This document does not comply with the ESEF format required by the European Commission Delegated Regulation 2019/815 and is therefore an unofficial version of the Annual Financial Report at 31 March 2022.
The official document in ESEF format is published and filed according to legal requirements.

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Piquadro S.p.A.
sede: Località Sassuriano, 246 - 40041 Silla di Gaggio Montano – Bologna (Italy) - Cap. Soc. i.v. 1.000.000 Euro - Registro Imprese di Bologna n. 02554531208 - www.piquadro.com

EXTRACT FROM THE NOTICE OF CALL OF THE ORDINARY SHAREHOLDERS' MEETING

The persons entitled to attend and exercise voting rights are summoned to the Shareholders' Meeting of Piquadro S.p.A. on 25 July 2022 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 26 July 2022, in the same place and at the same time, in order to discuss and resolve on the following

Agenda

Financial Statements at 31 March 2022:

Approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2022; Board of Directors' report on operations; Independent Auditors' report; Board of Statutory Auditors' Report;

Proposal for allocation of the profit for the period.

Appointment of Directors for the financial years 2022/2023, 2023/2024 and 2024/2025, subject to prior determination of thenumber, and appointment of the Chairman; determination of the total amount for the fees due to all Directors; relevant and consequent resolutions

Appointment of the Board of Statutory Auditors and of the Chairman for the financial years 2022/2023, 2023/2024 and 2024/2025, determination of fees due to the members of the Board of Statutory Auditors; relevant and consequent resolutions.

Presentation of the Report on remuneration and fees paid: blinding resolution on "Section I" concerning the remuneration policy prepared pursuant to Article 123-ter, paragraph 3-bis, of Legislative Decree no. 58/1998;

resolutions on "Section II" of the Report concerning fees paid, pursuant to Article 123-ter, paragraph 6, of Legislative Decree no.58/1998;

Proposal for authorization for the purchase and sale of treasury shares; relevant and consequent resolutions.

New appointments to the Board of Statutory Auditors

Information relating to:

share capital and voting rights;

the right to attend the Shareholders' Meeting and to exercise voting rights (record date on 14 July 2022);

the attendance at the Shareholders' Meeting and granting the proxy to the Company's Designated Representative (Monte Titoli S.p.A. – Milan, Piazza Affari 6, 20123 Milan); the right to pose questions before the Shareholders' Meeting (by 14 July 2022); additions to the agenda and presentation of new proposals for resolution (by 24 June 2022); and

new appointments to the Board of Statutory Auditors and appointment of the Chairman of the Board of Statutory Auditors; organizational issues of the Shareholders' Meeting,is provided in the full notice of call, published in the Investor Relations Section of the Company's website (www.piquadro.com), dedicated to the Shareholders' Meeting, to which reference is made.

With reference to the appointment of the Board of Statutory Auditors and Board of Directors, in particular, it should be noted that lists may be submitted only by the Shareholders who will represent, either individually or together with other Shareholders, at least an overall percentage of 2.5% of the capital represented by ordinary shares,

the lists, accompanied by the documentation required by the Company's By-Laws and by the applicable regulations, must be sent to the Company at least 25 (twenty-five) days before that set for the Shareholders' Meeting (by 30 June 2022).

The documentation relating to the Shareholders' Meeting, including the Board of Directors' explanatory reports and the proposals for resolution on the items on the agenda, will be made available to the general public, within the time limits set out by the current regulations, at the registered office in the Investor Relations Section of the Company's website (www.piquadro.com), dedicated to the Shareholders' Meeting, as well as at the authorized storage system named "eMarket STORAGE" that can be accessed from the address: www.emarket storage.com. The Annual Financial Report, including the draft financial statements at 31 March 2022, the consolidated financial statements of the Piquadro Group, the report on operations, the certification required by Article 154-bis of Legislative Decree no. 58 of 1998, the Board Statutory Auditors and Independent Auditors' reports, as well as the statements providing the highlights of the subsidiary and associated companies' financial statements and the Disclosure of non-Financial Information, is made available to the Shareholders and the general public at the registered office, and on the Company's website (www.piquadro.com),in the Investor Relations Sections and at the authorized storage system named "eMarket STORAGE" that can be accessed from the address: www.emarket storage.com.

It should be noted that the date and/or the place and/or the attendance and/or the voting procedures and/or the proceedings of the Shareholders' Meeting stated in this notice of call are subject to compliance with the regulations in force and/or the measures issued by the competent Authorities due to the COVID-19 health emergency, as well as to the fundamental principles of health protection of shareholders, employees, representatives and consultants of the Company. The Company reserves the right to make additions and/or amendments to this notice should it become necessary as a result of the evolution of the current COVID-19 emergency; any changes will be promptly disclosed to the market in the same manner as provided for the publication of the notice and/or in any case according to the procedures provided for by the regulations in force from time to time.

Silla di Gaggio Montano, 13 June 2022

The Chairman of the Board of Directors
Marco Palmieri

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 2022, 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 2021 – 31 March 2022 (the "FY 2021/2022").

The financial year under consideration is compared to the data for the 2020/2021 financial year (the "FY 2020/2021") which relates to the period from 1 April 2020 to 31 March 2021.

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.

➢ 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*
Maria Stefania Sala	*Standing Auditor*

Alternate auditors

Giacomo Passaniti
Roberto Scialdone

➢ 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

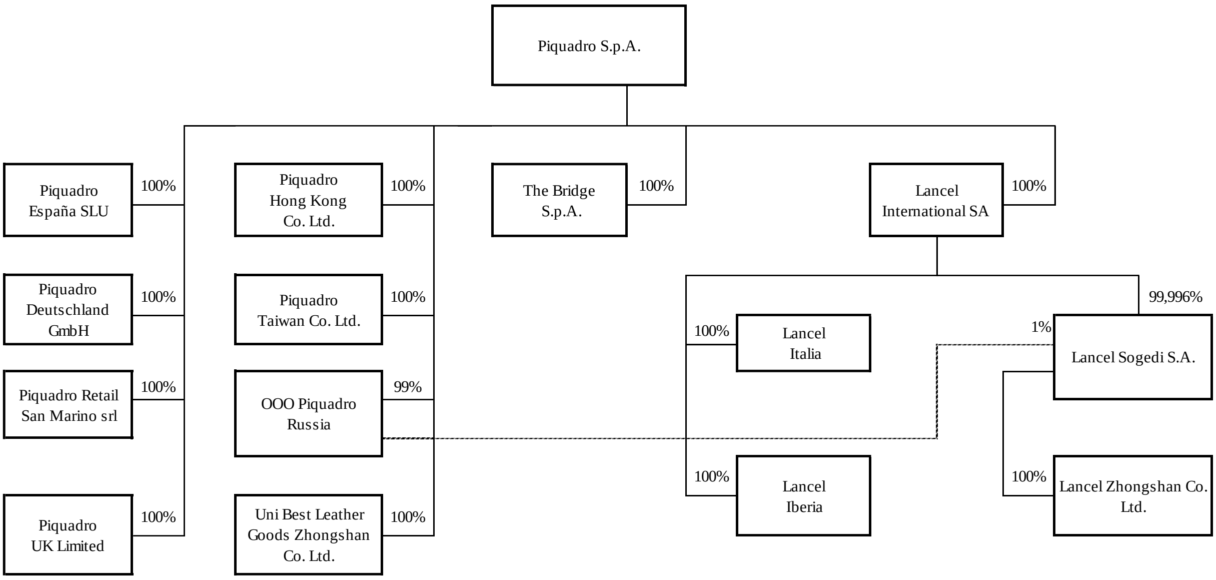
Roberto Trotta

➢ SUPERVISORY BOARD

Gerardo Diamanti

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group at 31 March 2022:



Significant events during the financial year

Among the significant events that occurred during the financial period ended 31 March 2022 are the following:

On 27 July 2021 the Shareholders' Meeting of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2021, as well as the Board of Directors' proposal to cover the net loss of Euro 1,789,191 for the period by using the reserve for retained earnings without distributing any dividend to shareholders.
The Shareholders' Meeting approved:

the First Section of the Remuneration Report that describes the Company's Policy governing the fees payable to directors and key management members for the financial year that will end on 31 March 2022, describing the remuneration due to the Company's Directors, Board of Statutory Auditors' members and key management members, in the implementation of the provisions of Article 123-*ter*, paragraphs no.3-*bis* and 6, of the TUF (*Testo Unico della Finanza*, Consolidated Act on Finance). The Shareholders' Meeting also gave its favourable opinion on the Second Section of the Remuneration Report and the fees paid in accordance with the aforesaid Article 123-*ter*, paragraph 4, of the TUF.
The Shareholders' Meeting also approved :

(a) the decision to authorise the purchase of the Company's ordinary shares, in one or more tranches, up to the maximum number permitted by law, having regard to treasury shares held directly and to those held by subsidiaries. The purchases may be made, according to Article 2357, paragraph 1, of the Italian Civil Code, within the limits of distributable profits and available reserves resulting from the most recent financial statements as duly approved, with a consequent reduction in equity, pursuant to Article 2357-*ter*, paragraph 3, of the Italian Civil Code, in the same amount, through the recognition of a specific item with a negative sign among balance sheet liabilities. The purchase, sale, exchange or contribution of shares shall be accompanied by any appropriate accounting record in compliance with the provisions of law and applicable accounting standards. In cases of sale, exchange or contribution, the corresponding amount may be reused for additional purchases, until the expiry of the time limit set out for the authorisation given by the Shareholders' Meeting, without prejudice to any quantitative and expenditure limits, as well as to the terms and conditions laid down by the Shareholders' Meeting.
The authorisation for the purchase of shares is given until the approval of the financial statements at 31 March 2022 with effect from the date of this resolution.
The purchase price of the shares shall be determined from time to time, having regard to the methods selected to carry out the transaction and in accordance with legislative, regulatory provisions or permitted market practices, within a minimum and maximum limits 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. Should the purchase of treasury shares be made within the scope of any market practice referred to in CONSOB resolution no. 16839/2009, the purchase price set for any proposed trading shall not exceed the higher of the price set for the most recent independent transaction and the current purchase price of the highest independent proposed trading in the market in which proposed purchases are launched, without prejudice to any additional limit set out in the resolution itself.

The abovementioned transactions shall be carried out, on one or more occasions, by purchasing shares, pursuant to Article 144-*bis*, paragraph l, letter b, of the Issuers' Regulation, on regulated markets or multilateral trading systems, which do not allow any direct matching of proposed purchase trading with predetermined proposed sales trading, according to operating procedures set out in the regulations governing the organisation and operation of the markets themselves, in compliance with Article 2357 and ff. of the Italian Civil Code, the equality of treatment of shareholders and any applicable legislation, including regulatory provisions, in force, including the principles referred to in Article 132 of the TUF, as well as with Regulation (EU) no. 596/2014 of 16 April 2014 ad related implementing provisions, if applicable. The purchases may take place according to procedures other than those specified above pursuant to Article 132, paragraph 3, of Legislative Decree no. 58/1998 or any other provision applicable from time to time on the day of the transaction;

(b) the decision to authorise, pursuant to and for the purposes of Article 2357-*ter* of the Italian Civil Code, the disposition, on one or more occasions, of any share that has been purchased according to this resolution or that in any case is already held in the Company's portfolio even well before having reached the maximum amount of shares that can be purchased, and any possible repurchase of the shares themselves to the extent that the treasury shares held by the Company do not exceed the limit set out in the authorisation. The disposition of shares is authorised with effect from the date of this resolution, without any time limit.
The consideration for any sale of treasury shares, which will be set by the Board of Directors, with the right of sub-delegating powers to one or more directors, may not be less by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

Should the sale of treasury shares be carried out within the scope of the permitted market practices referred to above, without prejudice to any additional limit set out in CONSOB resolution no. 16839/2009, the sales price of any proposed trading shall not be less than the lower of the price of the most recent independent transaction and the current sales price of the lowest independent proposed trading in the market in which proposed sales are launched. Should the treasury shares be the object of trading, exchange, contribution or any other act of non-cash disposition, the financial terms and conditions of the transaction shall be laid down based on its nature and features, while taking account of the market performance of the Piquadro S.p.A. stock. The disposition of shares may take place according to such procedures as may be considered to be the most appropriate in the interest of the Company, and in any case in compliance with the applicable regulations and permitted market practices;
(c) the decision to grant the Board of Directors and, through the same, any managing director, jointly and severally between them, the amplest powers required for the actual and full execution of the resolutions referred to in the points above in compliance with the provisions laid down in Article 132 of the TUF and the disclosure obligations referred to in Article 144-*bis*, paragraph 3, of the Issuers' Regulation and, if required, the disclosure obligations required by the abovementioned market practices and by Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable, with the right to proceed with the purchase and disposition of treasury shares, within the limits of the provisions laid down above, including through specialist intermediaries, also pursuant to and for the purposes of the abovementioned market practice governing operations in support of liquidity permitted by CONSOB under resolution no. 16839 of 19 March 2009 and pursuant to Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable.

The financial year ended 31 March 2022 was partially marked by periods in which the Covid-19 pandemic occurred with significant impacts on the performance of sales. Specifically, the first quarter was characterised by partial periods of store closures, during which sales declined compared to the pre-COVID period, but improved from the previous financial year. This revenue growth continued in the subsequent two quarters, partly due to the easing of restrictions imposed by the governments of the countries in which the Piquadro Group operates. Growth trends also continued in the fourth quarter, despite the arrival of the new Omicron variant, for which, however, no special restrictive measures were adopted, as previously occurred, with the exception of some Asian countries, including China, where strict containment measures continue to be adopted to prevent the spread of infections. This is also why the impairment test was carried out on the Lancel division, which also operates in local areas with directly-operated stores. The results of this test are summarized in Note 3 - Right-of-use assets of the explanatory notes to the consolidated financial statements.

The Group monitors the developments of the Covid-19 emergency on an ongoing basis, although trends in sales are steadily recovering. There are still margins of uncertainty, especially regarding the possible transmission of new variants of the virus, thus continuing to affect the mobility of international customers. In such an environment, our management has maintained safety standards consistent with regulatory guidance designed to protect the health and safety of employees, and continues to have a significant focus on reducing operating costs and safeguarding liquidity, as well as to seize significant growth opportunities related to the economic recovery.

On 17 August a fire broke out at the Parent Company's headquarters, which partially caused damage to a system of the warehouse, as well as to some products stored therein. However, operations were resumed promptly. Furthermore, the insurance refund was also quantified and collected to cover the damage suffered during the period.

The rapid development that led to the Russian Federation's decision to invade Ukraine on 24 February triggered a series of consequences in economic and financial terms worldwide after a few weeks of rising tension. This conflict, which is still ongoing, has also caused high volatility in currencies, with the Euro/Rouble exchange rate reaching, in the days immediately following the outbreak of the conflict, values more than 40% higher than in previous months, with a subsequent return to previous levels at the end of the year. In addition, targeted restrictive sanctions (individual sanctions against individuals), economic sanctions and diplomatic measures were issued against the Russian Federation by the United States of America, the United Kingdom and the European Union. Among economic sanctions are those regarding the export of luxury goods, in response to which the Piquadro Group initially suspended logistics and invoicing operations to the Russian subsidiary, both towards DOSs and towards Russian multi-brand customers, which were then regularly resumed, since the scope of these sanctions had not restricted the Group's export activities. It is specified that the Group has no suppliers of goods in Russia and Ukraine.
The effects for the Piquadro Group resulting from the conflict include, first and foremost, the direct impact resulting from the exchange rate trends mentioned above, to which the Piquadro Group responded by raising its selling prices to the public in Russia as from March. Nevertheless, sales of Piquadro Group products were not significantly affected by this situation at DOSs.
On the other hand, indirect impacts include increases in the costs of various raw materials, such as gas and oil, from which further growth in inflation may result, reverberating on consumer products and consequently affecting GDP growth and the spending capacity of the population.

Following the Rouble's exchange rate appreciation against the Euro, the Piquadro Group reacted by reducing the price list increases (previously applied) in the first two months of FY 2022/2023. Work was also resumed on exports to wholesale customers. It should be noted that the Piquadro Group's sales in Russia accounted for 4% of consolidated sales in the twelve months ended 31 March 2022.
As of the same date, the assets held by the Group in Russia (among which are fixed asset investments, including rights of use, inventories, receivables, and cash and cash equivalents) amounted to Euro 4.7 million. In the 2022/2023 budget, the Piquadro Group already incorporated a significant reduction in its economic activities in order to take account of the dynamics resulting from the Russian-Ukrainian conflict, without envisaging the performance of an impairment test, even due to the final positive result achieved in the financial year just ended, and the results expected for the coming years, for the Russian subsidiary.
In relation to the volatility of this scenario, all business development activities, including the opening of new stores, have been temporarily suspended; management is therefore monitoring the situation in order to safeguard the Piquadro Group's assets, wealth and business continuity.
Piquadro has taken any necessary measure to ensure that its activities are carried out in accordance with applicable regulations, while ensuring continuous monitoring of the evolution of the sanctions in order to adapt its activities to the restrictions applicable from time to time.

In order to achieve more effective operating results and increase competitiveness, Lancel Russia was merged by incorporation into OOO Piquadro Russia during the year. The reorganization entailed an increase in the share capital of the merging company, which was equal to the sum of the authorized capitals of the merging company (OOO Piquadro Russia) and of the merged company (Lancel Russia) as at the effective date of the agreement. The merged company's sole shareholder acquired 1% of the shares of the merging company. However, this transaction had no impact on the consolidated financial statements.

During the financial year ended 31 March 2022, the parent company Piquadro S.p.A acquired the residual 20% of the capital of the subsidiary The Bridge S.p.A, subject to option. This resulted in the Parent Company holding 100% of the capital of the subsidiary.

The Piquadro 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 Piquadro 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 2022, part of the small leather goods and of some lines of briefcases, which accounts for about 33.7% 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 Piquadro 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 Piquadro 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 Piquadro Group makes use of a distribution network focused on two channels:

(i) a direct channel which, at 31 March 2022, included 138 directly operated single-brand stores (Directly Operated Stores or DOSs), of which 47 Piquadro-brand stores, 11 The Bridge-brand stores and 80 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 (42 shops at 31 March 2022, of which 33 Piquadro-brand stores, 2 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 2022, about 43.0% of the Piquadro Group's consolidated revenues were achieved by Piquadro-branded products (41.1% in the previous year), 40.2% through the sale of Lancel-branded products (41.9% in the previous year) and 16.8% through the sale of The Bridge-branded products (17.0% in the previous year).

Operations

Sales volumes, in terms of quantities sold during the financial year ended 31 March 2022, were equal to about 1,496 thousand units, up by about 13.1% compared to the value posted in the financial year ended 31 March 2021 (about 1,323 thousand units sold). As regards average selling prices, the financial year ended 31 March 2022 reported an increase equal to about 16.5% compared to the previous year, including the mix effect.

Revenues from sales

In the financial year ended 31 March 2022 the Piquadro Group's revenues from sales increased by 31.7% compared to FY 2020/2021. The Piquadro Group, in fact, recorded net revenues from sales equal to Euro 149,420 thousand, compared to Euro 113,477 thousand reported in the previous year.

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

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 2022 and compared to the financial year ended 31 March 2021:

(in thousands of Euro)	**Revenues from sales at 31 March 2022**	**%(*)**	**Revenues from sales at 31 March 2021**	**%(*)**	**% Change 2022/2021**
PIQUADRO	64,198	43.0%	46,603	41.1%	37.8%
THE BRIDGE	25,137	16.8%	19,318	17.0%	30.1%
LANCEL	60,085	40.2%	47,556	41.9%	26.3%
Total	**149,420**	**100.0%**	**113,477**	**100.0%**	**31.7%**

(*) Percentage impact compared to revenues from sales

With reference to the Piquadro brand, revenues reported in the financial year ended 31 March 2022 amounted to Euro 64.2 million, up by 37.8% compared to the financial year ended 31 March 2021; this increase was determined both by higher sales in the Wholesale channel, which was equal to about 29.9% and accounted for 57.1% of the sales of Piquadro-branded products, and by an increase of 49.8% in the sales in the DOS channel, which also includes the e-commerce website, and which accounted for 42.9% of the sales of Piquadro-branded products. It should be noted that e-commerce sales showed an increase of 2.4% compared to an already growing value of 21.1% in the previous year.

With reference to The Bridge brand, revenues reported in the financial year ended 31 March 2022 amounted to Euro 25.1 million, up by 30.1% compared to the financial year ended 31 March 2021; sales in the Wholesale channel, which accounted for 57.4% of sales of The Bridge-branded products, showed an increase of 16.1%, while sales in the DOS channel (which also includes the e-commerce website), which accounted for 42.6% of sales of The Bridge-branded products, showed an increase of 55.5%. It should be noted that e-commerce sales showed an increase of 16.9% compared to an already growing value of 70.2% in the previous year.

The Lancel-branded product's revenues from sales during the financial year ended 31 March 2022 amounted to Euro 60.1 million, up by 26.3% compared to the financial year ended 31 March 2021; sales in the Wholesale channel, which accounted for 20.3% of sales of Lancel-branded products, showed an increase of 32.9%, while sales in the DOS channel (which also includes the e-commerce website), which accounted for 79.7% d of sales of Lancel-branded products, showed an increase of 24.8%. It should be noted that e-commerce sales showed an increase of 6.5% compared to an already growing value of 171.2% in the previous year.

