are reported below pursuant to Article 2429, last paragraph, of the Italian Civil Code

Piquadro-brand distribution companies

Income Statement *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**OOO Piquadro Russia**
Revenues and other income	2,280	155	3,599
Operating costs	(2,266)	(162)	(3,557)
Operating profit (loss)	14	(7)	41
Financial income (costs)	(0)	(0)	(153)
Operating profit (loss) before tax	14	(8)	(111)
Income taxes	0	0	12
Profit (loss) for the period	**14**	**(8)**	**(99)**

Balance Sheet *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**OOO Piquadro Russia**
Assets			
Non-current assets	380	1	282
Current assets	1,100	221	1,898
Total assets	**1,479**	**222**	**2,180**
Equity and liabilities			
Equity	862	42	564
Non-current liabilities	0	0	0
Current liabilities	617	180	1,616
Total Equity and liabilities	**1,479**	**222**	**2,180**

Income Statement *(in thousands of Euro)*	**Piquadro Swiss SA**	**Piquadro UK Limited**	**Piquadro Taiwan Co. Ltd.**
Revenues and other income	316	948	1,059
Operating costs	(410)	(942)	(1,051)
Operating profit (loss)	(94)	6	9
Financial income (costs)	12	(6)	(4)
Profit (loss) before tax	(82)	(0)	5
Income taxes	(0)	0	(2)
Profit (loss) for the period	**(82)**	**(0)**	**3**

Balance Sheet *(in thousands of Euro)*	**Piquadro Swiss SA**	**Piquadro UK Limited**	**Piquadro Taiwan Co. Ltd.**
Assets			
Non-current assets	41	429	148
Current assets	201	834	825
Total assets	**242**	**1,262**	**972**
Equity and liabilities			
Equity	(656)	1,172	911
Non-current liabilities	34	0	0
Current liabilities	865	90	61

Total Equity and liabilities	**242**	**1,262**	**972**

Income Statement *(in thousands of Euro)*	**Piquadro Hong Kong Co. Ltd.**	**Piquadro LLC**	**Piquadro USA INC.**
Revenues and other income	670	0	0
Operating costs	(667)	(10)	(0)
Operating profit (loss)	3	(10)	(0)
Financial income (costs)	5	0	(0)
Operating profit (loss) before tax	8	(10)	(1)
Income taxes	(0)	(0)	(3)
Profit (loss) for the period	**7**	**(10)**	**(4)**

Balance Sheet *(in thousands of Euro)*	**Piquadro Hong Kong Co. Ltd.**	**Piquadro LLC**	**Piquadro USA INC.**
Assets			
Non-current assets	130	0	908
Current assets	219	858	16
Total assets	**349**	**858**	**924**
Equity and liabilities			
Equity	120	858	897
Non-current liabilities	0	0	0
Current liabilities	229	0	27
Total Equity and liabilities	**349**	**858**	**924**

Lancel-brand distribution companies

Income Statement *(in thousands of Euro)*	**Lancel International S.A.**	**Lancel Sogedi S.A.**	**Lancel Iberia**
Revenues and other income	325	54,155	1,275
Operating costs	(306)	(63,403)	(1,277)
Operating profit (loss)	19	(9,248)	(2)
Financial income (costs)	(1,697)	(518)	0
Operating profit (loss) before tax	(1,678)	(9,766)	(2)
Income taxes	(127)	(180)	0
Profit (loss) for the period	**(1,806)**	**(9,945)**	**(2)**

Balance Sheet *(in thousands of Euro)*	**Lancel International SA**	**Lancel Sogedi SA**	**Lancel Iberia**
Assets			
Non-current assets	40,800	4,907	229
Current assets	41,684	42,312	926
Total assets	**82,484**	**47,219**	**1,156**
Equity and liabilities			
Equity	44,194	(15,891)	152
Non-current liabilities	38,001	5,315	0
Current liabilities	289	57,794	1,004
Total Equity and liabilities	**82,484**	**47,219**	**1,156**

Income Statement *(in thousands of Euro)*	Lancel Italia	Lancel Russia	Lancel Zhongshan
Revenues and other income	1,645	963	937
Operating costs	(1,619)	(955)	(932)
Operating profit (loss)	26	9	5
Financial income (costs)	(2)	(151)	(7)
Operating profit (loss) before tax	24	(142)	(2)
Income taxes	0	27	0
Profit (loss) for the period	**24**	**(115)**	**(2)**

Balance Sheet *(in thousands of Euro)*	Lancel Italia	Lancel Russia	Lancel Zhongshan
Assets			
Non-current assets	190	203	30
Current assets	1,166	1,177	1,183
Total assets	**1,356**	**1,380**	**1,213**
Equity and liabilities			
Equity	73	(219)	840
Non-current liabilities	5	0	0
Current liabilities	1,278	1,599	373
Total Equity and liabilities	**1,356**	**1,380**	**1,213**