The strategy planned by the Piquadro 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 2022**	**%(*)**	**Revenues from sales at 31 March 2021**	**%(*)**	**% Change 2022/2021**
Italy	69,319	46.4%	49,853	43.9%	39.0%
Europe	74,693	50.0%	57,706	50.9%	29.4%
Rest of the World	5,408	3.6%	5,918	5.2%	(8.6%)
Total	**149,420**	**100.0%**	**113,477**	**100.0%**	**31.7%**

(*) Percentage impact compared to revenues from sales

From a geographical point of view, at 31 March 2022, the Piquadro Group recorded sales of Euro 69.3 million on the Italian market, equal to 46.4% of the Group's total turnover (43.9% of consolidated sales at 31 March 2021), up by 39.0% compared to the same period of the FY 2020/2021.

In the European market, at 31 March 2022, the Piquadro Group recorded a turnover of Euro 74.7 million, equal to 50.0% of consolidated sales (50.9% of consolidated sales at 31 March 2021), up by 29.4% compared to the same period of the FY 2020/2021. This increase was due to the growth of the three brands, especially in Russia and Germany.

In the non-European geographical area (named "Rest of the World"), at 31 March 2022, the Piquadro Group recorded a turnover of Euro 5.4 million, equal to 3.6% of consolidated sales (5.2% of consolidated sales at 31 March 2021).

In the financial statements at 31 March 2022, the performance of the Piquadro Group's profitability was positively affected by the growth in turnover of all three brands.

The Piquadro Group's operating result at 31 March 2022, including the effects arising from the adoption of IFRS 16 (EBIT), posted a profit of Euro 9,197 thousand, showing an improvement of about Euro 13,856 thousand compared to the financial year ended 31 March 2021.

In the opinion of the Management, the performance of the operating result, compared to the previous year, was strictly connected with the trends relating to growth in turnover.

The Piquadro Group's adjusted operating result (adjusted EBIT) at 31 March 2022, which is calculated excluding the effects arising from the adoption of IFRS 16, posted a profit of Euro 8,074 thousand, showing an improvement of about Euro 13,698 thousand compared to the financial year ended 31 March 2021.

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:

a) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation, or Gross Operating Margin) is an economic indicator that is not defined by the International Accounting Standards. EBITDA is a unit of measurement utilised by the Management to monitor and assess the Group's operational performance. The Management believes that EBITDA is an important parameter for the measurement of the Piquadro 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.
b) Adjusted EBITDA is defined as EBITDA, excluding the effects arising from the adoption of IFRS 16.

c) EBIT (Earnings Before Interest and Taxes) consists of the Earnings for the period before financial income and costs and income taxes.
d) Adjusted EBIT is defined as EBIT, excluding the effects arising from the adoption of IFRS 16.
e) The Net Financial Position ("NFP"), utilised as a financial indicator of financial liabilities, is represented as the sum of the following positive and negative components of the Statement of Financial Position, as required by the CONSOB Call for attention notice no. 5/21 of 29 April 2021. 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, non-current portion of trade payables and other payables.
f) Adjusted Net Financial Position (Adjusted NFP) is defined as the Net Financial Position, excluding the effects arising from the adoption of IFRS 16.
g) The ROI, i.e. the return on net invested capital, is given by the ratio of net Operating Margin to net invested capital and is expressed as a percentage. This indicator is used as a financial target in both internal (business plans) and external (analysts and investors) presentations and intends to measure the ability to produce wealth through operations and therefore to remunerate both net worth and borrowed capital.
h) The ROE, i.e. the return on equity, is given by the ratio of net profit to equity and is expressed as a percentage. This indicator is used as a financial target in both internal (business plans) and external (analysts and investors) presentations and intends to measure the profitability obtained by investors on account of risks.
i) The ROS, i.e. the average operating result by revenue unit. This ratio expresses the Company's profitability in relation to the revenue flow's ability to generate remuneration.
j) Net Working Capital: this item includes "Trade receivables", "Inventories", current non-financial "Other Receivables", net of "Trade payables" and current non-financial "Other Payables".
k) The cash flow is given by cash flows from operating activities (operating cash flow), net of distributed dividends. The operating cash flow is calculated on the basis of the gross operating margin, to which must be added the changes in net working capital, net of increases in the provision for bad debts, the uses of the provisions for risks and the 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 2022:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Revenues from sales	149,420	113,477
EBITDA	25,336	10,504
Adjusted EBITDA	12,070	(1,870)
EBIT	9,197	(4,659)
Adjusted EBIT	8,074	(5,624)
Profit (loss) before tax	7,346	(6,866)
Profit (loss) for the period (including third parties)	4,444	(5,792)
Amortisation and depreciation of fixed assets and write-downs of receivables	16,957	15,819
Generation of financial resources (Group net profit (loss), amortisation and depreciation, write-downs)	21,401	10,027
Adjusted Net Financial Position	19,756	12,309
Net Financial Position	(33,375)	(41,181)
Shareholders' Equity	59,057	54,988

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 2022**	**31 March 2021**
Operating profit (loss)	9,197	(4,659)
Amortisation, depreciation and write-downs	16,139	15,163
EBITDA	25,336	10,504
Adjusted EBITDA	12,070	(1,870)

EBITDA for the year came to Euro 25,336 thousand against Euro 10,504 thousand recorded in the financial year ended 31 March 2021.

Adjusted EBITDA, which is defined as EBITDA, gross of impacts arising from the adoption of IFRS amounted to Euro 12,070 thousand, against a loss of Euro (1,870) thousand recorded at 31 March 2021.

The Piquadro brand's Adjusted EBITDA in the financial year ended 31 March 2022 amounted to Euro 8.6 million, showing a increase of Euro 8.3 million compared to the same value posted in March 2021; The Bridge brand's Adjusted EBITDA amounted to Euro 3.1 million in the financial year ended 31 March 2022, showing an increase of about Euro 3.1 million compared to the same value posted in March 2021; Lancel's Adjusted EBITDA posted a positive value of Euro 0.4 million in the financial year ended 31 March 2022, showing an improvement of Euro 2.5 million, compared to a loss of Euro 2.1 million at 31 March 2021.

The Piquadro Group's amortisation and depreciation were equal to Euro 15,423 thousand in the financial year ended 31 March 2022 (Euro 15,108 thousand in the financial year ended 31 March 2021) and related to intangible assets for Euro 737 thousand, to property, plant and equipment for Euro 2,944 thousand and to right-of-use assets arising from the adoption of the IFRS 16 for Euro 11,742 thousand.

Net write-downs, equal to Euro 715 thousand, were mainly attributable to the write-down of fixed-asset of shops closed during the financial year.

Financial ratios *(in thousands of Euro)*	**31/03/2022**	**31/03/2021**
EBIT	**9,197**	**(4,659)**
Adjusted EBIT	**8,074**	**(5,624)**

Following the adoption of IFRS 16, the Piquadro Group recorded positive EBIT of about Euro 9.2 million in the financial year ended 31 March 2022, showing an improvement of about Euro 13.8 million compared to the same value posted in March 2021.

Adjusted EBIT, defined as EBIT, gross of impacts arising from the adoption of IFRS 16 and the related write-down due to impairment, posted a positive value of Euro 8.1 million, showing an increase of about Euro 13.7 million, compared to a negative value of Euro 5.6 million recorded in the financial year ended 31 March 2021.

The result from financial operations, which posted a negative value of Euro 1,851 thousand (against a negative value of Euro 2,207 thousand at 31 March 2021), was mainly affected by the impact arising from the adoption of IFRS 16 for costs of Euro 1,058 thousand.

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)*	**31/03/2022**	**31/03/2021**
Net profit (loss) for the year (including minority interests)	**4,444**	**(5,792)**
Piquadro Group's net profit (loss)	**4,444**	**(6,115)**

The Piquadro Group recorded, in the financial year ended 31 March 2022, a Net Group Profit of about Euro 4.4 million, showing an improvement of about Euro 10.2 million compared to the same value posted in March 2021.

Profitability ratios

Below are reported the main profitability ratios relating to the financial years ended 31 March 2022 and 31 March 2021:

Profitability ratios	**Composition of the ratio**	**31 March 2022**	**31 March 2021**
Return on sales (R.O.S.)	EBIT/Net revenues from sales	6.2%	(4.1%)

Return on Investment (R.O.I.)	EBIT/Net invested capital	10.0%	(4.8%)
Return on Equity (R.O.E.)	Profit for the year/Equity	7.5%	(10.5%)

Investments

Investments in intangible assets, property, plant and equipment and non-current financial assets in the financial year ended 31 March 2022 came to Euro 5,445 thousand (Euro 2,515 thousand at 31 March 2021), as reported below:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Investments		
Intangible assets	942	964
Property, plant and equipment	4,503	1,526
Non-current financial assets	0	25
Total	**5,445**	**2,515**

Increases in intangible assets, equal to Euro 942 thousand in the financial year ended 31 March 2022 (Euro 964 thousand at 31 March 2021) related to the purchase of the new operational software in Lancel Sogedi for accounting management for Euro 632 thousand and the purchase or renewal of software, licenses and other IT products for Euro 310 thousand.

Increases in property, plant and equipment, equal to Euro 4,503 thousand in the financial year ended 31 March 2022 (Euro 1,526 thousand at 31 March 2021) were mainly attributable to the Lancel's new headquarters in Paris for Euro 560 thousand, to miscellaneous equipment purchased for new DOSs opened in the period under consideration and the refurbishment of some existing shops for Euro 3,209 thousand, to purchases of workshop plant and machinery for Euro 297 thousand, as well as to works at offices of Piquadro S.p.A. and The Bridge S.p.A. for the remaining amount of Euro 437 thousand.

Asset structure

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

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Trade receivables	27,933	23,166
Inventories	39,047	36,206
(Trade payables)	(41,401)	(33,704)
Total net current trade assets	*25,579*	*25,668*
Other current assets	6,420	6,600
Tax receivables	3,352	3,096
(Other current liabilities)	(10,244)	(8,366)
(Tax payables)	(2,339)	(865)
A) Working capital	***22,768***	***26,133***
Intangible assets	7,141	7,064
Property, plant and equipment	15,026	12,899
Right-of-use assets	48,007	48,170
Non-current financial assets	2	27
Receivables from others due beyond 12 months	1,831	2,583
Deferred tax assets	4,003	6,064
B) Fixed assets	**76,010**	**76,807**
C) Non-current provisions and non-financial liabilities	**(6,347)**	**(6,771)**
Net invested capital (A+B+C)	**92,431**	**96,169**
FINANCED BY:		
D) Net Financial Position	***33,375***	***41,181***
E) Equity attributable to minority interests	***0***	***0***
F) Equity attributable to the Group	***59,057***	***54,988***

Total liabilities and Shareholders' Equity (D+E+F)	92,432	96,169

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 Call for attention notice no. 5/21 of 29 April 2021):

(in thousands of Euro)	31 March 2022	31 March 2021
(A) Cash	61,442	57,174
(B) Cash equivalents	0	0
(C) Other current financial assets	0	47
of (D) Liquidity (A) + (B) + (C)	**61,442**	**57,201**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(16,798)	(17,319)
(F) Current portion of non-current financial debt	(11,839)	(9,965)
(G) Current financial debt (E) + (F)	**(28,637)**	**(27,284)**
(H) Current Net Financial Position (G) - (D)	**32,805**	**29,917**
(I) Non-current financial debt (excluding current portion and debt instruments)	(62,173)	(66,493)
(J) Debt instruments	0	0
(K) Trade payables and other non-current payables	(4,007)	(4,605)
(L) Non-current Net Financial Position (I) + (J) + (K)	**(66,180)**	**(71,098)**
(M) Total Net Financial Position (H) + (L)	**(33,375)**	**(41,181)**

"Financial debt", equal to Euro 16,798 thousand (current portion) and Euro 62,173 thousand (non-current portion), included financial liabilities for short/long-term lease agreements equal to Euro 16,798 thousand and Euro 36,333 thousand, respectively.
"Trade payables and other non-current payables" included the fair value of "Earn Out" to be paid to Richemont Holdings SA against the purchase of the stake representing the entire capital of Lancel International SA.

The Piquadro Group's Net Financial Position posted a negative value of Euro 33.3 million in the financial year ended 31 March 2022. The adverse impact of the adoption of IFRS 16 was equal to about Euro 53.1 million.

The Piquadro Group's Adjusted Net Financial Position posted a positive value of about Euro 19.8 million compared to a positive value of Euro 12.3 million of the adjusted net financial position recorded at 31 March 2021. The change in the adjusted Net Financial Position was mainly due to the purchases of treasury shares carried out during the period for Euro 1.8 million, as well as to investments in intangible assets, property, plant and equipment for about Euro 5.4 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 2022:

(in thousands of Euro)	Profit/(loss) at 31 March 2022	Equity at 31 March 2022	Profit/(loss) at 31 March 2021	Equity at 31 March 2021

Equity and profit (loss) for the year as reported in the financial statements of Piquadro S.p.A.	**4,482**	**42,171**	**(1,789)**	**39,236**
Derecognition of the book value of consolidated equity investments	231	(22,920)	(4,002)	(24,323)
Non-recurring income associated with the acquisition of the Lancel Group, net of transaction costs	0	40,752	0	40,752
Dividends	0	0	0	0
Derecognition of the effects of transactions effected between consolidated Companies:				
-Profits included in closing inventories	(336)	(1,765)	(151)	(1,429)
-Other minor items	67	819	(173)	752
Equity and Profit/(Loss) for the year attributable to the Group	**4,444**	**59,057**	**(6,115)**	**54,988**
Profits (Losses) and Equity attributable to minority interests	0	0	323	(0)
Equity and consolidated Profit (Loss)	**4,444**	**59,057**	**(5,792)**	**54,988**

Human Resources

The products that the Piquadro 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 Piquadro 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 2022 the Piquadro Group had 1,027 members of staff compared to 956 units at 31 March 2021.
Below is the breakdown of staff by Country:

Country	31 March 2022	31 March 2021
Italy	383	366
China	257	221
Hong Kong	1	1
Germany	1	1
Spain	23	25
Taiwan	12	13
France	299	290
San Marino	4	0
UK	3	2
Russia	44	37
Total	**1,027**	**956**

With reference to the Piquadro Group's organisational structure, at 31 March 2022, 15.1% of staff operated in the Production area, 53.6% in the Retail area, 19.6% in the support functions (Administration, IT Systems, Procurement, Human Resources, Marketing, etc.), 7.1% in the Research and Development area and 4.6% 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. Despite the context of geopolitical and economic volatility, the Piquadro Group continued with determination the ESG processes by continuing to grow in the culture of eco-sustainable design, since it is aware that a product is manufactured environmentally friendly and the conception phase is decisive for compliance with certain parameters. We must note, for example, the increasingly widespread use of the PQ Circle Index to measure the amount of recycled product used, which has become a design target; likewise, principles and standards of reparability are entering the design logic and contribute to lengthening the life cycles of Piquadro's products. The Piquadro Group has always been inspired by the values of integrity, fairness and transparency, as well as a passion for work, quality and production. This commitment substantiates in initiatives for the enhancement of diversity and inclusion, actions to protect the environment, energy efficiency, reduction of emissions and use of natural resources, as well as in projects in favour of local areas and the community of its mountains.

Piquadro is proud to support the community of its mountains by promoting economic and social development through sustainable tourism open to diversity and respect for the environment.

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 aims to ensure the physical and moral integrity of its own in-house employees and collaborators, offering 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 2022, too, the Piquadro Group managed the emergency linked to the COVID-19 pandemic through a well-equipped and well-organised structure capable of involving the various company functions and the managers responsible at all levels across all the operating units.
The experience gained in previous years in the field of safeguarding occupational health and safety has enabled the Piquadro Group to ensure prevention and protection measures according to the various scenarios that have occurred, both at local and international level.

In the course of the financial year ended 31 March 2022, 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 Piquadro 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 73 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 22 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 Piquadro 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 Piquadro 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 Piquadro Group makes use. In some cases, in fact, the Piquadro 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 Piquadro Group's Research and Development activity for the Piquadro brand is carried out in house by a dedicated team which, in recent years, has particularly focused its work on BAGMOTIC, which integrates technology into briefcases, backpacks, trolleys and suitcases. As from the financial year ended 31 March 2020 the R&D activity evolved from the basis of previous innovations (PQ-BIOS collection) arriving to realize almost all the collections in recycled fabrics. Moreover, in some collections, recycled materials have also been used for the lining, webbing and taping of zippers. In FY2022 Piquadro presented its first collection of sneakers, coordinated with a selection of backpacks and made in collaboration with ACBC, the first and only Italian B Corp in the footwear world that is experienced in the design and production of sustainable shoes.
This partnership gave rise to **Corner20**, a line that offers a range of sneakers and backpacks that enhance the synergy and expertise of the two brands and proposes once again an original detail in design: the rubber toe of the iconic Corner line, launched in 2001. The newborn Piquadro sneaker, which is unisex and available in five colours with recycled fabric and PU uppers, has a cork insole, while the sole and tread contain plastics recovered from production waste. The backpacks, which are available in three models in five colours, are produced with the same criteria used for the shoes, again according to the same standards imposed on B Corps.
Piquadro favours recycled and/or biodegradable materials and is simultaneously working to extend the product's lifecycle, repairability, and support the sale of second-hand ones. As part of this strategy, Piquadro has introduced and gradually expanded the lines of its products made from 100%-recycled nylons and worked on the sustainability of leather collections, ensuring that they come from a responsible and certified supply chain. The aforementioned collaboration with ACBC is another step forward for Piquadro, which is increasingly a promoter of sustainable innovation and cultural change that, in harmony with profit, puts respect for the environment first.
In the past year, Research particularly focused on the Corno alle Scale Project:

- recycled and performing materials (***Cordura*** ®);
- graphene printing on the back of the alpine ski-mountaineering backpack was used for its known thermal properties;
- study of hexagonal graphics;
- study of the waterproof pocket with SOS information;
- through a composite manufacturing process, Piquadro made a leather capable of resisting water penetration for more than 2 hours;
- assemblages with high-frequency thermo-sealing to make the Corno alle Scale summer collection backpack watertight;
- search for the highest-performance functional features intended for specific outdoor activities.

The backpacks, one-packs and fanny packs of the PQ-BIOS line are the result of careful research aimed at creating products with low environmental impact as part of the sustainability project through the use of ECONYL®, a regenerated nylon thread that is obtained from the transformation of waste such as fishing nets and textile fibers.

The production of **ECONYL®** is a process that begins with the recovery of waste such as fishing nets, fabric scraps, used carpets and industrial plastic from landfills and oceans. The collected waste goes through regeneration, a phase in which the nylon is cleaned and purified until it returns to its initial characteristics, i.e. nylon from a virgin source. Then the transformation takes place, i.e. the regenerated nylon ECONYL® is transformed into a yarn ready to be used in industrial production and, finally, a new product is re-invented using the regenerated nylon. In this manner the process is terminated, but it could continue indefinitely because nylon can be recycled indefinitely, while maintaining its intrinsic qualities, with the help of the ECONYL® technology.

Each Piquadro-branded product in the PQ-BIOS collection has a tag that shows the **PQ-Recycled Index**, which has been designed by Piquadro to certify the ratio between the weight of recycled material used in that product and the total weight of material used to make it.

Even the packaging and merchandising of the product are made of recyclable materials: paper, which has FSC (Forest Stewardship Council®) certification attesting to its origin from responsibly managed forests or sources, the ecological soy-based inks and finally recycled cotton for the rope of bag handles.

The Research and Development activity involving The Bridge brand is carried out by a dedicated team of subsidiary The Bridge S.p.A.. The Bridge-branded products are the result of a combination of craftsmanship and continuous study of design and ever-changing new functionalities. The Company has always operated a real handicraft laboratory at which prototypes are created. A team of designers is responsible for creating 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 11 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 related-party transactions” was adopted by CONSOB Resolution no. 17221 of 12 March 2010, as amended by CONSOB resolution no. 17389 of 23 June 2010 and, finally, by CONSOB Resolution no. 21624 of 10 December 2020. On 15 June 2021 the Board of Directors of Piquadro S.p.A. adopted the new procedure concerning related-party transactions, which was also drawn up by taking account of the instructions provided by CONSOB for the application of the new regulations by resolution no. 21624 of 10 December 2020.
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.

In reporting the performance of the Piquadro Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues from the separate financial statements, including relations with Piquadro Group companies, account for about 41.5% of consolidated revenues.

Operations

The financial year ended 31 March 2022 saw an increase in revenues from sales equal to 34.5% compared to the financial year ended 31 March 2021. 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 2022 reported an increase equal to about 25.2%, including the mix effect.

Revenues from sales

In the financial year ended 31 March 2022 the Company reported net revenues from sales equal to Euro 62,034 thousand, up by 34.5% compared to the revenues reported in the financial year ended 31 March 2021 (Euro 46,126 thousand).

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 2022 compared to the financial year ended 31 March 2021:

Sales channel *(in thousands of Euro)*	**Revenues from sales at 31 March 2022**	**%**	**Revenues from sales at 31 March 2021**	**%**	**% Change 2022/2021**
PQ brand DOS	22,732	36.6%	15,430	33.5%	47.3%
PQ brand Wholesale	35,237	56.8%	27,342	59.3%	28.9%
Total PQ Brand	**57,968**	**93.4%**	**42,772**	**92.7%**	**35.5%**
Intercompany revenues	4,066	6.6%	3,354	7.3%	21.2%
Total	**62,034**	**100.0%**	**46,126**	**100.0%**	**34.5%**

The revenues reported by the Piquadro brand in the DOS channel, which include sales in the e-commerce channel, showed an increase of 47.3% compared to the value posted in the financial year ended 31 March 2021. This result was due to an increase of 72.9% in sales at DOSs, in particular as a result of re-openings and the overcoming of restrictions on the mobility and movement of people imposed by government authorities in the financial year ended 31 March 2021, aimed at containing the spread of the Covid-19 pandemic, as well as due to an increase in average sale prices equal to about 20.8%, including the mix effect between the sales in full price shops and outlets.

Sales reported by the Piquadro brand in the Wholesale channel, which accounted for about 56.8% of the Company's total turnover, recorded an increase of 28.9% compared to the financial year ended 31 March 2021 and were mainly affected by the same trends that impacted the DOS channel.

Piquadro's sales to its subsidiaries, stated as Intercompany revenues in the table above, showed an increase of 21.2% compared to the financial year ended 31 March 2021.

Below are the breakdowns of revenues by geographical area:

(in thousands of Euro)	**Revenues from sales at 31 March 2022**	**%**	**Revenues from sales at 31 March 2021**	**%**	**% Change 2022/2021**
Italy	50,020	80.6%	36,171	78.4%	38.3%
Europe	11,141	18.0%	9,097	19.7%	22.5%
Rest of the World	873	1.4%	857	1.9%	1.9%
Total	**62,034**	**100.0%**	**46,126**	**100.0%**	**34.5%**

The Company's revenues for the FY 2021/2022 show that the Italian market still accounts for a very significant percentage of the total turnover (80.6%). In Europe the Company showed a turnover of Euro 11,141 thousand, up by 22.5% compared to the value posted in the financial year ended 31 March 2021, which is equal to 18.0% in terms of percentage impact of the total turnover. In the geographical area named "Rest of the World", where the Company sells in 16 Countries, the turnover increased by 1.9%.

Economic and financial highlights

Below are the results of Piquadro S.p.A. at 31 March 2022 compared with the same indicators at 31 March 2021:

Economic and financial ratios *(in thousands of Euro)*	**31 March 2022**	**31 March 2021**
Revenues from sales	62,034	46,126
EBITDA	11,769	3,299
EBIT	7,450	(1,596)
Profit (loss) after tax	4,482	(1,789)
Amortisation and depreciation of fixed assets and write-downs of receivables	4,959	5,445
Cash flow (net profit (loss) before amortisation, depreciation and write-downs)	9,441	3,656

The Parent Company's EBITDA came to about Euro 11.7 million at 31 March 2022, including a profit of Euro 3.2 million arising from the adoption of IFRS 16 against an amount of about Euro 3.3 million at 31 March 2021, which included a profit of Euro 3.1 million arising from the adoption of IFRS 16.

The Parent Company's EBIT posted a positive value of Euro 7.5 million, including a profit of Euro 0.3 million arising from the adoption of IFRS 16.

Amortisation and depreciation for the financial year ended 31 March 2022 amounted to about Euro 4,299 thousand (equal to Euro 4,850 thousand at 31 March 2021), an amount of Euro 2,854 thousand of which was mainly attributable to the amortisation and depreciation of Right-of-use assets arising from the adoption of IFRS 16.
Net write-downs totalled Euro 20 thousand and mainly related to the impairment of fixed-asset of shops closed during the financial year.
The accrual to the provision for bad debts from customers in the financial year ended 31 March 2022 amounted to Euro 640 thousand (Euro 550 thousand at 31 March 2021).

The result from financial operations, which posted a negative value equal to about Euro 1,120 thousand (against a negative value of about Euro 1,763 thousand at 31 March 2021), was attributable to the following changes: interest and other financial costs of Euro 763 thousand, as well as the differential between foreign exchange gains and losses which posted a loss equal to Euro 408 thousand at 31 March 2022 (against a loss equal to Euro 292 thousand at 31 March 2021), the effect of a write-down of equity investments held by the Parent Company for Euro 408 thousand (for more details, see note 36 of the Explanatory Notes). We must also note the adverse impact on this accounting item arising from the adoption of IFRS 16, equal to Euro 446 thousand at 31 March 2022 (against a still negative impact equal to Euro 454 thousand at 31 March 2021).

The net result recorded by the Parent Company in the financial year ended 31 March 2022 posted a gain of Euro 4.5 million (against a loss of Euro 1.8 million at 31 March 2021).

Profitability ratios

Below are the main Profitability ratios relating to the financial years ended 31 March 2022 and 31 March 2021:

Profitability ratios	**Composition of the ratio**	**31 March 2022**	**31 March 2021**
Return on sales (R.O.S.)	EBIT/Net revenues from sales	12.0%	(3.5%)
Return on Investment (R.O.I.)	EBIT/Net invested capital	12.5%	(2.4%)
Return on Equity (R.O.E.)	Profit for the year/Equity	10.6%	(4.6%)

Gross investments

Gross investments in fixed assets concerning the Company's operations were equal to Euro 853 thousand in the financial year ended 31 March 2022 (Euro 887 thousand in the financial year ended 31 March 2021). Below is the breakdown by type:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Investments		
Intangible assets	249	319
Property, plant and equipment	604	543
Non-current financial assets	0	25
Total	**853**	**887**

Increases in intangible assets, equal to Euro 249 thousand in the financial year ended 31 March 2022 (Euro 319 thousand at 31 March 2021) mainly related to software and IT products.

Increases in property, plant and equipment, equal to Euro 604 thousand in the financial year ended 31 March 2022 (Euro 543 thousand at 31 March 2021), were mainly attributable to equipment and machinery for offices and stores for Euro 140 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 129 thousand, as well as to works at the Headquarters for the remaining amount of Euro 335 thousand.

Asset structure

Below is the performance of the Company's asset structure at 31 March 2022 compared to that at 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Trade receivables	29,570	31,638
Inventories	14,508	14,507
(Trade payables)	(18,975)	(17,223)
Total net current trade assets	25,103	28,922
Other current assets	1,403	1,528
Tax receivables	729	930
(Other current liabilities)	(3,553)	(1,996)
(Tax payables)	(1,330)	(476)
A) Working capital	***22,351***	***28,908***
Intangible assets	633	640
Property, plant and equipment	7,317	7,733
Right-of-use assets	13,876	15,230
Non-current financial assets	14,939	13,112
Receivables from others due beyond 12 months	554	449
Deferred tax assets	1,538	3,072
B) Fixed assets	***38,856***	***40,236***
C) Non-current provisions and non-financial liabilities	***(1,785)***	***(1,296)***
Net invested capital (A+B+C)	**59,422**	**67,848**
FINANCED BY:		
D) Net Financial Position	***17,251***	***28,612***
E) Equity	***42,171***	***39,236***
Total liabilities and Shareholders' Equity (D+E)	**59,422**	**67,848**

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 Call for attention notice no. 5/21 of 29 April 2021):

(in thousands of Euro)	31 March 2022	31 March 2021
(A) Cash	32,849	27,190
(B) Cash equivalents	0	0
(C) Other current financial assets	0	0
(D) Liquidity (A) + (B) + (C)	**32,849**	**27,190**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(4,636)	(4,070)
(F) Current portion of non-current financial debt	(10,448)	(9,965)
(G) Current financial debt (E) + (F)	**(15,084)**	**(14,034)**
(H) Current Net Financial Position (G) - (D)	**17,765**	**13,156**
(I) Non-current financial debt (excluding current portion and debt instruments)	(31,009)	(37,163)
(J) Debt instruments	0	0
(K) Trade payables and other non-current payables	(4,007)	(4,605)
(L) Non-current Net Financial Position (I) + (J) + (K)	**(35,016)**	**(41,768)**
(M) Total Net Financial Position (H) + (L)	**(17,251)**	**(28,612)**

"Financial debt", equal to Euro 4,636 thousand (current portion) and Euro 31,009 thousand (non-current portion), included financial liabilities for short/long-term lease agreements equal to Euro 4,636 thousand and Euro 9,905 thousand, respectively.
"Trade payables and other non-current payables" included the fair value of "Earn Out" to be paid to Richemont Holdings SA against the purchase of the stake representing the entire capital of Lancel International SA.

As at 31 March 2022 the Parent Company's Net Financial Position posted a negative value of Euro 17.3 million, showing an improvement of Euro 11.3 million compared to the debt recorded at 31 March 2021, which posted a negative value of Euro 28.6 million.

The Parent Company's adjusted Net Financial Position, defined as the Net Financial Position, excluding the effects arising from the adoption of IFRS 16, at 31 March 2022 posted a negative value of about Euro 2.7 million, showing an improvement of about Euro 10.2 million compared to the value recorded at 31 March 2021 (adjusted Net Financial Position negative for Euro 12.9 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 2022 Piquadro S.p.A. had 317 members of staff, compared to 250 units at 31 March 2021. Below is the breakdown of staff by area:

Organisational Areas	31 March 2022	31 March 2021
R&D Area	5.0%	5.6%
Retail Area	60.5%	55.6%
Sales Area	8.4%	9.6%
Supporting Areas	26.1%	29.2%

Total	**100.0%**	**100.0%**

Health, safety and environment

In the course of the financial year ended 31 March 2022, Piquadro S.p.A. managed the emergency linked to the COVID-19 pandemic by maintaining in place a well-equipped and well-organised structure capable of involving the various company functions and the managers responsible at all levels, such as, for example, the Prevention and Protection Service and the Company Doctor.
The experience gained in previous years in the field of safeguarding occupational health and safety has enabled the Company to ensure prevention and protection measures according to the various scenarios that have occurred, both at local and national level.
During the period under consideration, no significant critical issues could be found which related to an increase in the number of accidents or the deterioration of workplaces and/or working equipment.
There is still room for improvement in the prevention of accidents through the recording of Near Miss events as a tool to spread the culture of "Shared Responsibility". The main efforts in the field of health and safety were aimed at monitoring the prevention and protection guidelines set out in the Company Protocol for Emergency Management and the implementation of a system of measures aimed at checking the effectiveness of this document, while also taking steps to bring the Company Protocol into line with the new regulatory developments and administrative measures on an ongoing basis.
In this regard, the Human Resources Office has taken on the role of coordinating and distributing information, holding meetings with the Prevention and Protection Service officer, the Company Doctor and the other members of the committee in charge of supervising the operation of the protocol.
Solid communication was ensured towards workers, which was supported by the action of those in charge of the function, the Employer and the Workers' Safety Representative.
The retail network, which was heavily hit by the restrictions due to the emergency, was involved through coordination officers who took part in updating and monitoring activities. In relation to the operation of the retail channel activities, documentary compliance was confirmed in accordance with Legislative Decree no. 81 of 2008, as was the delivery of refresher training courses to workers. The same attention paid to workers' health and safety was applied to environmental issues, allowing Piquadro to confirm itself as an organization that does not have any impact on the environment. No elements were implemented, which could determine damage or adverse 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.

Other information required by Article 2428 of the Italian Civil Code

In relation to other information required by Article 2428 of the Italian Civil Code, it should be noted for:

- Research and development activity:

reference should be made to the paragraph on "Research and development activities".

- Transactions with subsidiaries, associates, controlling companies and entities controlled by the parent company:

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 2022 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 41 of the Explanatory Notes. Finally, it should be noted that these financial statements do not report any atypical or unusual transaction.

- Treasury shares:

in relation to information required by Article 2428, paragraphs 3.3) and 3.4) of the Italian Civil Code, the number and the nominal value of the shares which make up the share capital of Piquadro S.p.A., the number and the nominal value of the treasury shares held in portfolio at 31 March 2022, in addition to the changes that occurred in them during the period, reference should be made to Note 14 – Shareholders' Equity.

- Outlook:

reference should be made to the paragraph "Outlook" below;

- Use of financial instruments by the Company:

in relation to the Company's financial risk management objectives and policies, including hedging policies for each main category of forecasted transactions and the Company's exposure to price risk, credit risk, liquidity risk and cash flow risk, reference should be made to the paragraph on "Financial risks";

- Sub-offices:

the Company has no sub-offices.

- Significant events after the reporting date:

reference should be made to the paragraph on "Significant events after the reporting date" below.

SIGNIFICANT EVENTS AFTER THE REPORTING DATE

After the end of the financial year, there was a further easing of restrictions imposed following the Covid-19 pandemic, in the markets where the Group operates with the exception of some Asian countries, including China, where strict containment measures are still in place.

Furthermore, it should be noted that the conflict between Russia and Ukraine continued, which had broken out in the last months of the FY 2021-2022 and the sanctions issued against the Russian Federation were tightened on the part of the United States of America, the United Kingdom and the European Union; for this reason, no further impacts are reported in addition to those already mentioned in the paragraph on "Significant events during the financial year."

Furthermore, work continued on the share buyback plan, which had been authorized by the Shareholders' Meeting of Piquadro S.p.A. on 27 July 2021. As at 12 June 2022, Piquadro S.p.A. held 1,604,800 of its treasury shares, equal to 3.2096% of the share capital, while its subsidiaries did not hold any share in the parent company.
For more details, reference should be made to the authorization resolution approved by the Shareholders' Meeting and the related explanatory report of the Board of Directors, which is available on the Company's website.

No further significant events are reported which occurred after the reporting date.

OUTLOOK

The FY 2021/2022 was the year for the Piquadro Group to return to growth in sales and all financial ratios for all of its three brands, albeit within extremely volatile economic trends. The post-COVID-19 recovery in economy helped the Group achieve profoundly significant objectives within the framework of its continued ability to invest in both marketing and research and product innovation.

Despite the current geopolitical scenario is very uncertain, the Group's management believes that it may continue on the path to growth and achieve profitability levels that would be significantly higher than in past years for the entire Group, thanks to the investment policy carried out by the Group in recent years, as well as its capital and financial strength and the renewed commitment to R&D work.

FINANCIAL RISKS

The Piquadro 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 Piquadro Group has established control times and methods which allow the Board of Directors to give its approval as to all transactions which bind the Piquadro Group to third-party lenders.

Liquidity risk

The objective of the Piquadro 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 Piquadro 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 Piquadro Group requirements.

Credit risk

The credits of the Piquadro 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 Piquadro 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 Piquadro 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 Piquadro 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 Piquadro Group's European subsidiaries are mainly denominated in Euro. The result of this is that the net result of the Piquadro 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 2022, 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 Piquadro 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 Piquadro 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).

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 Gerardo Diamanti 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 2022 (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 2021/2022, 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 2021/2022, 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.

The Company applies the Corporate Governance 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 Corporate Governance 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%
Quaero Capital SA	Quaero Capital SA	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

As at the reporting date, no delegated powers had been granted to the Board of Directors to increase the share capital in accordance with Article 2443 of the Italian Civil Code,.
The Shareholders' Meeting of Piquadro held on 27 July 2021 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 2022, 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:
(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.
On 10 November 2020, the Company announced to the market that it was going to launch a share buyback program in the implementation of the resolution passed by the Ordinary Shareholders' Meeting held on 10 September 2020, as a useful strategic investment opportunity for any purpose permitted by current regulations and in particular with the purpose of: (a) encouraging the stabilization of stock performance and support to liquidity, and, within this framework, of acquiring the Company's shares at prices below their actual value, based on the Company's profitability prospects, resulting in the enhancement of the Company's value; and (b) establishing 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 programme provided for purchases of a maximum number of 1,000,000 ordinary shares of the Company, with no par value, for a maximum value set at Euro 1,260,000.00, to be carried out in accordance with the terms and conditions laid down by the Shareholders' Meeting.
For the purposes of the implementation of the programme, the Company has appointed the authorized intermediary Mediobanca S.p.A., which will make purchasing decisions in full independence, even in relation to the timing of the transactions.
On 3 May 2021, the Company noted that the total countervalue of Euro 1,260,000.00, communicated at the inception of the plan, had been reached, and announced that, within the scope of - and in any case in compliance with - the authorization received from the Shareholders' Meeting, and in continuity with the share buyback program already in place, it intended to continue the buyback plan up to an estimated total value of Euro 1,855,000.00, it being understood that the purchases would concern a maximum total of 1,000,000 ordinary shares of the Company.
On 30 July 2021, Piquadro S.p.A. announced the revocation of the previous authorization to purchase and dispose of treasury shares resolved on 10 September 2020, and the launch of a new treasury share purchase program, in the implementation of the resolution passed by the Ordinary Shareholders' Meeting held on 27 July 2021, concerning the purchase of an additional maximum total of 1,000,000 ordinary shares of the Company, with no par value, for a maximum countervalue set at Euro 2,200,000.00 (two million two hundred thousand).

As a result of the purchases made, the Company held 1,604,800 treasury shares, representing 3.2096% of the share capital, as at 12 June 2022.

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".
On 15 June 2021 the Board of Directors of Piquadro S.p.A. adopted the procedure concerning transaction with related parties, which was also drawn up by taking account of the instructions provided by CONSOB for the application of the new regulations by resolution no. 2164 of 10 December 2020.
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 PIQUADRO 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 2022 and 31 March 2021. Economic segment data are monitored by the Company's Management until EBITDA.

	31 March 2022					31 March 2021				
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	**64,198**	**25,137**	**60,085**	**149,420**	**100.0%**	**46,603**	**19,318**	**47,556**	**113,477**	**100.0%**
Other income	3,408	566	1,472	5,446	3.6%	965	132	1,545	2,642	2.3%
Costs for purchases of raw materials	(10,081)	(1,526)	(16,971)	(28,578)	(19.1%)	(7,023)	(1,613)	(15,363)	(23,998)	(21.1%)
Costs for services and leases and rentals	(28,910)	(12,779)	(18,573)	(60,262)	(40.3%)	(23,939)	(11,199)	(15,785)	(50,922)	(44.9%)
Personnel costs	(14,641)	(6,541)	(17,618)	(38,800)	(26.0%)	(11,249)	(5,105)	(12,922)	(29,276)	(25.8%)
Provisions and write-downs	(640)	(209)	30	(818)	(0.5%)	(551)	(200)	94	(657)	(0.6%)
Other operating costs	(329)	(43)	(699)	(1,071)	(0.7%)	(316)	(37)	(410)	(762)	(0.7%)
EBITDA	**13,004**	**4,605**	**7,727**	**25,336**	**17.0%**	**4,491**	**1,297**	**4,716**	**10,504**	**9.3%**
Amortisation, depreciation and write-downs of fixed assets				(16,139)	(10.8%)				(15,162)	(13.4%)
Operating profit (loss)				**9,197**	**6.2%**				**(4,658)**	**(4.1%)**
Financial income and costs				(1,851)	(1.2%)				(2,207)	(1.9%)
Profit (loss) before tax				**7,346**	**4.9%**				**(6,866)**	**(6.1%)**
Income taxes				(2,902)	(1.9%)				1,074	0.9%
Profit for the year				**4,444**	**3.0%**				**(5,792)**	**(5.1%)**
Net profit (loss) for the Group				**4,444**	**3.0%**				**(5,792)**	**(5.1%)**
Attributable to:										
Parent Company shareholders				**4,444**	**3.0%**				**(6,115)**	**(5.4%)**
Minority interests				**0**	**0%**				**323**	**0.2%**

(*) 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 2022 and 31 March 2021:

	31 March 2022				31 March 2021			
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total**	**Piquadro**	**The Bridge**	**Lancel**	**Total**
Assets	108,960	40,505	64,739	214,203	101,408	34,896	66,724	**203,027**
Liabilities	80,163	29,686	45,298	155,148	78,237	24,483	45,321	**148,041**
Fixed assets	36,505	9,456	30,049	76,010	38,559	9,515	28,732	**76,806**

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 Piquadro Group's revenues from sales broken down by brand:

(in thousands of Euro)	**Revenues from sales at 31 March 2022**	**%(*)**	**Revenues from sales at 31 March 2021**	**%(*)**	**Change 2022-2021**
PIQUADRO	64,198	43.0%	46,603	41.1%	37.8%
THE BRIDGE	25,137	16.8%	19,318	17.0%	30.1%
LANCEL	60,085	40.2%	47,556	41.9%	26.3%
Total	**149,420**	**100.0%**	**113,477**	**100.0%**	**31.7%**

(*) Percentage impact compared to revenues from sales

In the financial year ended 31 March 2022 the Piquadro Group recorded, in terms of revenues, a performance increasing by 31.7% compared to the FY 2020/2021. The Piquadro Group recorded in fact net revenues from sales equal to Euro 149,420 thousand compared to Euro 113,477 thousand recorded in the previous year.