Piquadro-brand production companies

Income Statement *(in thousands of Euro)*	Uni Best Leather Goods Zhongshan Co. Ltd. (b)
Revenues and other income	7.220
Operating costs	(6.930)
Operating profit (loss)	289
Financial income (costs)	(10)
Operating profit (loss) before tax	280
Income taxes	(96)
Profit (loss) for the period	**184**

Balance Sheet *(in thousands of Euro)*	Uni Best Leather Goods Zhongshan Co. Ltd. (b)
Assets	
Non-current assets	145
Current assets	3,484
Total assets	**3,629**
Equity and liabilities	
Equity	544
Non-current liabilities	0
Current liabilities	3,086
Total Equity and liabilities	**3,629**

The Bridge-brand management company

Income Statement *(in thousands of Euro)*	**The Bridge S.p.A.**
Revenues and other income	41,267
Operating costs	(39,551)
Operating profit (loss)	1,716
Financial income (costs)	(286)
Operating profit (loss) before tax	1,430
Income taxes	228
Profit (loss) for the period	**1,657**

Balance Sheet *(in thousands of Euro)*	**The Bridge S.p.A.**
Assets	
Non-current assets	4,155
Current assets	27,387
Total assets	**31,542**
Equity and liabilities	
Equity	3,051
Non-current liabilities	2,330
Current liabilities	26,162
Total Equity and liabilities	**31,542**

Currency	**Average exchange rate (*)**		**Closing exchange rate (*)**	
	2020	**2019**	**2020**	**2019**
Hong Kong Dollar (HKD)	8.69	9.08	8.49	8.82
Renminbi (RMB)	7.74	7.77	7.78	7.54
Taiwan Dollar (TWD)	34.15	35.34	33.15	34.66
Swiss Franc (CHF)	1.10	1.15	1.06	1.12
Great Britain Pound (GBP)	0.87	0.88	0.89	0.86
US Dollar (USD)	1.11	1.16	1.10	1.12
Russian Rouble (RUB)	72.16	75.29	85.95	72.86

(*) The exchange rates have been rounded up to the second decimal figure.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Piquadro S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Piquadro (the "Company"), which comprise the statement of financial position as at March 31, 2020, the income statement and the comprehensive income statement, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Initial application of IFRS 16 Leases	
Description of the key audit matter	As described in Note "*Accounting standards, amendments and interpretations applied since April 1, 2019*" of the Explanatory Notes, the Company applied the international accounting standard IFRS 16 "Leases" (hereinafter also the "Standard"). The Company elected to adopt the Standard using the modified retrospective approach, without restating comparative information. The adoption of the Standard led to the recognition as of April 1, 2019 of non current assets within "Right-of-use assets" for Euro 17.5 million and of lease liabilities current and no current within "*Payables to other lenders for lease agreements*" for the same amount.

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	The application of the Standard required the Directors to make significant judgments. In particular, for determining the lease terms, the Directors considered the relevant contractual terms and conditions as well as the various cases applicable according to national legislation. With reference to the rates used for discounting future lease payments, Management has estimated the incremental borrowing rates considering the reference rate, as the risk-free rate of the economic environment in which the Company operates at the various maturities, and the credit spread adjustment applicable to the Company. The initial application of the Standard also required the Company to adopt specific procedures for the mapping and analysis of all contracts that could contain a lease. Given the material effects deriving from the adoption of the Standard on the Company's financial statements and considering the aforementioned significant judgments made by the Management and the complexity of the IFRS 16 implementation project carried out by the Company, due to number and heterogeneity of contracts, we deem the initial application of the Standard as a key audit area for the audit of the Piquadro financial statements as at March 31, 2020.
Audit procedures performed	In carrying out audit procedures, we first examined the IFRS 16 implementation project carried out by the Comapny. Moreover, our audit procedures included, among others, the following: • obtaining and analysis, with the support of our internal IFRS specialists, of the accounting policy defined by the Company for the IFRS 16 adoption; • understanding of the procedures and relevant controls, included those related to IT systems, put in place by the Company as part of the process of first time adoption of the Standard for the purpose of identification, mapping and evaluation of contracts that could contain a lease; • acquisition of information about the IT infrastructure used for the IFRS 16 transition, as well as carrying out of analysis and verifications on the main IT systems and processes implemented or modified and understanding of the related general and application relevant controls; • carrying out of specific procedures, on a sample basis, in order to verify the complete and correct quantification of the effect of the first time adoption of the Standard and the mathematical accuracy of the related calculations; • assessment of the reasonableness of the assumptions used by the Company Management and their consistency with IFRS 16; • verification of the disclosure included in the Explanatory Notes and its compliance with the Standard.