Below are the breakdowns of revenues by Brand:

Piquadro

Revenues from sales achieved by the Piquadro brand in the financial year ended 31 March 2022 reported an increase equal to 37.8%, from Euro 46,603 thousand in the financial year ended 31 March 2021 to Euro 64,198 thousand in the financial year ended 31 March 2022.

Sales of Piquadro-branded products in the Wholesale channel, equal to about Euro 36,627 thousand (against Euro 28,193 thousand at 31 March 2021) showed an increase of about 29.9%, in particular in the domestic market, which accounted for 44.1% of sales of Piquadro-branded products, where the growth was equal to 29.6%.

In the financial year ended 31 March 2022 the Piquadro Group closed 1 franchise Piquadro-brand shop in Italy. As at 31 March 2022, the franchise shops opened were 33.

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 2022 reported a growth of 49.8%, from Euro 18,411 thousand in the financial year ended 31 March 2021 to Euro 27,571 thousand in the financial year ended 31 March 2022. It should be noted that the e-commerce sales showed an increase of 2.4%. In terms of impact on the total sales of Piquadro-branded products, the values in the DOS channel showed an increase, in percentage terms, compared to those posted in the financial year ended 31 March 2021 (an impact of 42.9% at 31 March 2022 against a percentage of 39.5% in the financial year ended 31 March 2021).

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

(i) a positive SSSG ("Same Store Sales Growth") equal to about 67.6% in Piquadro-branded shops;
(ii) opening of 3 new shops, of which 1 in Italy and 2 in Europe, during the financial year ended 31 March 2022, which contributed Euro 600 thousand to the channel's turnover.

The Bridge

Revenues from sales achieved by The Bridge brand in the financial year ended 31 March 2022 recorded an increase of 30.1%, from Euro 19,318 thousand in the financial year ended 31 March 2021 to Euro 25,137 thousand in the financial year ended 31 March 2022.

The sales of The Bridge-branded products in the Wholesale channel amounted to about Euro 14,434 thousand (against Euro 12,434 thousand at 31 March 2021), showing an increase of about 16.1%. The growth on the domestic market was equal to 28.7%, while sales showed a decrease of 0.5% in foreign markets.

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 - in the financial year ended 31 March 2022 recorded an increase of 55.5%, from Euro 6,884 thousand in the financial year ended 31 March 2021 to Euro 10,703 thousand in the financial year ended 31 March 2022. It should be noted that the e-commerce sales showed an increase of 16.9%.

The performance of sales of The Bridge-branded products in the DOS channel was also due to the following factors:
(i) a positive SSSG ("Same Store Sales Growth") equal to about 65.5% in The Bridge-branded shops;
(ii) opening of 1 DOS during the financial year ended 31 March 2021, which contributed Euro 700 thousand to the turnover at 31 March 2022;
(iii) an increase in e-commerce sales equal to about Euro 500 thousand compared to the previous year.

Lancel

Revenues from sales achieved by Lancel brand in the financial year ended 31 March 2022 recorded an increase of 26.3%, from Euro 47,556 thousand in the financial year ended 31 March 2021 to Euro 60,085 thousand in the financial year ended 31 March 2022.

The sales of Lancel-branded products in the Wholesale channel amounted to about Euro 12,225 thousand (against Euro 9,199 thousand at 31 March 2021), showing an increase of about 32.9%.

Revenues from sales achieved by the Lancel brand in the DOS Channel – including sales generated from the e-commerce website of the Lancel brand – recorded an increase of 24.8%, from Euro 38,357 thousand in the financial year ended 31 March 2021 to Euro 47,860 thousand in the financial year ended 31 March 2022. It should be noted that the e-commerce sales showed an increase by 6.5%.

The performance of sales of Lancel-branded products in the DOS channel was also due to the following factors:
(i) a positive SSSG ("Same Store Sales Growth") equal to about 22.3% in Lancel-branded shops;
(ii) opening of 4 DOSs in China during the financial year ended 31 March 2021, which contributed about Euro 0.6 million to the turnover at 31 March 2022, as well as the opening of 4 new DOSs in China during the financial year ended 31 March 2022, which contributed about Euro 0.2 million to the turnover at 31 March 2022;
(iii) an increase in e-commerce sales equal to about Euro 0.4 million compared to the previous year.

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 shows the breakdown of net revenues by geographical area (in thousands of Euro):

(in thousands of Euro)	**Revenues from sales 31 March 2022**	**%(*)**	**Revenues from sales 31 March 2021**	**%(*)**	**% Change 2022-2021**
Italy	69,319	46.4%	49,853	43.9%	39.0%
Europe	74,693	50.0%	57,706	50.9%	29.4%
Rest of the World	5,408	3.6%	5,918	5.2%	(8.6)%
Total	**149,420**	**100.0%**	**113,477**	**100.0%**	**31.7%**

(*) Percentage impact compared to revenues from sales

From a geographical point of view, at 31 March 2022 the Piquadro Group recorded a turnover of Euro 69.3 million on the Italian market, equal to 46.4% of the Group's total turnover (43.9% of consolidated sales at 31 March 2021), showing an increase of 39.0% compared to the same period of the FY 2020/2021.

In the European market, at 31 March 2022 the Piquadro Group recorded a turnover of Euro 74.7 million, equal to 50.0% of consolidated sales (50.9% of consolidated sales at 31 March 2021), showing an increase of 29.4% compared to the same period of the FY 2020/2021. This increase was determined by the growth in the three brands, especially in Russia and Germany.

In the non-European geographical area (named "Rest of the World"), at 31 March 2022 the Piquadro Group recorded a turnover of Euro 5.4 million, equal to 3.6% of consolidated sales (5.2% of consolidated sales at 31 March 2021).

Other income

The table below reports the Piquadro Group's other revenues broken down by brand (Piquadro, The Bridge and Lancel), in relation to the financial years ended 31 March 2022 and 31 March 2021.

	31 March 2022					31 March 2021					
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change**
Charge-back of transportation and collection costs	83	0	0	83	0.1%	113	0	0	113	0.1%	(26.5%)
Insurance and legal refunds	1,902	0	0	1,902	1.3%	161	0	71	232	0.20%	719.8%
Other sundry income	1,423	566	1,472	3,461	2.3%	691	132	1,474	2,297	2.0%	50.7%
Total Other income	**3,408**	**566**	**1,472**	**5,446**	**3.6%**	**965**	**132**	**1,545**	**2,642**	**2.3%**	**106.1%**

(*) Percentage impact compared to revenues from sales.

In the financial year ended 31 March 2022 other income increased by 106.1%, from Euro 2,642 thousand in the financial year ended 31 March 2021 to Euro 5,446 thousand in the financial year ended 31 March 2022.

In the financial year ended 31 March 2022, the Piquadro brand recognised the proceeds relating to the insurance refund amounting to Euro 1,902 thousand for the damage caused by the fire that occurred on 17 August and that partially damaged the warehouse facility, as well as the products stored therein, and the following tax credits: Euro 236 thousand relating to rentals for stores, Euro 436 thousand relating to Inventories, and Euro 123 thousand relating to Research and Development activities.
For The Bridge brand, we must note an amount of Euro 320 thousand relating to a non-refundable portion of the loan received from Sace Simest (Cassa Depositi e Prestiti Group), as well as an amount of Euro 170 thousand as a tax credit for inventories and an amount of Euro 62 thousand as a tax credit relating to Research and Development activities.
For the Lancel brand, there is a tax credit for rentals for stores equal to Euro 327 thousand.

Consumption of materials

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

	31 March 2022					31 March 2021					
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change**
Costs for consumption of materials	10,081	1,526	16,971	28,578	19.2%	7,023	1,613	15,363	23,998	21.1%	7,023
Total Costs for consumption of materials	**10,081**	**1,526**	**16,971**	**28,578**	**19.2%**	**7,023**	**1,613**	**15,363**	**23,998**	**21.1%**	**7,023**

(*) Percentage impact compared to revenues from sales.

The change in consumption, which showed an increase of 19.1% as a result of higher purchase volumes, 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 Piquadro 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 2022 and 31 March 2021.

31 March 2022	31 March 2021

(in thousands of Euro)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	% Change
Costs for leases and rentals	1,765	92	6,268	8,126	5.4%	428	88	2,968	3,484	3.1%	133%
Third-party manufacturing	10,675	6,434	0	17,110	11.5%	10,401	5,902	0	16,303	14.4%	4,9%
Advertising and marketing	4,189	1,721	4,385	10,296	6.9%	4,556	1,723	4,548	10,827	9.5%	(4,9)%
Administration	1,647	431	898	2,977	2.0%	1,335	335	953	2,623	2.3%	13,5%
Commercial services	2,407	1,209	1,210	4,827	3.2%	1,865	1,051	1,084	3,999	3.5%	20,7%
Production services	2,790	1,667	4,092	8,548	5.7%	2,972	1,284	3,252	7,508	6.6%	13,9%
Transport services	5,436	1,224	1,718	8,378	5.6%	2,381	816	2,980	6,177	5.4%	35,6%
Total Costs for services and leases and rentals	**28,910**	**12,779**	**18,573**	**60,262**	**40.3%**	**23,939**	**11,199**	**15,785**	**50,922**	**44.9%**	**18,3%**

(*) Percentage impact compared to revenues from sales

As at 31 March 2022 costs for services and leases and rentals showed an increase of 18.3% compared to the previous year. The increase in costs for services and leases and rentals is linked, in particular, to higher manufacturing and sales volumes, due to their impact on the costs' variable component and higher investments in marketing activities. Percentage impact on revenues from sale decreased from 44.9% in the financial year ended 31 March 2021 to 40.3% in the financial year ended 31 March 2022.

Personnel costs

The table below reports the Piquadro Group's personnel costs broken down by brand (Piquadro, The Bridge and Lancel), for the financial years ended 31 March 2022 and 31 March 2021.

	31 March 2022					31 March 2021					
(in thousands of Euro)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	% Change
Wages and salaries	11,021	5,071	12,658	28,750	19,2%	8,542	3,955	9,210	21,707	19.1%	32,4%
Social security contributions	2,917	1,164	3,560	7,641	5,1%	2,062	924	2,628	5,614	4.9%	36,1%
Employee Severance Pay	703	306	1,400	2,409	1,6%	645	226	1,084	1,954	1.7%	23,3%
Total Personnel costs	**14,641**	**6,541**	**17,618**	**38,800**	**26,0%**	**11,249**	**5,105**	**12,922**	**29,276**	**25.8%**	**32,5%**

(*) Percentage impact compared to revenues from sales

The table below reports the number of staff employed by the Piquadro Group at 31 March 2022 and 31 March 2021:

	31 March 2022	31 March 2021
Executives	11	9
Office workers	759	710
Manual workers	257	237
Total for the Group	**1,027**	**956**

In the financial year ended 31 March 2022, personnel costs recorded an increase of 32.5%, from Euro 29,276 thousand in the financial year ended 31 March 2021 to Euro 38,800 thousand in the financial year ended 31 March 2022. The increase in personnel costs was due, in particular, to the application of redundancy schemes in the financial year ended 31 March 2021.

Amortisation, depreciation and write-downs of fixed assets

The table below reports the Piquadro Group's costs for amortisation and depreciation for the financial years ended 31 March 2022 and 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**(*) %**	**31 March 2021**	**(*) %**	**% Change**
Amortisation of intangible assets	737	0.5%	881	0.8%	(16.3%)
Amortisation and depreciation of Right-of-use assets	11,742	7.9%	11,561	10.2%	1.6%
Depreciation of property, plant and equipment	2,944	2.0%	2,665	2.3%	10.4%
Impairment losses of assets	715	0.5%	54	0.05%	1214.5%
Total amortisation, depreciation and write-downs of fixed assets	**16,138**	**10.8%**	**15,161**	**13.4%**	**6.5%**

(*) Percentage impact compared to revenues from sales.

In the financial year ended 31 March 2022 amortisation, depreciation and write-downs reported an increase of 6.5%, from Euro 15,161 thousand in the financial year ended 31 March 2021 to Euro 16,138 thousand in the financial year ended 31 March 2022, of which Euro 737 thousand related to amortisation of intangible assets, Euro 11,742 thousand related to Right-of-use Assets, Euro 2,944 thousand related to property, plant and equipment and Euro 715 thousand related to the write-downs of fixed assets.

The table below reports the Piquadro Group's provisions for the financial years ended 31 March 2022 and 31 March 2021:

	31 March 2022					**31 March 2021**					
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change**
Provisions	640	209	(30)	818	0,5%	551	200	(94)	657	0,6%	24,6%
Total Provisions	**640**	**209**	**(30)**	**818**	**0,5%**	**551**	**200**	**(94)**	**657**	**0,6%**	**24,6%**

(*) Percentage impact compared to revenues from sales

The amount of Euro 818 thousand in the financial year ended 31 March 2022 (Euro 657 thousand in the financial year ended 31 March 2021) relates to the provision for bad debts, classified under "amortisation, depreciation and write-downs".

Other operating costs

The table below reports the Piquadro Group's other operating costs broken down by brand (Piquadro, The Bridge and Lancel), for the financial years ended 31 March 2022 and 31 March 2021:

	31 March 2022					**31 March 2021**					
in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**Piquadro**	**The Bridge**	**Lancel**	**Total for the Group**	**% Impact (*)**	**% Change**
Taxes other than income taxes	300	36	638	974	0.7%	250	37	372	659	0.6%	47.8%
Donations	30	0	0	30	0.02%	66	0	32	97	0.09%	(69.1%)
Credit losses	0	7	61	68	0.0%	0	0	7	7	0.0%	871.4%
Total Other operating costs	**329**	**43**	**699**	**1,071**	**0.7%**	**316**	**37**	**410**	**763**	**0.7%**	**40.44%**

(*) Percentage impact compared to revenues from sales

As at 31 March 2022 other operating costs amounted to Euro 1,071 thousand.

EBITDA and operating profit (loss)

The table below reports the data relating to the EBITDA, broken down by brand (Piquadro, The Bridge, Lancel), and to the Piquadro Group's operating profit (loss), for the financial years ended 31 March 2022 and 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**% Impact (*)**	**31 March 2021**	**% Impact (*)**	**Change 2022-2021**	**% Change**
EBITDA	**25,336**	**17.0%**	**10,504**	**9.3%**	**14,832**	**141.2%**
Breakdown by brand:						
Piquadro	13,004	8.7%	4,489	4.0%	8,515	189.7%
The Bridge	4,605	3.1%	1,297	1.1%	3,309	255.1%
Lancel	7,727	5.2%	4,719	4.2%	3,008	63.8%
Operating profit (loss)	**9,197**	**6.2%**	**(4,659)**	**(4.1%)**	**13,856**	**(297.4%)**

(*) Percentage impact compared to revenues from sales.

Specifically, EBITDA increased from Euro 10,504 thousand (9.3% of revenues) in the financial year ended 31 March 2021 to Euro 25,336 thousand (17.0% of revenues) in the financial year ended 31 March 2022; the operating profit increased from Euro (4,659) thousand (-4.1% as a percentage impact on revenues) in the financial year ended 31 March 2021 to Euro 9,197 thousand (+6.2% as a percentage impact on revenues) in the financial year ended 31 March 2022 and was affected by the effects arising from the adoption of IFRS 16 and the process of impairment on the Group's stores.

Adjusted EBITDA, defined as EBITDA, excluding the effects arising from the adoption of IFRS 16, posted a positive value of Euro 12,070 thousand, showing an increase of Euro 13,941 thousand compared to the financial year ended 31 March 2021, when it had posted a negative value of Euro (1,870) thousand.

Financial income and costs

The table below reports the Group's financial income and costs for the financial years ended 31 March 2022 and 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**% Impact (*)**	**31 March 2021**	**% Impact (*)**	**Change 2022-2021**	**% Change**
Financial income	901	0.6%	788	0.7%	113	14.3%
Financial costs	(2,752)	(1.8%)	(2,995)	(2.6%)	243	(8.1%)
Total	**(1,851)**	**(1.3%)**	**(2,207)**	**(1.9%)**	**356**	**(16.1%)**

(*) 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 adoption of IFRS 16.
Net financial income and costs recorded a reduction compared to the financial year ended 31 March 2021, from Euro (2,207) thousand in the financial year ended 31 March 2021 to Euro (1,851) thousand in the financial year ended 31 March 2022.

The change in financial income at 31 March 2022 compared to 31 March 2021 was mainly attributable to foreign exchange gains, both realised and estimated, for Euro 150 thousand (about Euro 869 thousand at 31 March 2022 against Euro 718 thousand at 31 March 2021).
The change in financial costs at 31 March 2022 compared to 31 March 2021 was attributable to foreign exchange losses, both realised and estimated, for Euro 93 thousand and costs for Euro 202 thousand relating to the acquisition of the remaining shares representing 20% of the share capital of The Bridge against financial costs of Euro 666 thousand recognised in the financial year ended 31 March 2021 relating to the adjustment to the value of the earn-out of subsidiary Lancel International.

Financial income and costs at 31 March 2022 compared to 31 March 2021 did not include any income or cost arising from the adjustments to the value of the earn-out of subsidiary Lancel International.

Income taxes

The table below reports the percentage impact of taxes on the profit before tax for the financial years ended 31 March 2022 and 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Profit (loss) before tax	7,346	(6,866)
Income taxes	(2,902)	1,074
Average tax rate	**39.5%**	**15.6%**

The increase in average tax rate compared to the previous year was linked to the failure to allocate deferred tax assets on losses of foreign subsidiaries, based on the results expected from long-term plans, which are also used for the purposes of impairment tests.

The table below reports the breakdown of the Piquadro Group's taxes for the financial years ended 31 March 2022 and 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**% Impact (*)**	**31 March 2021**	**% Impact (*)**
IRES tax and other foreign taxes	(1,404)	(0.9%)	(285)	(0.3%)
IRAP tax	(614)	(0.4%)	(37)	(0.0%)
Deferred tax liabilities	(207)	(0.1%)	223	0.2%
Deferred tax assets	(677)	(0.5%)	1,173	1.0%
Total	**(2,902)**	**(1.9%)**	**1,074**	**0.9%**

(*) Percentage impact compared to revenues from sales.

In the financial year ended 31 March 2022 income taxes decreased from a profit of Euro 1,074 thousand in the financial year ended 31 March 2021 to a loss of Euro 2,902 thousand in the financial year ended 31 March 2022 as a result of various dynamics described in the explanatory notes.
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 Italian subsidiaries and the equivalent income taxes for foreign subsidiaries) relate to the tax burden calculated on the respective taxable bases.

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 2022 and 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**% Impact (*)**	**31 March 2021**	**% Impact (*)**
Net profit/(loss)	4,444	3.0%	(5,792)	(5.1%)
Attributable to:				
Equity holders of the Parent Company	4,444	100%	(6,115)	(105.6%)
Minority interests	0	0%	323	5.6%

(*) Percentage impact compared to revenues from sales.

The net profit (loss) for the financial year ended 31 March 2022 recorded an improvement of Euro 10,235 thousand from Euro (5,792) thousand in the financial year ended 31 March 2021 to Euro 4,444 thousand in the financial year ended 31 March 2022.
In the financial year ended 31 March 2022 the percentage impact on revenues from sales was equal to 3.0% (negative and equal to -5.1% at 31 March 2021).
Profit (loss) attributable to minority interest was equal to Euro 0 in the financial year ended 31 March 2022.In the previous year, the amount of Euro 323 thousand related to the deconsolidation of Piquadro Swiss.

Silla di Gaggio Montano (BO), 13 June 2022

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
(Marco Palmieri)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2022**	**31 March 2021**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	2,483	2,406
Goodwill	(2)	4,658	4,658
Right-of-use assets	(3)	48,007	48,170
Property, plant and equipment	(4)	15,026	12,899
Non-current financial assets	(5)	2	27
Receivables from others	(6)	1,831	2,583
Deferred tax assets	(7)	4,003	6,064
TOTAL NON-CURRENT ASSETS		**76,010**	**76,807**
CURRENT ASSETS			
Inventories	(8)	39,047	36,206
Trade receivables	(9)	27,933	23,166
Other current assets	(10)	5,999	6,553
Derivative assets	(11)	421	47
Tax receivables	(12)	3,352	3,096
Cash and cash equivalents	(13)	61,443	57,154
TOTAL CURRENT ASSETS		**138,195**	**126,222**
TOTAL ASSETS		**214,205**	**203,029**

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**31 March 2022**	**31 March 2021**
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		749	1,124
Retained earnings		51,864	57,979
Group profit (loss) for the year		4,444	(6,115)
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		**59,057**	**54,988**
Capital and Reserves attributable to minority interests		0	(323)
Profit/(loss) for the year attributable to minority interests		0	323
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		0	**0**
TOTAL EQUITY	(14)	**59,057**	**54,988**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	(15)	25,840	30,211
Non-current lease liabilities	(16)	36,333	36,288
Other non-current liabilities	(17)	3,877	4,599
Provision for employee benefits	(18)	3,879	3,839
Provisions for risks and charges	(19)	2,468	2,905
TOTAL NON-CURRENT LIABILITIES		**72,397**	**77,842**
CURRENT LIABILITIES			
Current financial liabilities	(21)	11,839	9,874
Current lease liabilities	(22)	16,798	17,202
Derivative liabilities	(23)	0	118
Trade payables	(24)	41,401	33,704
Other current liabilities	(25)	10,374	8,436
Tax payables	(26)	2,339	865
TOTAL CURRENT LIABILITIES		**82,751**	**70,199**
TOTAL LIABILITIES		**155,148**	**148,041**
TOTAL EQUITY AND LIABILITIES		**214,205**	**203,029**

CONSOLIDATED INCOME STATEMENT

(in thousands of Euro)	Notes	31 March 2022	31 March 2021
REVENUES			
Revenues from sales	(27)	149,420	113,477
Other income	(28)	5,446	2,642
TOTAL REVENUES (A)		**154,866**	**116,119**
OPERATING COSTS			
Change in inventories	(29)	(3,002)	1,692
Costs for purchases	(30)	31,581	22,306
Costs for services, leases and rentals	(31)	60,262	50,922
Personnel costs	(32)	38,800	29,276
Amortisation, depreciation and write-downs	(33)	16,957	15,819
Other operating costs	(34)	1,071	763
TOTAL OPERATING COSTS (B)		**145,669**	**120,778**
OPERATING PROFIT (LOSS) (A-B)		**9,197**	**(4,659)**
FINANCIAL INCOME AND COSTS			
Financial income	(35)	901	788
Financial costs	(36)	(2,752)	(2,995)
TOTAL FINANCIAL INCOME AND COSTS		**(1,851)**	**(2,207)**
PROFIT (LOSS) BEFORE TAX		**7,346**	**(6,866)**
Income taxes	(37)	(2,902)	1,074
PROFIT/(LOSS) FOR THE YEAR		**4,444**	**(5,792)**
attributable to:			
EQUITY HOLDERS OF THE PARENT COMPANY		4,444	(6,115)
MINORITY INTERESTS		0	323
(Basic) Earnings/(Loss) per share in Euro	(38)	0.089	(0.117)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Profit/ (Loss) for the year (A)	**4,444**	**(5,792)**
Components that can be reclassified to profit or loss		
Profit (loss) arising from the translation of financial statements of foreign companies	1,071	117
Profit (loss) on cash flow hedge instruments, net of related tax effects	366	(173)
Components that cannot be reclassified to profit or loss*:*		
Actuarial gains / (losses) on defined-benefit plans	3	(118)
Total Profits/(Losses) recognised in equity (B)	**1,440**	**(175)**
Total comprehensive Income /(Loss) for the year (A) + (B)	**5,884**	**(5,966)**
Attributable to		
- the Group	5,884	(6,289)
- Minority interests	0	323

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 7.

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

Description			**Other reserves**											
	Share capital	**Share premium reserve**	**Translation reserve**	**Fair value reserve**	**Reserve for Employee Benefits**	**Treasury shares reserve**	**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 March 2020	**1,000**	**1,000**	**1,689**	**121**	**(101)**		**556**	**2,265**	**65,693**	**(7,714)**	**62,244**	**(282)**	**(41)**	**61,920**
Profit / (Loss) for the period										*(6,115)*	***(6,115)***		*323*	***(5,792)***
Other comprehensive result at 31 March 2021														
- Exchange differences from translation of financial statements in foreign currency			*117*					*117*			*117*			***117***
- Reserve for actuarial gains (losses) on defined -benefit plans					*(118)*			*(118)*			*(118)*			***(118)***
- Other changes (consolidation area)								*0*			*0*			***0***
- Fair value of financial instruments				*(173)*				*(173)*			*(173)*			***(173)***
Comprehensive Income/(Loss) for the period			117	(173)	(118)		0	(174)	0	(6,115)	(6,289)	0	323	**(5,966)**
- Negative reserve for purchase of treasury shares in portfolio						(967)	0	(967)			(967)			**(967)**
- Distribution of dividends to shareholders										0	0			**0**
- Allocation of profit (loss) for the year ended 31 March 2020 to reserves									(7,714)	7,714	0	(41)	41	**0**
Balances at 31 March 2021	**1,000**	**1,000**	**1,806**	**(52)**	**(219)**	**(967)**	**556**	**1,124**	**57,979**	**(6,115)**	**54,988**	**(323)**	**323**	**54,988**

Balances at 31 March 2021	**1,000**	**1,000**	**1,806**	**(52)**	**(219)**	**(967)**	**556**	**1,124**	**57,979**	**(6,115)**	**54,988**	**(323)**	**323**	**54,988**
Profit / (Loss) for the period										*4,444*	***4,444***		*0*	***4.,444***
Other comprehensive result at 31 March 2022														
- Exchange differences from translation of financial statements in foreign currency			*1,071*					*1,071*			*1,071*			***1,071***
- Reserve for actuarial gains (losses) on defined -benefit plans					*3*			*3*			*3*			***3***
- Other changes (consolidation area)								*0*			*0*			***0***
- Fair value of financial instruments				*366*				*366*			*366*			***366***
Comprehensive Income/(Loss) for the period	0	0	1,071	366	3		0	1,440	0	4,444	5,884			**5.884**
- Negative reserve for purchase of treasury shares in portfolio						(1,815)		(1,815)			(1,815)			**(1,815)**
- Distribution of dividends to shareholders										0	0			**0**
- Allocation of profit (loss) for the year ended 31 March 2021 to reserve									(6,115)	6,115	0	323	(323)	**0**
Balances at 31 March 2022	**1,000**	**1,000**	**2,877**	**314**	**(216)**	**(2,782)**	**556**	**749**	**51,864**	**4,444**	**59,057**	**0**	**0**	**59,057**

CONSOLIDATED STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	31 March 2022	31 March 2021
Profit/(Loss) before tax	**7,346**	**(6,866)**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets and rights of use	15,423	15,108
Write-downs of property, plant and equipment/intangible assets and rights of use	715	187
Other provisions	3,211	1,800
Accrual to provision for bad debts	818	657
Non-recurring income associated with the acquisition of the Lancel Group	0	0
Net financial costs/(income), including exchange rate differences	1,359	2,207
Cash flows from operating activities before changes in working capital	**28,872**	**13,093**
Change in trade receivables (gross of the provision)	(5,585)	2,648
Change in inventories	(3,603)	1,693
Change in other current assets	1,708	(732)
Change in trade payables	7,131	(4,977)
Change in provisions for risks and charges	(2,870)	(1,092)
Change in other current liabilities	347	1,400
Change in tax receivables/payables	370	880
Cash flows from operating activities after changes in working capital	**26,370**	**12,913**
Payment of taxes	(92)	0
Interest paid	(325)	(2,207)
Cash flow generated from operating activities (A)	**25,953**	**10,706**
Investments in intangible assets	(949)	(645)
Disinvestments from intangible assets	160	131
Investments in property, plant and equipment	(6,110)	(2,340)
Disinvestments from property, plant and equipment	324	149
Equity investments	0	(26)
Changes generated from investing activities (B)	**(6,575)**	**(2,731)**
Financing activities		
Change in short- and medium/long-term financial liabilities	(2,406)	4,151
- New issues of long-term financial liabilities	7,000	*16,600*
- Repayments and other net changes in financial liabilities	(9,406)	*(12,449)*
Change in financial instruments	0	0
Changes in treasury shares held in portfolio	(1,815)	(967)
Lease instalments paid	(11,939)	(11,673)
Other minor changes	0	0
Payment of dividends	0	0
Cash flow generated from/(absorbed by) financing activities (C)	**(16,160)**	**(8,489)**
Change in the translation reserve (D)	1,071	118
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	**4,289**	**(396)**
Cash and cash equivalents at the beginning of the period	**57,154**	**57,550**
Cash and cash equivalents at the end of the period	**61,443**	**57,154**

Significant events during the financial year

Among the significant events that occurred during the financial period ended 31 March 2022 are the following:

On 27 July 2021 the Shareholders' Meeting of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2021, as well as the Board of Directors' proposal to cover the net loss of Euro 1,789,191 for the period by using the reserve for retained earnings without distributing any dividend to shareholders.
The Shareholders' Meeting approved:

the First Section of the Remuneration Report that describes the Company's Policy governing the fees payable to directors and key management members for the financial year that will end on 31 March 2022, describing the remuneration due to the Company's Directors, Board of Statutory Auditors' members and key management members, in the implementation of the provisions of Article 123-*ter*, paragraphs no.3-*bis* and 6, of the TUF (*Testo Unico della Finanza*, Consolidated Act on Finance). The Shareholders' Meeting also gave its favourable opinion on the Second Section of the Remuneration Report and the fees paid in accordance with the aforesaid Article 123-*ter*, paragraph 4, of the TUF;
The Shareholders' Meeting also approved:

(a) the decision to authorise the purchase of the Company's ordinary shares, in one or more tranches, up to the maximum number permitted by law, having regard to treasury shares held directly and to those held by subsidiaries. The purchases may be made, according to Article 2357, paragraph 1, of the Italian Civil Code, within the limits of distributable profits and available reserves resulting from the most recent financial statements as duly approved, with a consequent reduction in equity, pursuant to Article 2357-*ter*, paragraph 3, of the Italian Civil Code, in the same amount, through the recognition of a specific item with a negative sign among balance sheet liabilities. The purchase, sale, exchange or contribution of shares shall be accompanied by any appropriate accounting record in compliance with the provisions of law and applicable accounting standards. In cases of sale, exchange or contribution, the corresponding amount may be reused for additional purchases, until the expiry of the time limit set out for the authorisation given by the Shareholders' Meeting, without prejudice to any quantitative and expenditure limits, as well as to the terms and conditions laid down by the Shareholders' Meeting.
The authorisation for the purchase of shares is given until the approval of the financial statements at 31 March 2022 with effect from the date of this resolution.
The purchase price of the shares shall be determined from time to time, having regard to the methods selected to carry out the transaction and in accordance with legislative, regulatory provisions or permitted market practices, within a minimum and maximum limit 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. Should the purchase of treasury shares be made within the scope of any market practice referred to in CONSOB resolution no. 16839/2009, the purchase price set for any proposed trading shall not exceed the higher of the price set for the most recent independent transaction and the current purchase price of the highest independent proposed trading in the market in which proposed purchases are launched, without prejudice to any additional limit set out in the resolution itself.

The abovementioned transactions shall be carried out, on one or more occasions, by purchasing shares, pursuant to Article 144-*bis*, paragraph l, letter b, of the Issuers' Regulation, on regulated markets or multilateral trading systems, which do not allow any direct matching of proposed purchase trading with predetermined proposed sales trading, according to operating procedures set out in the regulations governing the organisation and operation of the markets themselves, in compliance with Article 2357 and ff. of the Italian Civil Code, the equality of treatment of shareholders and any applicable legislation, including regulatory provisions, in force, including the principles referred to in Article 132 of the TUF, as well as with Regulation (EU) no. 596/2014 of 16 April 2014 ad related implementing provisions, if applicable. The purchases may take place according to procedures other than those specified above pursuant to Article 132, paragraph 3, of Legislative Decree no. 58/1998 or any other provision applicable from time to time on the day of the transaction;

(b) the decision to authorise, pursuant to and for the purposes of Article 2357-*ter* of the Italian Civil Code, the disposition, on one or more occasions, of any share that has been purchased according to this resolution or that in any case is already held in the Company's portfolio even well before having reached the maximum amount of shares that can be purchased, and any possible repurchase of the shares themselves to the extent that the treasury shares held by the Company do not exceed the limit set out in the authorisation. The disposition of shares is authorised with effect from the date of this resolution, without any time limit.

The consideration for any sale of treasury shares, which will be set by the Board of Directors, with the right of sub-delegating powers to one or more directors, may not be less by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.
Should the sale of treasury shares be carried out within the scope of the permitted market practices referred to above, without prejudice to any additional limit set out in CONSOB resolution no. 16839/2009, the sales price of any proposed trading shall not be less than the lower of the price of the most recent independent transaction and the current sales price of the lowest independent proposed trading in the market in which proposed sales are launched. Should the treasury shares be the object of trading, exchange, contribution or any other act of non-cash disposition, the financial terms and conditions of the transaction shall be laid down based on its nature and features, while taking account of the market performance of the Piquadro S.p.A. stock. The disposition of shares may take place according to such procedures as may be considered to be the most appropriate in the interest of the Company, and in any case in compliance with the applicable regulations and permitted market practices; and
(c) to grant the Board of Directors and, through the same, any managing director, jointly and severally between them, the amplest powers required for the actual and full execution of the resolutions referred to in the points above in compliance with the provisions laid down in Article 132 of the TUF and the disclosure obligations referred to in Article 144-*bis*, paragraph 3, of the Issuers' Regulation and, if required, the disclosure obligations required by the abovementioned market practices and by Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable, with the right to proceed with the purchase and disposition of treasury shares, within the limits of the provisions laid down above, including through specialist intermediaries, also pursuant to and for the purposes of the abovementioned market practice governing operations in support of liquidity permitted by CONSOB under resolution no. 16839 of 19 March 2009 and pursuant to Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable.

The financial year ended 31 March 2022 was partially marked by periods in which the Covid-19 pandemic occurred with significant impacts on the performance of sales. Specifically, the first quarter was characterised by partial periods of store closures, during which sales declined compared to the pre-COVID period, but improved from the previous financial year. This revenue growth continued in the subsequent two quarters, partly due to the easing of restrictions imposed by the governments of the countries in which the Piquadro Group operates. Growth trends also continued in the fourth quarter, despite the arrival of the new Omicron variant, for which, however, no special restrictive measures were adopted, as previously occurred, with the exception of some Asian countries, including China, where strict containment measures continue to be adopted to prevent the spread of infections. This is also why the impairment test was carried out on the Lancel division, which also operates in local areas with directly-operated stores. The results of this test are summarized in Note 3 - Right-of-use assets of the explanatory notes to the consolidated financial statements.

The Group monitors the developments of the Covid-19 emergency on an ongoing basis, although trends in sales are steadily recovering. There are still margins of uncertainty, especially regarding the possible transmission of new variants of the virus, thus continuing to affect the mobility of international customers. In such an environment, our management has maintained safety standards consistent with regulatory guidance designed to protect the health and safety of employees, and continues to have a significant focus on reducing operating costs and safeguarding liquidity, as well as to seize significant growth opportunities related to the economic recovery.

On 17 August a fire broke out at the Parent Company's headquarters, which partially caused damage to a system of the warehouse, as well as to some products stored therein. However, operations were resumed promptly. Furthermore, the insurance refund was also quantified and collected to cover the damage suffered during the period.

The rapid development that led to the Russian Federation's decision to invade Ukraine on 24 February triggered a series of consequences in economic and financial terms worldwide after a few weeks of rising tension. This conflict, which is still ongoing, has also caused high volatility in currencies, with the Euro/Rouble exchange rate reaching, in the days immediately following the outbreak of the conflict, values more than 40% higher than in previous months, with a subsequent return to previous levels at the end of the year. In addition, targeted restrictive sanctions (individual sanctions against individuals), economic sanctions and diplomatic measures were issued against the Russian Federation by the United States of America, the United Kingdom and the European Union. Among economic sanctions are those regarding the export of luxury goods, in response to which the Piquadro Group initially suspended logistics and invoicing operations to the Russian subsidiary, both towards DOSs and towards Russian multi-brand customers, which were then regularly resumed, since the scope of these sanctions had not restricted the Group's export activities. It is specified that the Group has no suppliers of goods in Russia and Ukraine.
The effects for the Piquadro Group resulting from the conflict include, first and foremost, the direct impact resulting from the exchange rate trends mentioned above, to which the Piquadro Group responded by raising its selling prices

to the public in Russia as from March. Nevertheless, sales of Piquadro Group products were not significantly affected by this situation at DOSs.
On the other hand, indirect impacts include increases in the costs of various raw materials, such as gas and oil, from which further growth in inflation may result, reverberating on consumer products and consequently affecting GDP growth and the spending capacity of the population.

Following the Rouble's exchange rate appreciation against the Euro, the Piquadro Group reacted by reducing the price list increases (previously applied) in the first two months of FY 2022/2023. Work was also resumed on exports to wholesale customers. It should be noted that the Piquadro Group's sales in Russia accounted for 4% of consolidated sales in the twelve months ended 31 March 2022.
As of the same date, the assets held by the Group in Russia (among which are fixed asset investments, including rights of use, inventories, receivables, and cash and cash equivalents) amounted to Euro 4.7 million. In the 2022/2023 budget, the Piquadro Group already incorporated a significant reduction in its economic activities in order to take account of the dynamics resulting from the Russian-Ukrainian conflict, without envisaging the performance of an impairment test, even due to the final positive result achieved in the financial year just ended, and the results expected for the coming years, for the Russian subsidiary.
In relation to the volatility of this scenario, all business development activities, including the opening of new stores, have been temporarily suspended; management is therefore monitoring the situation in order to safeguard the Piquadro Group's assets, wealth and business continuity.
Piquadro has taken any necessary measure to ensure that its activities are carried out in accordance with applicable regulations, while ensuring continuous monitoring of the evolution of the sanctions in order to adapt its activities to the restrictions applicable from time to time.

In order to achieve more effective operating results and increase competitiveness, Lancel Russia was merged by incorporation into OOO Piquadro Russia during the year. The reorganization entailed an increase in the share capital of the merging company, which was equal to the sum of the authorized capitals of the merging company (OOO Piquadro Russia) and of the merged company (Lancel Russia) as at the effective date of the agreement. The merged company's sole shareholder acquired 1% of the shares of the merging company. However, this transaction had no impact on the consolidated financial statements.

During the financial year ended 31 March 2022, the parent company Piquadro S.p.A acquired the residual 20% of the capital of the subsidiary The Bridge S.p.A, subject to option. This resulted in the Parent Company holding 100% of the capital of the subsidiary.

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 13 June 2022 and will be submitted to the Shareholders’ Meeting called on first call for 25 July 2022.

Main events that occurred in the course of the financial year ended 31 March 2022 and related significant accounting effects

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 2022 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.

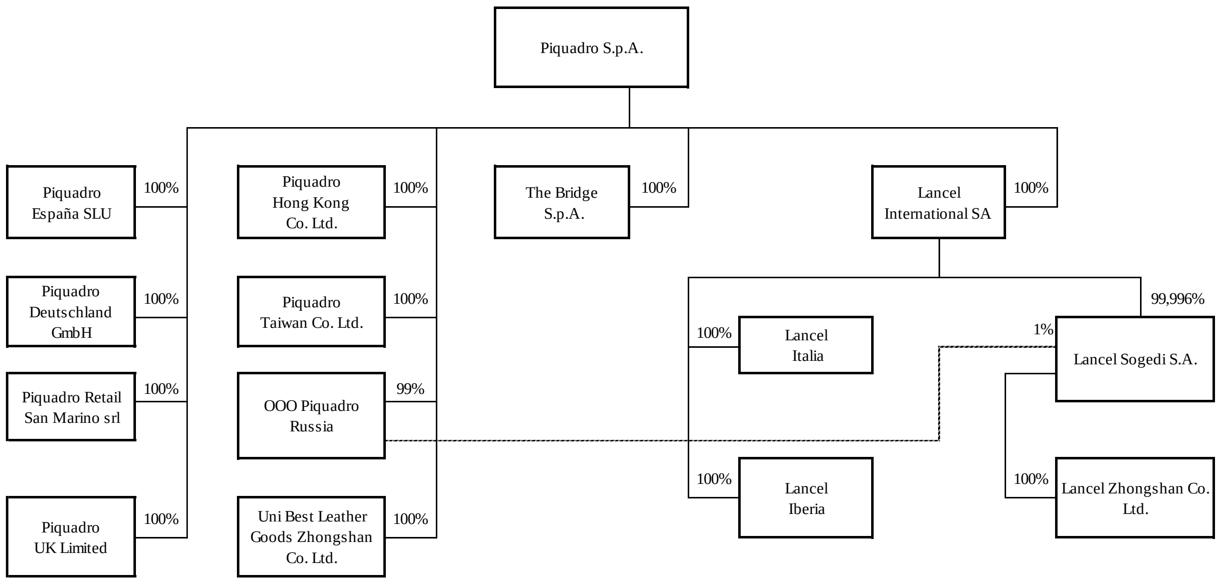
Basis of preparation

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 statement of cash flows and the statement of changes in consolidated equity for the financial years ended 31 March 2022 and 31 March 2021 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.

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 Statement of Cash Flows. 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 Piquadro 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 Piquadro Group structure at 31 March 2022:



Piquadro San Marino Retail S.r.l. was wholly consolidated as from the financial year ended 31 March 2022, while there was the merger by incorporation of the subsidiary Lancel Russia into Piquadro Russia, which did not entail any change in the consolidation area.