Covid 19 and related effects on the impairment test

Description of the key audit matter	As reported in the relevant paragraph of the Notes to the Financial Statements, the Covid-19 pandemic has had a significant impact on the Company's recent performance in terms of sales. The measures adopted by the public authorities to contain and combat the spread of the Covid-19 virus in the various countries in which the Company operates have led to a general slowdown in consumption in the business sector of the market targeted by our

Company, which was exacerbated by the temporary closure of stores and shops to the public during the lockdown period.

The most significant impact on the Company's financial statements at 31 March 2020 entailed: i) a fall in revenues, with a consequent substantial reduction in profitability; during the last quarter of the financial year ended 31 March 2020, i.e. the period in which the spread of the virus led to giving the go-ahead to the measures imposed by the public authorities, the Piquadro Group's revenues recorded a decrease of approximately Euro 5.5 million, equal to 26.5% of sales in the last quarter of the financial year ended March 2019, and ii) the evidence of impairment indicators that led to a loss of value of assets in relation to certain Key money and Rights of use of the sales outlets, which were recognised following the first-time adoption of the new IFRS 16. As reported in Note 2, these assets were written down for a total of about Euro 853 thousand as a result of the impairment test.

As reported by the Directors, the continuing spread of the Covid-19 virus and related restrictions on public life are highly likely to have a significant impact on business of the Company, and at present, they believe that there will be a significant drop in sales in the financial year that will end on 31 March 2021 compared to the financial year ended 31 March 2020, with consequent negative effects on profitability. The Directors also indicate that the amount of this decrease cannot be quantified to date and will depend on the duration of the period of infection and the scope of any additional restrictive measure that may be taken in the country where the Company operates. Nevertheless, considering the presumed significant reduction of the revenues, the Directors report that the Company will continue to take any and all possible measures to reduce costs, in order to mitigate the reduction in its profitability in consideration of this presumably significant drop in revenues.

The Management has developed a forecasting model based on its best estimate of the impact of Covid-19 on the future plans of the Company and its subsidiaries also in a multi-scenario logic, which have been used both for the purposes of the impairment test and the assessment on the going concern.
On this basis, the Company's Management staff have assessed that, despite the difficult economic and financial scenario, there are no uncertainties as to the Company's ability to continue to operate as a going concern, considering the existing levels of capitalisation and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

In view of the significance of the effects of Covid-19 in the financial statements as of 31 March 2020 and in particular of the subjective nature of the estimates made to determine the cash flows of the CGUs and the key variables of the impairment model, and the many unpredictable factors that might influence the performance of the markets in which the Company operates, we considered the Covid 19 and its impacts to be a key audit matter of the audit of the financial statements of the Company.

Audit procedures performed	In the context of our audit work we performed the following procedures, among others, partly with assistance from experts: • understanding the process carried out by the Company to manage the Covid-19 emergency situation; • understanding any measures issued by the Authorities according to Covid-19 emergency; • reading the meeting of Board of Directors; • analysis of the main assumptions carried out by the Directors underlying the multi-scenario plans; • discussions with the Directors in order to obtain information deemed useful in the circumstances; • analysis of the available lines of credit and discussing with the Directors regarding the ongoing negotiation to manage the Group cash requirement for the period of 12 months following the date of preparation of the financial statements; • examination of the approach adopted by Management to determine the value in use of the CGUs, and analysis of the methods and assumptions applied by management to carry out the impairment test; • understanding and testing the operating effectiveness of the relevant controls implemented by the Company over the impairment testing process; • analysis of the reasonableness of the principal assumptions made in order to forecast cash flows, partly by analysing external data and obtaining information from Management that we deemed to be significant; • analysis of actual values in comparison with the original plans, in order to assess the nature of variances and the reliability of the multi-scenario planning process; • assessment of the reasonableness of the discount rates (WACC) and the long-term growth rate (g-rate), partly via the appropriate identification of and reference to external sources that are normally used in professional practice and to key data for main comparables; • verification of the mathematical accuracy of the model used to determine the value in use of the CGU; • verification of the sensitivity analysis prepared by Management; • examination of the adequacy of the information disclosed about the effects of Covid 19 and the impairment tests and its consistency with the requirements of IAS 36.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

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Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Piquadro S.p.A. has appointed us on July 26, 2016 as auditors of the Company for the years from March 31, 2017 to March 31, 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the Board of Statutory Auditors, in its role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98

The Directors of Piquadro S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Piquadro S.p.A. as at March 31, 2020, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations and some specific information contained in the report on corporate governance and ownership structure set forth in art. 123-bis, n. 4 of Legislative Decree 58/98 with the financial statements of Piquadro S.p.A. as at March 31, 2020 and on their compliance with the law, as well as to make a statement about any material misstatement.
In our opinion, the above-mentioned report on operations and information contained in the report on corporate governance and ownership structure are consistent with the financial statements of Piquadro S.p.A. as at March 31, 2020 and are prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Bologna, Italy
July 29, 2020