Consolidation area

The consolidated financial statements at 31 March 2022 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 2022, 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 2022 and 31 March 2021, 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 2022

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	42,171	Parent Company
Piquadro España SLU	Barcelona	Spain	EUR	898	872	100%
Piquadro Deutschland GmbH	Munich	Germany	EUR	25	63	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	(2,758)	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	675	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	30,306	100%
Piquadro UK Limited	London	United Kingdom	GBP	1,000	1,019	100%
OOO Piquadro Russia	Moscow	Russia	RUB	20	223,306	100%
Piquadro Retail San Marino	San Marino	Republic of San Marino	EUR	26	27	100%
The Bridge S.p.A.	Scandicci (FI)	Italy	EUR	50	5,894	100%
Lancel International SA	Lugano	Switzerland	CHF	35,090	23,391	100%
Lancel Sogedi	Paris	France	EUR	20,000	12,257	100%
Lancel Italia	Gaggio Montano (BO)	Italy	EUR	100	86	100%
Lancel Iberia	Barcelona	Spain	EUR	3	175	100%
Lancel Zhongshan	Guangdong	People's Republic of China	CNY	6,000	7,763	100%

Consolidation area at 31 March 2021

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	39,236	Parent Company
Piquadro España SLU	Barcelona	Spain	EUR	898	865	100%
Piquadro Deutschland GmbH	Munich	Germany	EUR	25	40	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republic of China	CNY	22,090	2,855	100%
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	761	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	30,494	100%
Piquadro UK Limited	London	United Kingdom	GBP	1,000	1,024	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	46,455	100%
The Bridge S.p.A.	Scandicci (FI)	Italy	EUR	50	3,088	100%
Lancel International SA	Lugano	Switzerland	CHF	35,090	45,465	100%
Lancel Sogedi	Paris	France	EUR	20,000	14,650	100%
Lancel Italia	Gaggio Montano (BO)	Italy	EUR	100	74	100%
Lancel Iberia	Barcelona	Spain	EUR	3	170	100%
Lancel Russia	Moscow	Russia	RUB	10	(22,286)	100%
Lancel Zhongshan	Guangdong	People's Republic of China	CNY	6,000	6,610	100%

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 2021, while also taking account of the information provided below in relation to the new accounting standards, amendments and interpretations applicable from 1 April 2021.

The directors have assessed whether the going-concern assumption can be applied to prepare the consolidated financial statements, concluding that this requirement is adequate since there is no doubt about the ability to continue as a going concern. In making this assessment, the current pandemic emergency was taken into account, as was as the situation triggered by the outbreak of the conflict between Russia and Ukraine.

The accounting policies used in preparing the consolidated financial statements at 31 March 2022 are set out 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 Piquadro Group and cease to be consolidated on the date when control is transferred outside the Piquadro 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 Piquadro 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 Piquadro 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 2021/2022 (foreign currency corresponding to 1 Euro):

Foreign Currency	**Average exchange rate (*)**		**Closing exchange rate (*)**	
	2022	**2021**	**2022**	**2021**
Hong Kong Dollar (HKD)	9.05	9.05	8.70	9.12
Renminbi (RMB)	7.46	7.90	7.04	7.68
Taiwan Dollar (TWD)	32.45	33.77	31.75	33.42
Swiss Franc (CHF)	1.07	1.08	1.03	1.11
Great Britain Pound (GBP)	0.85	0.89	0.84	0.85
US Dollar (USD)	1.16	1.17	1.11	1.17
Russian Rouble (RUB)	89.44	86.65	90.26	88.32

(*) 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 Piquadro 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.

The Group has decided not to apply IFRS 16 for contracts containing a lease which has an intangible asset as underlying asset.

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 financial liabilities.

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 combination 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 Piquadro 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 Piquadro 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 Piquadro 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 Piquadro Group, target market prospects and historical trends. Furthermore, if it is assumed that a potential impairment loss might have occurred, the Piquadro 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 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.
In determining the discounting of future cash flows, the Management uses many assumptions, including estimates of future increases in sales, gross margin, operating costs, investments, changes in working capital, and the weighted average cost of capital (discount rate), in consideration of the risks specific to the business or Cash Generating Unit. The expected cash flows used in the model are determined during the Piquadro Group's budgeting and planning processes and represent the best forecast estimate, based on multi-year plans, as updated annually, reviewed by the Management and approved by the Board of Directors of the Parent Company Piquadro S.p.A. The carrying value attributed to the cash generating unit is determined by reference to the balance sheet using criteria of direct, where applicable, or indirect allocation.
If there is evidence that an impairment loss, recognized in previous years and relating to assets other than goodwill, may no longer exist or may have decreased, the recoverable amount of the asset is estimated once again, and if it is higher than the net book value, the latter is increased up to the recoverable amount. The reinstatement of value may not exceed the book value that would have been determined (net of write-down and amortisation and depreciation) if no impairment loss was recognised in the previous years, and is accounted for through Profit or Loss.

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 20th 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 Piquadro Group carries out transactions in derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. The Piquadro 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 2022**	**Provision at 31 March 2021**
Balance at the beginning of the period	3,621	3,744
Accrual	818	656
Change in the consolidation area	0	0
Uses	(627)	(779)
Total Provision for bad debts	**3,812**	**3,621**

Breakdown of trade receivables

As required by IFRS 7, below is reported a breakdown of **trade receivables**:

(in thousands of Euro)		Receivabiles falling due	Expired reveivables			Provision for bad debts
31/03/2022	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOS	766	766	0	0	0	0
Wholesale	27,167	22,872	3,791	593	3,724	(3,812)
Total	**27,933**	**23,638**	**3,791**	**593**	**3,794**	**(3,812)**

(in thousands of Euro)		Receivabiles falling due	Expired reveivables			Provision for bad debts
31/03/2021	Amount in the accounts		1-60 days	61-120 days	Over 120 days	
DOS	0	0	0	0	0	0
Wholesale	23,166	18,972	2,251	4,357	1,207	(3,621)
Total	**23,166**	**18,972**	**2,251**	**4,357**	**1,207**	(3,621)

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 Piquadro 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 2022	**31 March 2021**

Cash Ratio (*)	0.74	0.81
Quick Ratio (**)	1.20	1.28
Current Ratio (***)	1.67	1.80
Net Financial Position/EBITDA	1.32	3.92
Interest coverage ratio (****)	4.97	(2.11)

(*)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
31/03/2022					
Payables to banks for loans	37,679	11,839	25,840	0	37,679
Payables to banks for credit lines	0	0	0	0	0
Trade payables	41,401	40,516	709	176	41,401
Other financial liabilities (leases)	53,131	16,798	23,736	12,597	53,131
Derivative liabilities	0	0	0	0	0
Total	**132,211**	**69,153**	**50,285**	**12,773**	**132,211**

Type of instruments	Amount in the accounts	Within 1 year	From 1 year to 5 years	Beyond 5 years	Total
31/03/2021					
Payables to banks for loans	40,085	9,874	30,211	0	40,085
Payables to banks for credit lines	0	0	0	0	0
Trade payables	33,704	31,745	1,783	176	33,704
Other financial liabilities (leases)	53,490	17,202	24,169	12,119	53,490
Derivative liabilities	118	118	0	0	91
Total	**127,397**	**58,939**	**56,163**	**12,295**	**127,397**

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 2022, the Piquadro Group relied on about Euro 58,953 thousand of credit lines (about Euro 56,140 thousand at 31 March 2021). 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 27,933 thousand at 31 March 2022 (Euro 23,166 thousand at 31 March 2021).

Market risk

Foreign exchange risk

The Piquadro 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 2022, the Parent Company executed forward currency contracts for USD 11,350 thousand, equal to an aggregate counter-value of Euro 9,680 thousand, with an average exchange rate of USD 1.173.
Furthermore, it should be noted that some Piquadro Group Companies are located in Countries which do not belong to the European Monetary Union, i.e. China, Hong Kong, Taiwan, the United Kingdom and Russia. 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):

			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	61,443	2,482	(86)		105	
Trade receivables	27,933	11	(1)		1	
Derivative financial instruments	421					
			(87)	0	105	0
Financial liabilities						
Financial liabilities	37,679		0	0	0	0
Lease liabilities	53,131		0	0	0	0
Trade payables	41,401	1,386	(130)		149	
Derivative financial instruments	0		0	0	0	0
			(130)	0	149	0

Total effect at 31/03/2022			**(217)**	**0**	**(254)**	**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	57,154	2,482	(226)	0	276	0
Trade receivables	23,166	14	(1)	0	2	0
Derivative financial instruments	47					
			(227)	0	277	0
Financial liabilities						
Financial liabilities	40,085		0	0	0	0
Lease liabilities	53,490		0	0	0	0
Trade payables	33,704	10,502	(814)		995	10,502
Derivative financial instruments	118		0	0	0	0
			(814)	0	995	0
Total effect at 31/03/2021			**(1,041)**	**0**	**1,273**	**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	61,443	61,443	307	0	(307)	0
Trade receivables	27,933	0	0	0	0	0
Derivative financial instruments	421	0	0	0	0	0
			307	**0**	**(307)**	**0**
Financial liabilities	37,679	37,679				
Financial liabilities	41,401	0	(188)	0	188	0
Lease liabilities	53,131	53,131	0	0	0	0
Trade payables	33,704	0	(266)	0	266	0
Derivative financial instruments	0	0	0	0	0	0
			(454)	**0**	**454**	**0**
Total effect at 31/03/2022			**(147)**	**0**	**147**	**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	57,154	57,154	286	0	(286)	0
Trade receivables	23,166	0	0	0	0	0
Derivative financial instruments	47	0	0	0	0	0
			286	**0**	**(286)**	**0**
Financial liabilities						
Financial liabilities	40,085	40,085	(200)	0	200	0
Trade payables	33,704	0	0	0	0	0
Lease liabilities	53,490	53,490	(267)	0	267	0
Derivative financial instruments	118	0	0	0	0	0
			(468)	**0**	**468**	**0**
Total effect at 31/03/2021			**(182)**	**0**	**182**	**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 Piquadro 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 Piquadro 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 2022**	**31 March 2021**
Net Financial Position	(33,375)	(41,181)
Equity	59,057	54,988
Net invested capital	92,431	96,169
Gearing ratio	**(36.11) %**	**(42.82) %**

Risks associated with the cost and availability of raw materials

The manufacture of Piquadro, Lancel and The Bridge-branded products requires high quality raw materials. The price and availability of these materials depend on a wide range of factors, which are largely beyond the Group's control and difficult to predict. Despite the fact that in recent years the Piquadro Group has always managed to secure an adequate procurement of high quality raw materials, it cannot be ruled out that the emergence of any further tensions on the supply side could lead to difficulties in procurement, thus causing a significant increase in costs with adverse effects on the results of its operations. In order to limit the risks associated with potential unavailability of raw materials in the time frame required for production, the Piquadro Group adopts a multi-sourcing strategy of supplier diversification and schedules purchases with a medium-term time horizon.

Risks associated with Cyber Security

The growing interrelationship between technology and business and the increasing use of networks for sharing and transferring information entails various and numerous risks associated with the vulnerability of information systems in use. Despite the path to strengthening cyber security and in-house and third-party expertise, the rapid technological evolution and the increasing sophistication and frequency of cyber attacks expose the Piquadro Group to the potential risk of cyber threats, which could affect relevant data and information possessed by the Group, such as, for example, strategic plans that are not disclosed to the market, resulting in damage to the results of its operations, capital or image. In this regard, the Piquadro Group is further strengthening the cyber risk management model that it has adopted, which includes procedural, training, risk assessment and periodic review issues, including in relation to third parties. This model has the ultimate goal of ensuring the implementation of robust protection and business continuity tools and processes, which include the adoption of the best technologies and methodologies to identify and protect the Company and the Group from cyber threats.

Employee benefits

Employee benefits substantially include the Provisions for Employee Severance Pay (TFR, *Trattamento di Fine Rapporto*) of the Italian Company of the Piquadro 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 Piquadro 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 Piquadro 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 Piquadro 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 Piquadro Group, they are recognised on the basis of the following criteria and as required by IFRS 15:
Sales of goods - Retail segment. The Piquadro 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 Piquadro 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 Piquadro 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 Piquadro 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.

Leases and rentals

As defined by IFRS 16, lease payments, which are related to contracts involving low-value assets or whose term is 12 months or less (short-term leases), are recognized through profit or loss as expenses for the period. The Group has set the threshold for deeming the individual underlying asset as low-value at Euro 5,000.
The variable portions of lease payments under contracts that provide for such a case and lease payments under contracts containing a lease with an underlying intangible asset are also recognized through profit or loss as expenses for the period.

Financial income and costs

These include any and all financial items charged to the Income Statement for the period, including interest expense accrued on financial liabilities, 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 the Income Statement 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:

Impairment of assets: in accordance with the Accounting Standards applied by the Piquadro Group, property, plant and equipment and intangible assets with a useful 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 Piquadro Group and inferable from the market, as well as using past experience. Moreover, should the likelihood of a potential impairment be ascertained, Piquadro 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. The assumptions underlying these valuations are, by their very nature, influenced by future expectations about the evolution of external market conditions which are also linked to the business, leading to elements of normal uncertainty in the estimates.

Amortisation and depreciation of fixed assets: 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 Piquadro 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 Piquadro 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.

Inventory obsolescence: the provision for inventory obsolescence reflects management's estimate of the expected impairment losses on raw materials and products (bags, luggage and accessories) in stock, relating to past seasons' collections, based on the Piquadro Group's ability to sell these products through the various distribution channels in which the Group operates.

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 2021/2022.

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
3.0% for 2022 and 1.0% for 2021	Frequency of 3.3% for 2022 and 1.0% for 2021	2.6% for 2022 and 2.70% for 2021

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 Piquadro Group has chosen the distinction by brands/distribution channels as the primary model for presenting segment data.
This method of representation reflects how the Piquadro 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, which includes on-line sales of Piquadro-branded products;
(ii) Piquadro Brand - Wholesale channel ;
(iii) “The Bridge” Brand – DOS channel, which includes on-line sales of The Bridge-branded products;

(iv) "The Bridge" Brand – Wholesale channel ;
(v) "Lancel" Brand - DOS channel, which includes on-line sales of Lancel-branded products;
(vi) "Lancel" brand – Wholesale channel.

In fact, the Piquadro 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"), in addition to the on-line sales channel; (ii) an indirect channel ("Wholesale"), which is represented by multi-brand shops/department stores, single-brand shops run by third parties linked to the Piquadro 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 Piquadro Group's products and, finally, the soundness of their equity and financial position.
These consolidated financial statements provide segment information relating to the breakdown of segments as reported above for revenues from sales, while as regards the economic performance relating to the operating result, segment information is provided for the brands.

Amendments to Accounting Standards

IFRS Accounting Standards, amendments and interpretations applied from 1 April 2021

The following IFRS accounting standards, amendments and interpretations were applied by the Piquadro Group for the first time as from 1 April 2021:

- On 25 June 2020 the IASB published "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments allow the extension of the temporary exemption from the application of IFRS 9 until 1 January 2023 for insurance companies. The adoption of this amendment has had no impact on the Piquadro Group's consolidated financial statements.

- On 27 August 2020 the IASB published, following the reform on interbank interest rates, such as the IBOR, the document concerning the "Interest Rate Benchmark Reform - Phase 2", which makes amendments to the following standards:
  - IFRS 9 Financial Instruments;
  - IAS 39 Financial Instruments: Recognition and Measurement;
  - IFRS 7 Financial Instruments: Disclosures;
  - IFRS 4 Insurance Contracts; and
  - IFRS 16 Leases.

  All amendments became effective from financial years commencing on or after 1 January 2021. The adoption of this amendment did not have any effect on Piquadro 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 2022.

- On 14 May 2020 the IASB published the following amendments:
  - ***Amendments to IFRS 3 - Business Combinations***: the amendments are aimed at updating the reference, under IFRS 3, to the Conceptual Framework in the revised version, without this entailing amendments to the provisions of the standard.
  - ***Amendments to IAS 16 - Property, Plant and Equipment***: the purpose of the amendments is not to allow deduction from the cost of tangible assets of the amount received from the sale of goods produced during the test phase of the asset itself. These revenues from sales and related costs will therefore be recognized through profit or loss.
  - ***Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that the assessment of whether a contract is onerous should consider any and all costs directly attributable to the contract. This means that the assessment of whether a contract is onerous includes not only incremental costs (such as, for example, the cost of direct material used in the work), but also

any and all costs that the entity cannot avoid because it has entered into the contract (such as, for example, the share of depreciation of machinery used to perform the contract).

- o ***Annual Improvements 2018-2020***: the amendments were made to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and to the Illustrative Examples of IFRS 16 - Leases.

All amendments will become applicable from financial years commencing on or after 1 January 2022. At present the Directors are assessing any possible effect of the first-time adoption of these amendments on the Piquadro Group's consolidated financial statements.

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

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

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

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

The main features of the General Model are:

o estimates and assumptions of future cash flows are always the current ones;

o the measurement reflects the time value of money;

o estimates involve extensive use of observable market information;

o there is a current and explicit measurement of risk;

o the expected profit is deferred and aggregated into groups of insurance contracts upon initial recognition; and,

o the expected profit is recognized over the contract coverage period taking into account adjustments resulting from changes in assumptions about the cash flows flowing from each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, upon initial recognition, the entity expects the liability to be a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications of applying the PAA approach do not apply to the valuation of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if the balance to be paid or collected is expected to occur within one year from the date the claim occurred.

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

The standard will be applicable from financial years commencing on or after 1 January 2023, with early adoption permitted for entities that apply IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers* only. The directors do not expect any significant effect on the Piquadro Group's consolidated financial statements from the adoption of this standard.

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 23 January 2020 the IASB published "***Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***". The document is aimed at clarifying how to classify short- or long-term payables and other liabilities. The amendments will be applicable from financial years commencing on or after 1 January 2023, with early adoption permitted. At present the directors are assessing any possible effect of the first-time adoption of this amendment on the Piquadro Group's consolidated financial statements.

- On 12 February 2021 the IASB published two amendments "***Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2****" and "***Definition of Accounting Estimates—Amendments to IAS 8***". The amendments are aimed at improving disclosure about accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will be applicable from financial years commencing on or after 1 January 2023, with early adoption permitted. At present the directors are assessing any possible effect of the first-time adoption of these amendments on the Piquadro Group's consolidated financial statements.

- On 7 May 2021 the IASB published **"*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*."** The document clarifies how deferred tax should be accounted for on certain transactions that can generate assets and liabilities of equal amount, such as leases and decommissioning obligations. The amendments will be applicable from financial years commencing on or after 1 January 2023, with early adoption permitted. At present the directors are assessing any possible effect of the first-time adoption of this amendment on the Piquadro Group's consolidated financial statements.

- On 9 December 2021, the IASB published ***"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"***. The amendment is a transition option relating to comparative information on financial assets presented at the date of first-time adoption of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, thus improving the usefulness of comparative information for users of financial statements. The amendments will apply from financial years commencing on or after 1 January 2023, together with the application of IFRS 17. The directors do not expect any significant effect on the consolidated financial statements of the Piquadro Group from the adoption of this amendment.

- On 30 January 2014 the IASB published **IFRS 14 – *Regulatory Deferral Accounts***, which only allows the first-time adopters of IFRS to continue to recognise the amounts relating to the Rate-regulated Activities according to the previously-adopted accounting standards. Since the Piquadro Group is not a first-time adopter, this standard is not applicable.

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 2020/2021 and FY 2021/2022 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licenses, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
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 for the period	0	2	533	0	3	538
Change from consolidation area	0	0	0	0	0	0
Decrease for the period	0	0	0	0	0	0
Reclassifications	0	0	220	0	(220)	0
Amortisation	0	(14)	(684)	0	0	(699)
Write-downs	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	0	0	0
Other reclassifications of amortisation fund	0	0	0	0	0	0
Exchange differences on gross value	0	(2)	(46)	0	0	(48)
Exchange differences on amortisation fund	0	0	24	0	0	25
Gross value	620	153	8,110	0	524	9,407
Amortisation fund	(620)	(96)	(6,284)	0	0	(7,001)
Net value at 31/03/2021	**0**	**57**	**1,826**	**0**	**524**	**2,406**
Increases for the period	0	4	321	0	418	743
Change from consolidation area	0	0	0	0	0	0
Decrease for the period	0	0	(101)	0	0	(101)
Reclassifications	0	0	203	0	(203)	0
Amortisation	0	(13)	(724)	0	0	(737)
Write-downs	0	0	0	0	0	0
Other reclassifications of historical cost	(592)	0	54	0	16	(522)

(in thousands of Euro)	**Develop ment costs**	**Industrial patent rights**	**Software, licenses, trademarks and other rights**	**Other fixed assets**	**Fixed assets under development**	**Total**
Other reclassifications of amortisation fund	592	0	101	0	0	693
Exchange differences on gross value	0	0	0	0	0	0
Exchange differences on amortisation fund	0	0	0	0	0	0
Gross value	28	157	8,587	0	755	9,527
Amortisation fund	(28)	(109)	(6,907)	0	0	(7,044)
Net value at 31/03/20222	**0**	**48**	**1,679**	**0**	**755**	**2,483**

Increases in intangible assets, equal to Euro 321 thousand in the financial year ended 31 March 2022 (Euro 533 thousand at 31 March 2021) related for the entire amount to the purchase or renewal of software, licenses and trademarks.

Note 2 – Goodwill

The goodwill item (Euro 4,658 thousand) arises exclusively 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 the business combination. The differential between the price paid and the corresponding share of equity of the acquired company has been allocated to goodwill.

The Piquadro Group verifies whether this goodwill may be recovered, and therefore, of the aggregate value of net invested capital in the "The Bridge" division, 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" division, through the "Discounted cash flow" method. The impairment test was approved by the Board of Directors on 13 June 2022.

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 a plan relating to the period from 2023 to 2027, as the Management's best estimate on the future operational performance of The Bridge division.

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.

The WACC used to discount future cash flows, equal to 8.5% (unchanged compared to 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.

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 on net invested capital in The Bridge CGU was positive, showing a cover of Euro 44,756 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 Piquadro 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 an increase of 3.5% in the WACC.

Note 3 – Right-of-use assets

The breakdown of the historical cost, amortisation fund and net book value of the Right of use at 31 March 2022 is reported below:

Right-of-use assets *(in thousands of Euro)*	**Land and Buildings**	**Key Money**	**Equipment**	**Other Assets**	**Total**
Total at 31.03.2021	**46,767**	**1,085**	**7**	**311**	**48,170**
Increases/Other changes	12.023	115	0	0	12,138
Reclassifications	443	(443)	0	0	0
Decreases/write-downs	(559)	0	0	0	(559)
Amortisation and depreciation	(11,433)	(160)	0	(150)	(11,743)
Total at 31.03.2022	**47,241**	**597**	**7**	**161**	**48,007**

This item mainly includes right-of-use assets that mainly relate to shop lease agreements and, to a residual extent, to offices and motor vehicles lease agreements, of which an amount of Euro 21,384 thousand relating to the Lancel division.

On 31 March 2022 the Piquadro 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) in order to evidence of impairment, if any.

As a result of the final results achieved by the Lancel division, the Piquadro Group conducted the impairment test in order to recognize any impairment loss to be charged to the Income Statement following the procedure set forth in IAS 36 and then comparing the book value of net invested capital of the Lancel division with the value in use given by the present value of the estimated cash flows that are supposed to derive from the continued use of the assets subject to impairment test.

The discounted cash flow has been calculated on the basis of a plan relating to the period from 2023 to 2027, as the Management's best estimate on the future operational performance of the Lancel division.

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.

The WACC used to discount future cash flows, equal to 8.5%, as detailed above.

The impairment test was approved by the Board of Directors on 13 June 2022. The outcome of the test on net invested capital in the Lancel CGU was positive, thus showing a cover of Euro 37,085 thousand. Furthermore, including on the basis of the instructions laid down in document no. 4 that was prepared jointly by the Bank of Italy, CONSOB and ISVAP on 3 March 2010, the Piquadro 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 an increase of 3.5% in the WACC.

Note 4 – Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2020/2021 and FY 2021/2022 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	6,333	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 for the period	0	0	513	947	46	20	1,526
Change in consolidation area	0	0	0	0	0	0	0
Sales and derecognitions (gross value)	0	0	0	(51)	(20)	0	(71)
Sales and derecognitions (depreciation fund)	0	0	0	(116)	0	0	(116)
Depreciation	0	(179)	(289)	(2,192)	(7)	0	(2,666)
(Write-down of gross value)	0	0	0	(515)	0	0	(515)
Write-down of depreciation fund	0	0	0	382	0	0	382
Reclassifications	0	0	5	0	0	(5)	0
Other reclassifications of historical cost	0	0	1,220	(367)	(22)	0	831
Other reclassifications of depreciation fund	0	0	(1,074)	1,026	24	0	(24)
Exchange differences on gross value	0	1	0	0	0	0	0
Exchange differences on depreciation fund	0	(9)	0	0	0	0	(8)
Gross value	878	6,334	5,792	25,925	403	20	39,353
Depreciation fund	0	(2,888)	(4,576)	(18,639)	(352)	0	(26,454)
Net value at 31/03/2021	**878**	**3,446**	**1,217**	**7,286**	**52**	**20**	**12,899**
Increases for the period	0	32	421	3,735	0	325	4,513
Change in consolidation area	0	0	0	0	0	0	0
Sales and derecognitions (gross value)	0	0	(124)	(208)	0	0	(332)

(in thousands of Euro)	**Land**	**Buildings**	**Plant and equipment**	**Industrial and business equipment**	**Othe r assets**	**Fixed assets under construction and advances**	**Total**
Sales and derecognitions (depreciation fund)	0	0	0	0	0	0	0
Depreciation	0	(180)	(325)	(2,428)	(11)	0	(2,944)
(Write-down of gross value)	0	0	0	(304)	0	0	(304)
Write-down of depreciation fund	0	0	0	285	0	0	285
Reclassifications	0	154	0	0	0	(154)	0
Other reclassifications of historical cost	0	0	(5)	168	(8)	0	155
Other reclassifications of depreciation fund	0	(9)	104	659		0	754
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	6,520	6,084	29,316	395	191	43,385
Depreciation fund	0	(3,077)	(4,797)	(20,123)	(363)	0	(28,359)
Net value at 31/03/2022	**878**	**3,443**	**1,288**	**9,193**	**33**	**191**	**15,026**

Increases in property, plant and equipment, equal to Euro 4,513 thousand in the financial year ended 31 March 2022 (Euro 1,526 thousand at 31 March 2021) 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 3,735 thousand and to the purchases of workshop systems and machinery for Euro 421 thousand.

Note 5 – Non-current financial assets

Non-current financial assets, equal to Euro 2 thousand, relate to interests held in minor companies outside the Piquadro Group.

Note 6 – Receivables from others

Receivables from others, equal to Euro 1,831 thousand at 31 March 2022 (Euro 2,583 thousand at 31 March 2021) 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 2022**	**31 March 2021**
Deferred tax assets:		
- within 12 months	0	0
- beyond 12 months	4,266	6,064
	4,266	**6,064**

Deferred tax liabilities		
- within 12 months	0	0
- beyond 12 months	263	0
	263	**0**
Net Position	**4,003**	**6,064**

Below are reported the relevant changes:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Opening Net Position	**6,064**	**4,591**
Credit (Debit) to the Income Statement	(1,937)	1,396
Credit (Debit) to Equity	(124)	77
Total	**4,003**	**6,064**

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 2022**		**31 March 2021**	
(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	3,550	852	3,408	818
Provision for obsolescence of inventories	4,003	961	7,089	1,616
Provisions for risks and charges	219	53	263	69
Amortisation and depreciation	1,174	356	1,645	395
Others (tax losses and consolidation entries)	7,272	2,029	12,833	3,080
Total	**16,219**	**4,251**	**25,238**	**5,978**
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	0	0	70	17
Discounting-back IAS 19	57	16	288	69
Total	**57**	**16**	**358**	**86**
Total tax effect	**16,276**	**4,266**	**25,596**	**6,064**

Deferred tax liabilities	**31 March 2022**		**31 March 2021**	
(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	556	155	0	0
Change in consolidation area	0	0	0	0
Total	**556**	**155**	**0**	**0**
Deferred tax liabilities with effect through Comprehensive Income:				

Hedging transactions (cash flow hedge)	396	108	0	0
Defined-benefit plans	0	0	0	0
Total	**396**	**108**	**0**	**0**
Total tax effect	**952**	**263**	**0**	**0**

The amount of the receivable for deferred tax assets (equal to Euro 4,003 thousand at 31 March 2022 against Euro 6,064 thousand at 31 March 2021) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 1,538 thousand at 31 March 2022 against Euro 3,071 thousand at 31 March 2021), concerning the IRES and IRAP tax effect on taxed funds, as well as to subsidiary The Bridge (Euro 796 thousand at 31 March 2022 against Euro 1,538 thousand at 31 March 2021) and the effect of deferred tax assets set aside as a result of IFRS 16, which are expected to be recovered in the plans that are also used for the purposes of impairment tests.

It should be noted that during the previous financial year ended 31 March 2021, Piquadro S.p.A. signed a preliminary agreement with the Italian Revenue Agency in order to access the tax concessions under the Patent Box scheme for some intangible assets. The tax benefit relating to the Company for the period from 2016 to 2020, equal to Euro 1.2 million, has been accounted for in the financial statements for the previous financial year and is stated among receivables for deferred tax assets, having entailed an increase in tax loss for that financial year.

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 2022**	**Provision for write-down**	**Net value at 31 March 2022**	**Net value at 31 March 2021**
Raw materials	8,158	(2,102)	6,056	4,659
Semi-finished products	747		747	722
Finished products	40,719	(8,475)	32,244	30,825
Inventories	**49,624**	**(10,577)**	**39,047**	**36,206**

At 31 March 2022, an increase of Euro 2,841 thousand was recognised in inventories compared to the corresponding values at 31 March 2021, mainly due to the recovery of operations in the financial year offset by the rationalization of purchases and production reported in the previous year due to the Covid-19 emergency.

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

(in thousands of Euro)	**Provision at 31 March 2021**	**Use**	**Accrual**	**Provision at 31 March 2022**
Provision for write-down of raw materials	1,817	-	285	2,102
Provision for write-down of finished products	8,298	(765)	942	8,475
Total Provision for write-down of inventories	**10,115**	**(765)**	**1,227**	**10,577**

Provision for write-down of inventories reflects the Management's best estimate based on the breakdwon of inventories by type, as well as on the considerations inferred from past experience and future prospects for sales volumes, including in light of the macroeconomic environment.

Note 9 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Receivables from customers	31,745	26,788
Provision for bad debts	(3,812)	(3,621)
Current trade receivables	**27,933**	**23,166**

As at 31 March 2022 trade receivables amounted to Euro 27,933 thousand against Euro 23,166 thousand at 31 March 2021.
Trade receivables held by the Piquadro Group, including the provision for bad debts, showed a rise amounting to about Euro 4,957 thousand. This increase was due to a growth in revenues reported in the financial year.
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 reported in the table below:

(in thousands of Euro)	**Provision at 31 March 2022**	**Provision at 31 March 2021**
Balance at the beginning of the period	3,621	3,744
Accrual	818	656
Uses	(627)	(779)
Total Provision for bad debts	**3,812**	**3,621**

Note 10 – Other current assets

Below is the breakdown of other current assets:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Other assets	1,846	2,575
Accrued income and prepaid expenses	4,154	3,978
Other current assets	**5,999**	**6,553**

Other assets mainly related to advances to suppliers for Euro 784 thousand, INAIL advances of Euro 64 thousand and deferred receipts on credit cards for about Euro 235 thousand.

Accrued income and prepaid expenses mainly related to prepaid expenses on contracts involving stores, for which IFRS 16 has not been applied, in addition to entry fees relating to subsidiary Lancel Sogedi for Euro 681 thousand, as well as to costs relating to advertising, media and fairs (Euro 131 thousand) and maintenance contracts, hiring and insurance costs (Euro 84 thousand).

Note 11 – Derivative assets

As at 31 March 2022 there were derivative assets for Euro 421 thousand.
As regards the Parent Company, there were currency forward purchases (USD), the positive fair value of which was equal to Euro 128 thousand (compared to a positive value of Euro 47 thousand at 31 March 2021). The Piquadro Group 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 Group 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.
The value of derivative assets was also made up of an amount of Euro 195 thousand relating to the measurement of the Interest Rate Swap (IRS) derivative contracts linked to the Intesa Sanpaolo loans with an initial amount of Euro 15,900 thousand and the Unicredit loan with an initial amount of Euro 5,000 thousand, taken out by the Parent Company.
The remaining amount (equal to Euro 99 thousand) related to financial instruments, such as forward foreign currency contracts executed by The Bridge in February 2022 and other options linked to derivative contracts entered into on ISP loans maintained beyond 12 months.
These derivatives were entered into for the purposes of hedging fluctuations in interest rates on the loans taken out at variable rates and are accounted for as hedge accounting in cash flow hedge.

Note 12 – Tax receivables

As at 31 March 2022 tax receivables were equal to Euro 3,352 thousand (Euro 3,096 thousand at 31 March 2021) 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, and for the amount related to the tax credit for Research and Development activities equal to Euro 185 thousand.

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Income tax receivables	649	998
VAT credit	2,518	2,097
Other tax receivables	185	0
Tax receivables	**3,352**	**3,096**

Note 13 – Cash and cash equivalents

Below is the breakdown of cash and cash equivalents:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Available current bank accounts	61,186	56,948
Money, cash on hand and cheques	256	206
Cash and cash equivalents	**61,443**	**57,154**

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 liquidity, reference is made to the Statement of Cash Flows and to the breakdown of Net Financial Position.

LIABILITIES

Note 14 – Shareholders’ Equity

a) Share Capital

As at 31 March 2022, 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) Treasury shares reserve

This showed a loss of Euro 2,782 thousand, and is made up of the treasury shares held in portfolio equal to 1,535,761 at 31 March 3022. Treasury shares reserve amounted to Euro 967 thousand at 31 March 2021.

d) Translation reserve

As at 31 March 2022 the translation reserve was positive for Euro 2,877 thousand (it reported a positive balance of Euro 1,806 thousand at 31 March 2021). 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), Lancel International S.A (the relevant currency being the Swiss Franc), Piquadro UK Limited (the relevant currency being the Great Britain Pound), OOO Piquadro Russia (the relevant currency being the Russian Rouble).

e) Fair value reserve - for cash flow hedge

This reserve was positive for Euro 313 thousand and included changes in fair value of the effective component of cash flow hedge derivatives, net of deferred taxation.

f) Reserve for actuarial gains/(losses) on defined-benefit plans

This reserve was negative for Euro 216 thousand.

g) Profit/(Loss) attributable to the Group

This item relates to the recognition of the result recorded by the Piquadro Group, equal to a profit of Euro 4,444 thousand at 31 March 2022.

During the financial year ended 31 March 2022 the consolidated result for the year (a loss of Euro 6,115 thousand), as resulting from the financial statements at 31 March 2021, was allocated to the reduction of retained earnings.

Non-current liabilities

Note 15 – Noncurrent financial liabilities

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

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Financial liabilities from 1 to 5 years	25,840	30,211
Financial liabilities beyond 5 years	0	0
Medium/long-term financial liabilities	**25,840**	**30,211**

Below is the breakdown of loans:

(in thousands of Euro)	Interest rate	Date of granting of the loan	Initial amount	Currency	Current amount	Amort. cost (S/T)	Non-current amount	Amort. Cost (L/T)	Total
BPER Loan	0.73%	27 November 2018	5,000	Euro	1,001	(3)	1,938	(2)	2,934
Intesa Sanpaolo Loan	0.125% quarterly	30 November 2016	2,500	Euro	126	(0)	0	0	126
Unicredit Loan	0.50% p.a.	18 October 2019	5,000	Euro	999	(4)	2,265	(4)	3,257
MPS Loan	0.4% p.a.	30 January 2017	3,000	Euro	600	(0)	0	0	600
MPS Loan	0.70%	16 November 2018	5,000	Euro	1,000	(2)	1,500	(2)	2,496
UBI Loan 04/01025637	0.73% p.a.	22 May 2017	3,000	Euro	454	(0)	0	0	454
Intesa Sanpaolo Loan	3m Euribor +0.60 spread	24 January 2020	5,000	Euro	1,000	0	2,750	0	3,750
Intesa Sanpaolo Loan	0.10% p.a.	27 July 2020	6,250	Euro	1,786	(3)	4,464	(3)	6,243
SIMEST financing	0.06% p.a.	20 January 2021	700	Euro	0	0	700	0	700
Unicredit Loan	0.63% p.a.	11 September 2020	5,000	Euro	1,999	0	3,001	0	5,000
Intesa Sanpaolo Loan	0.20%	27 January 2022	6,000	Euro	1,500	(4)	4,500	(3)	5,993
SIMEST financing	0.55% p.a.	29 April 2021	480	Euro	0	0	480	0	480
Intesa Sanpaolo Loan	0.90% + 3m Euribor	27 January 2022	1,000	Euro	1,391	0	4,256	0	5,647
					11,855	**(16)**	**25,854**	**(15)**	**37,679**

No covenants are applicable to these loans.

Note 16 – Non-current lease liabilities

Below is the related breakdown:

(in thousands of Euro)	31 March 2022	31 March 2021
Non-current:		
Lease liabilities	36,333	36,288
Current:		
Lease liabilities	16,798	17,202
Payables to other lenders for lease agreements	**53,131**	**53,490**

Below is the following additional breakdown:

(in thousands of Euro)	31 March 2022	31 March 2021
Payables to other lenders for lease agreements:		
Due within 1 year	16,798	17,202
Due from 1 to 5 years	23,736	24,169
Due beyond 5 years	12,597	12,119
Present value of payables to other lenders for lease agreements	**53,131**	**53,491**

The adoption of 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 2022 this item amounted to Euro 36,333 thousand (Euro 39,243 thousand at 31 March 2021) classified among Non-current lease liabilities and to Euro 16,798 thousand (Euro 17,202 thousand at 31 March 2021) among current lease liabilities.

Note 17 – Other non-current liabilities

Below is the related breakdown:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Other payables	3,877	4,599
Other non-current liabilities	**3,877**	**4,599**

As at 31 March 2022 Other payables", totalling Euro 3,877 thousand, included the fair value of the Annual Earn-Out to be paid to Richemont Holdings S.A. for Euro 4,007 thousand against the purchase of the stake representing the entire capital of Lancel International S.A.. This amount has 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 related to the termination of the purchase option for the remaining shares of The Bridge S.p.A. against the purchase by the Parent Company of the remaining 20% subject to option.

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 2020	**3,751**
Change in consolidation area	0
Financial costs	(9)
Net actuarial Losses (Gains) accounted for in the year	0
Indemnities paid in the year/Others	97
Balance at 31 March 2021	**3,839**
Change in consolidation area	0
Financial costs	(2)
Net actuarial Losses (Gains) accounted for in the year	0
Indemnities paid in the year/Others	42
Balance at 31 March 2022	**3,879**

As at 31 March 2022 the value of provision, equal to Euro 3,879 thousand (Euro 3,839 thousand at 31 March 2021), 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 2021**	**Use**	**Accrual**	**Reclassifications**	**Provision at 31 March 2022**
Provision for supplementary clientele indemnity	1,258	(189)	334	-	1,403
Other Provisions for risks	1,674	(626)	167	(150)	1,066

Total	2,932	(815)	501	(150)	2,468

The "Provision for supplementary clientele indemnity" represents the potential liability with respect to agents in the event of Piquadro Group Companies' terminating agreements or agents retiring.
As at 31 March 2022 the balance of this provision was equal to Euro 1,403 thousand, up by Euro 24 thousand compared to 31 March 2021 (Euro 1,258 thousand).

As at 31 March 2022"Other provisions for risk" amounted to Euro 1,066 thousand and were broken down as follows:

Provision for returns, Euro 525 thousand (Euro 623 thousand at 31 March 2021): the decrease was generated by the use on the part of the French subsidiary Lancel Sogedi.
Provision for taxes, Euro 130 thousand (Euro 130 thousand at 31 March 2021): this provision did not record any change during the year.
Provision for product warranty and repair, Euro 10 thousand (Euro 10 thousand at 31 March 2021): this provision did not record any change during the year.
Provision for Legal Disputes/Employees, Euro 401 thousand (Euro 911 thousand at 31 March 2021): the provision mainly related to the use of Euro 565 thousand on the part of the subsidiary Lancel Sogedi and the amount of Euro 125 thousand set aside on the part of the French company and Euro 40 thousand on the part of the Parent Company. The amounts set aside concern legal risks and disputes with employees.

Note 20 – Deferred tax liabilities

The amount of deferred tax liabilities was equal to Euro 263 thousand; reference is made to the information reported in Note 7 above.

Current liabilities

Note 21 – Current financial liabilities

As at 31 March 2022 current financial liabilities were equal to Euro 11,839 thousand compared to Euro 9,874 thousand at 31 March 2021. The balance related to a current portion of short-term loans for Euro 11,839 thousand. For more details reference is made to Note 15 above.

Note 22 - Current lease liabilities

As at 31 March 2022 the amount of Euro 16,798 thousand (Euro 17,202 thousand at 31 March 2021) related to the payables for discounted cash flows of lease payments following the adoption of IFRS 16. The increase in the item has been dealt with in Note 16.

Note 23 – Derivative liabilities

As at 31 March 2022 derivative liabilities were equal to Euro 0 thousand (Euro 118 thousand at 31 March 2021).

Note 24 – Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Payables to suppliers	**41,401**	**33,704**

As at 31 March 2022 payables to suppliers showed a slight increase of about Euro 7,697 thousand compared to 31 March 2021 (equal to Euro 33,704 thousand), mainly due to a recovery in the volume of purchases offset by a drop reported in the previous year 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 2022**	**31 March 2021**
Payables to social security institutions	3,112	3,212
Payables to Pension funds	365	339
Other payables	1,361	762
Payables to employees	5,154	3,632
Advances from customers	114	87
Accrued expenses and deferred income	0	405
Other current liabilities	**10,374**	**8,436**

"Other current liabilities", for a total amount of Euro 10,374 thousand (Euro 8,436 thousand at 31 March 2021) included: payables to social security institutions that mainly relate to payables to INPS for Lancel Sogedi, and payables to employees equal to Euro 5,154 thousand (Euro 3,632 thousand at 31 March 2021), which mainly included payables for remuneration and bonuses to be paid and deferred charges with respect to employees.

Note 26 – Tax payables

Tax payables, equal to Euro 2,339 thousand (Euro 865 thousand at 31 March 2021), included the debt for VAT, IRAP (Regional Production Activity) tax and IRPEF (Personal Income) tax withholdings to employees.

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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 Piquadro Group's revenues are mainly realised in Euro.

(in thousands of Euro)	**Revenues from sales 31 March 2022**	**%(*)**	**Revenues from sales 31 March 2021**	**%(*)**	**% Change 2022-2021**
PIQUADRO	64,198	43.0%	46,603	41.1%	37.8%
THE BRIDGE	25,137	16.8%	19,318	17.0%	30.1%
LANCEL	60,085	40.2%	47,556	41.9%	26.3%
Total	**149,420**	**100.0%**	**113,477**	**100.0%**	**31.7%**

(*) Percentage impact compared to revenues from sales

The consolidated turnover recorded by the Piquadro Group in the financial year ended 31 March 2022 amounted to Euro 149,420 thousand, up by 31.7 % compared to Euro 113,477 thousand in the same period of the previous year.

Breakdown of revenues by geographical area

Below is the breakdown of revenues by geographical area:

(in thousands of Euro)	**Revenues from sales 31 March 2022**	**%(*)**	**Revenues from sales 31 March 2021**	**%(*)**	**% Change 2022-2021**
Italy	69,319	46.4%	49,853	43.9%	39.0%
Europe	74,693	50.0%	57,706	50.9%	29.4%
Rest of the World	5,408	3.6%	5,918	5.2%	(8.6) %
Total	**149,420**	**100%**	**113,477**	**100.0%**	**31.7%**

(*) Percentage impact compared to revenues from sales

From a geographical point of view, at 31 March 2022 the Piquadro Group recorded a turnover of Euro 69.3 million on the Italian market, equal to 46.4% of the Group's total sales (43.9% consolidated sales at 31 March 2021), up by 39.0% compared to the same period of FY 2020/2021.

As at 31 March 2022, in the European market, the Piquadro Group recorded a turnover of Euro 74.7 million, equal to 50.0% of consolidated sales (50.9% of consolidated sales at 31 March 2021), up by 29.4% compared to the same period of FY 2020/2021.

As at 31 March 2022, in the non-European geographical area (named "Rest of the World"), the Piquadro Group recorded a turnover of Euro 5.4 million, equal to 3.6% of consolidated sales (5.2% of consolidated sales at 31 March 2021), down by 8.6% compared to the same period of FY 2020/2021.

Note 28 – Other income

In the financial year ended 31 March 2022, other income amounted to Euro 5,446 thousand (Euro 2,642 thousand in the financial year ended 31 March 2021) and were broken down as follows:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Charge-backs of transport and collection costs	83	113
Insurance and legal refunds	1,902	232
Other sundry income	3,461	2,297
Other income	**5,446**	**2,642**

In the financial year ended 31 March 2022 other income increased by 106.1%, from Euro 2,642 thousand in the financial year ended 31 March 2021 to Euro 5,446 thousand in the financial year ended 31 March 2022.

In the financial year ended 31 March 2022, the Piquadro brand recorded proceeds relating to the insurance refund to cover damage caused by the fire that broke out on 17 August, which partially caused damage to a system of the warehouse and the products stored therein, equal to Euro 1,902 thousand, as well as the following tax credits: Euro 236 thousand relating to rentals of stores, Euro 436 thousand relating to Inventories and Euro 123 thousand relating to R&D work.

For The Bridge brand, we note an amount of Euro 320 thousand relating to a non-refundable portion of the loan received from Sace Simest (Cassa Depositi e Prestiti Group), Euro 170 thousand as a tax credit for inventories, and Euro 62 thousand as a tax credit relating to Research and Development activities.
For the Lancel brand, there is a tax credit for rentals of stores equal to Euro 327 thousand.

Note 29 – Change in inventories

The change in inventories of raw materials was positive for Euro 961 thousand (negative for Euro 1.8 million at 31 March 2021); the change in semi-finished and finished products was positive for Euro 2,041 thousand (positive for Euro 123 thousand in the financial year ended 31 March 2021).

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 The Bridge S.p.A. are the companies that purchase raw materials aimed at the production of Piquadro, The Bridge and Lancel-branded products):

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Piquadro brand	14,210	4,557
Uni Best Leather Goods Zhongshan Co. Ltd.	1,363	990
The Bridge	8,039	10,913
Lancel brand	7,969	5,846
Costs for purchases	**31,581**	**22,306**

The item "costs for purchases" essentially includes the cost of materials used for the production of the Company's goods, finished products realized by third parties and consumables.

Even if the functional currency of the Piquadro 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 2022			**31 March 2021**	
Renminbi	10,003,278	7.46	1,340	7,764,720	7.90	990
US Dollars	14,169,053	1.16	12,214	13,205,739	1.17	11,315
Total operating costs incurred in foreign currency			**13,554**			**12,305**

Overall, the Piquadro Group incurred, in the FY 2021/2022, operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 13.5 million, equal to 8.37% of total operating costs, while in the financial year ended 31 March 2021 corresponding costs were borne for about Euro 12.3 million equal to 10.01% of operating costs.

During the financial year ended 31 March 2022, the Piquadro Group reported net foreign exchange losses of Euro 474 thousand (against net foreign exchange losses of Euro 374 thousand at 31 March 2021), as a result of the dynamics of the foreign exchange market.

In the FY 2021/2022, the Parent Company and The Bridge S.p.A. made forward purchases of US Dollars for an overall amount of USD 11.6 million (USD 7.5 million in the FY 2020/2021), 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 8.54 million at the average exchange rate prevailing in the FY 2021/2022 (about Euro 6.4 million at the average exchange rate prevailing in the FY 2020/2021); therefore 70% of the purchases in US Dollars made by the Parent Company was covered (in relation to the FY 2020/2021, 57% of the purchases in US Dollars made by the Parent Company alone 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 2022**	**31 March 2021**
Third-party manufacturing	17,110	16,304
Advertising and marketing	10,296	9,387
Transport services	8,377	5,945
Business services	4,827	4,000
Administrative services	2,978	2,624
General services	4,603	3,772
Production services	3,945	3,734
Total Costs for services	**52,136**	**45,766**
Costs for leases and rentals	8,126	5,156
Costs for services and leases and rentals	**60,262**	**50,922**

The increase in costs for third-party manufacturing and transport services was due to a recovery in production resulting from higher sales recorded during the financial year ended 31 March 2022.
Costs for leases and rentals, equal to Euro 8,126 thousand, related to fully variable lease rentals, mainly relating to some shops of subsidiary Lancel Sogedi, or with a term of less than the financial year for which IFRS 16 is not applicable. The increase compared to the previous financial year was closely linked to lower discounts applied to lease rentals and higher sales reported by each point of sale as a result of lifting the restrictions that had been imposed following the outbreak of the COVID-19 pandemic.

Note 32 - Personnel costs

Below is the breakdown of personnel costs:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Wages and salaries	28,750	21,707
Social security contributions	7,641	5,614
TFR	2,409	1,955
Personnel costs	**38,800**	**29,276**

The table below reports the exact number of the staff members employed by the Piquadro Group at 31 March 2022 and 31 March 2021:

Units	**31 March 2022**	**31 March 2021**
Executives	11	9
Office workers	759	710
Manual workers	257	237
Total Group employees	**1,027**	**956**

In the financial year ended 31 March 2022, personnel costs reported an increase of 32.5%, from Euro 29,276 thousand in the financial year ended 31 March 2021 to Euro 38,800 thousand in the financial year ended 31 March 2022. The increase was linked to the termination of redundancy fund schemes on the part of the Piquadro Group companies in the financial year. This led to growing personnel costs compared to the previous year, in which a reduction in the number of staff members and hours worked had been recorded.

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

Units	**31 March 2022**	**31 March 2021**
Executives	10	10
Office workers	761	738
Manual workers	268	268
Total Group employees	**1,039**	**1,016**

Note 33 – Amortisation, depreciation and write-downs

In the financial year ended 31 March 2022 amortisation and depreciation were equal to Euro 15,423 thousand (Euro 15,107 thousand in the financial year ended 31 March 2021). The increase mainly arose from an increase in the amortisation of rights of use entered as required by IFRS 16, which came to Euro 11,742 thousand (Euro 11,561 thousand at 31 March 2021) and an increase in depreciation of property, plant and equipment equal to Euro 2,994 thousand (Euro 2,665 thousand at 31 March).

The write-downs, equal to Euro 715 thousand, were mainly related to the adoption of IFRS 16 and to the closure of some points of sale that are no longer strategic for the Piquadro Group.
In accordance with IAS 36, the Piquadro Group has 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 did not show any evidence of impairment for the financial year ended 31 March 2022.

The accrual to the provision for bad debts amounted to Euro 818 thousand at 31 March 2022 (Euro 657 thousand at 31 March 2021).

Note 34 - Other operating costs

In the financial year ended 31 March 2022, other operating costs were equal to Euro 1,071 thousand (Euro 763 thousand at 31 March 2021).

Note 35 - Financial income

In the financial year ended 31 March 2022 financial income was equal to Euro 901 thousand (Euro 788 thousand in the financial year ended 31 March 2021).

The amount of Euro 901 thousand in the FY 2021/2022 mainly related to bank interest income of Euro 10 thousand, interest income from customers of Euro 10 thousand and foreign exchange gains, either realised or estimated, for Euro 869 thousand.

Note 36 - Financial costs

Below is the breakdown of financial costs:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Interest payable on current accounts	80	92
Interest and expense subject to final payment	0	3
Financial costs on loans	263	296
Other charges	231	533
Charges on right-of-use assets	1,013	970
Net financial costs on defined-benefit plans	2	9
Foreign exchange losses (either realised or estimated)	1,163	1,092
Financial costs	**2,752**	**2,995**

The increase in financial costs, equal to Euro 2,752 thousand in the FY 2021/2022, was mainly attributable to the foreign exchange losses, either realised or estimated, equal to Euro 1,163 thousand (Euro 1,092 thousand in the financial year ended 31 March 2021).

Note 37 – Income taxes

Below is the breakdown of income taxes:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
IRES tax (and income taxes of foreign subsidiaries)	1,404	(224)
IRAP tax	207	37
Deferred tax liabilities	614	330
Deferred tax assets	698	(16)
Taxes related to the previous years	(21)	(1,201)
Total income taxes	**2,902**	**(1,074)**

Current taxes relate to the tax burden calculated on the taxable income of the Parent Company and subsidiaries.

The table below reports the percentage impact of taxes on the profit before tax for the financial years ended 31 March 2022 and 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Profit (loss) before tax	7,346	(6,866)
Income tax	(2,902)	1,074
Average tax rate	**39.5%**	**(15.6%)**

The increase in average tax rate compared to the previous year was mainly linked to the prudential non-recognition, during the financial year, concerning deferred tax assets on losses of foreign subsidiaries and to the fact that the average tax rate had benefited, in the previous year, from non-recurring effects arising from the recognition of the tax concessions under the Patent Box scheme for the period from 2016 to 2020.

Note 38 – Earnings/(Loss) per share

As at 31 March 2022 basic earnings per share posted a positive value of Euro 0.089 and were calculated on the basis of the consolidated net result for the year attributable to the Piquadro Group, equal to a positive value of Euro 4,444 thousand, divided by the weighted average number of ordinary shares outstanding in the year, excluding treasury shares.

	31 March 2022	31 March 2021
Group Net Profit (Net Loss) (*in thousands of Euro)*	4,444	(6,115)
Average number of outstanding ordinary shares (in thousands of shares)	48,455	49,285
Basic and diluted earnings per share (in Euro)	**0.089**	**(0.117)**

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 and segment information are now reported on a brand basis (Piquadro, The Bridge and Lancel).
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 2022 and 31 March 2021. The economic segment data are monitored by the company's Management until EBITDA level.

	31 March 2022					31 March 2021				
(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	**64,198**	**25,137**	**60,085**	**149,420**	**100.0%**	**46,603**	**19,318**	**47,556**	**113,477**	**100.0%**
Other income	3,408	566	1,472	5,446	3.6%	965	132	1,545	2,642	2.3%
Costs for purchases of materials	(10,081)	(1,526)	(16,971)	(28,578)	(19.1%)	(7,023)	(1,613)	(15,363)	(23,998)	(21.1%)
Costs for services and leases and rentals	(28,910)	(12,779)	(18,573)	(60,262)	(40.3%)	(23,939)	(11,199)	(15,785)	(50,922)	(44.9%)
Personnel costs	(14,641)	(6,541)	(17,618)	(38,800)	(26.0%)	(11,249)	(5,105)	(12,922)	(29,276)	(25.8%)
Provisions and write-downs	(640)	(209)	30	(818)	(0.5%)	(551)	(200)	94	(657)	(0.6%)
Other operating costs	(329)	(43)	(699)	(1,071)	(0.7%)	(316)	(37)	(410)	(762)	(0.7%)
EBITDA	**13,004**	**4,605**	**7,727**	**25,336**	**17.0%**	**4,491**	**1,297**	**4,716**	**10,504**	**9.3%**
Amortisation, depreciation and write-downs of fixed assets				(16,139)	(10.8%)				(15,162)	(13.4%)
Operating profit (loss)				**9,197**	**6.2%**				**(4,658)**	**(4.1%)**
Financial income and costs				(1,851)	(1.2%)				(2,207)	(1.9%)
Profit (loss) before tax				**7,346**	**4.9%**				**(6,866)**	**(6.1%)**
Income taxes				(2,902)	(1.9%)				1,074	0.9%
Profit for the year				**4,444**	**3.0%**				**(5,792)**	**(5.1%)**
Group Net Profit (Loss)				**4,444**	**3.0%**				**(5,792)**	**(5.1%)**

(*) 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 2022 and 31 March 2021:

(in thousands of Euro)	31 March 2022				31 March 2021			
	Piquadro	The Bridge	Lancel	Total	Piquadro	The Bridge	Lancel	Total
Assets	108,766	40,408	64,738	**213,911**	101,408	34,896	66,724	**203,027**
Liabilities	80,163	29,687	45,298	**155,148**	78,237	24,483	45,321	**148,041**
Fixed assets	36,504	9,458	30,048	**76,011**	38,559	9,515	28,732	**76,806**

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 2022, the Piquadro Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2022/2023.

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 UK Limited 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.
On 15 June 2021 the Board of Directors of Piquadro S.p.A. adopted the new procedure concerning related-party transactions, which was also drawn up by taking account of the instructions provided by CONSOB for the application of the new regulations by resolution no. 2164 of 10 December 2020.

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 2022 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 2021/2022 no transactions were affected 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 2022**	**31 March 2021**	**31 March 2022**	**31 March 2021**
Financial relations with Piqubo S.p.A.	0	0	0	21
Financial relations with Piquadro Holding S.p.A.	0	0	0	25
Financial relations with Palmieri Family Foundation	0	0	0	0
Total Receivables from/Payables to Controlling Companies	**0**	**0**	**0**	**46**

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 2022**	**31 March 2021**	**31 March 2022**	**31 March 2021**
Economic relations with Piqubo S.p.A.	0	0	265	258
Economic relations with Piquadro Holding S.p.A.	0	0	302	295
Economic relations with Palmieri Family Foundation	0	0	-	-
Total Revenues from/Costs to Controlling Companies	**0**	**0**	**567**	**553**

Below are reported the following financial relations with Piquadro Holding S.p.A.:
in the FY 2021/2022 no dividends were distributed by Piquadro S.p.A;
in the FY 2020/2021 no dividends were distributed by Piquadro S.p.A;

Fees due to the Board of Directors

The table below reports by name 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 2021/2022 for the performance of their duties in the Parent Company and other Piquadro Group companies, and the fees accrued by any Key Executives (as at 31 March 2022 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 incentiv es**	**Other fees**	**Total**
Marco Palmieri	Chairman and CEO	01/04/21-31/03/22	2022	500	7	100	117	**723**
Pierpaolo Palmieri	Vice-Chairman – Executive Director	01/04/21-31/03/22	2022	250	4	48	2	**304**
Marcello Piccioli	Executive Director	01/04/21-31/03/22	2022	143	3	48	6	**200**

Roberto Trotta	Executive Director	01/04/21-31/03/22	2022	0	3	48	241	**292**
Paola Bonomo	Independent Director	01/04/21-31/03/22	2022	18	2	0	0	**20**
Catia Cesari	Independent Director	01/04/21-31/03/22	2022	18	2	0	0	**20**
Barbara Falcomer	Independent Director	01/04/21-31/03/22	2022	18	2	0	0	**20**
				947	**23**	**244**	**366**	**1,579**

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	01/04/21 - 31/03/22	2022	24	0	24
Maria Stefania Sala	Standing auditor	01/04/21 - 31/03/22	2022	17	0	17
Giuseppe Fredella	Standing auditor	01/04/21 - 31/03/22	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 100 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)	13
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" mainly relate to the fees due for the voluntary audit of the pro-forma consolidated financial statements at 31 March 2022 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 Piquadro Group companies;
(4) The item "Certification services" relates to the Disclosure of non-Financial Information.

Note 42 – Events after the reporting date

After the end of the financial year, there was a further easing of restrictions imposed following the COVID-19 pandemic, in the markets where the Group operates with the exception of some Asian countries, including China, where strict containment measures are still in place.

Furthermore, it should be noted that the conflict between Russia and Ukraine continued, which had broken out in the last months of the FY 2021-2022 and the sanctions issued against the Russian Federation were tightened on the part of the United States of America, the United Kingdom and the European Union; for this reason, no further impacts are reported in addition to those already mentioned in the paragraph on "Significant events during the financial year."

Furthermore, work continued on the share buyback plan, which had been authorized by the Shareholders' Meeting of Piquadro S.p.A. on 27 July 2021. As at 12 June 2022, Piquadro S.p.A. held 1,604,800 of its treasury shares, equal to 3.2096% of the share capital, while its subsidiaries did not hold any share in the Parent Company.
For more details, reference should be made to the authorization resolution approved by the Shareholders' Meeting and the related explanatory report of the Board of Directors, which is available on the Company's website.

No further significant events are reported which occurred after the reporting date.

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 2020/2021, 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 2020/2021, 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 2022, 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 Piquadro Group did not issue financial instruments during the financial year.

d) Shareholder loans to the Company

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

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

The Company and the Piquadro 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 2021 to 31 March 2022.

It is also certified that the consolidated financial statements at 31 March 2022:

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), 13 June 2022

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 (the "Piquadro Group"), which comprise the consolidated statement of financial position as of March 31, 2022, the consolidated income statement, the consolidated statement of comprehensive income, the statement of changes in consolidated equity, the consolidated statement of cash flows 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 Piquadro Group as of March 31, 2022, 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.

Impairment tests	
Description of the key audit matter	The consolidated financial statements of Piquadro Group as of March 31, 2022 include goodwill for Euro 4,658 thousand, related exclusively to *The Bridge* division, and assets for right of use for Euro 48,007 thousand, of which Euro 21,384 thousand related to the *Lancel* division. In accordance with the reference accounting standards, the Management of Piquadro Group assess the recoverability of *The Bridge* division's goodwill, at least on an annual basis, performing an impairment test, and in this context assess also the recoverability of the carrying amount of the entire division. In presence of impairment indicators, the Management of Piquadro Group assess the recoverability of the carrying amount of the *Lancel* division, performing an impairment test. The assumptions underlying the impairment test are, by nature, influenced by future expectations about the evolution of external market conditions also connected to the business, which determine elements of physiological estimation uncertainty. In particular, the main elements of estimation are related to the determination of forecast cash flows, represented in this case by the economic-financial projections for the period 2023-2027, and the rates applied in the execution of these tests. The notes to the consolidated financial statements in the paragraph "Impairment of assets" describe the valuation process applied by the Management, reporting the significant assumptions; "Note 2 - Goodwill" and "Note 3 - Right-of-use assets" show the results of these tests, and of the related sensitivity analysis, which illustrates the effects deriving from any changes in the key variables used for the purposes of the impairment tests. As a result of the impairment tests, approved by the Board of Directors, the Piquadro Group did not detect any impairment loss. We considered the impairment tests related to *The Bridge* and *Lancel* divisions to be a key matter of the audit of the Piquadro Group's consolidated financial statements, in consideration of the amount of assets subject to testing and the elements of estimation and uncertainty inherent in the assessments made by the Directors.
Audit procedures performed	In the context of our audit work we performed the following procedures, among others, also through the involvement of experts from our network: • understanding of the process and relevant controls designed and implemented by the Management for the preparation and approval of impairment tests;

- analysis of the reasonableness of the main assumptions adopted for the formulation of multi-annual plans, also by analyzing external data, such as forecasts on the future trend of macroeconomic 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-annual planning process;

- assessment of the reasonableness of the discount rate (WACC), 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, and the assumption of attributing a zero value to the long-term growth rate (g-rate);

- verification of the mathematical accuracy of the model used to determine the value in use of the Cash Generating Units (“CGUs");

- test of the accurate determination of the carrying amount of the CGUs;

- verification of the sensitivity analysis prepared by the Management.

Finally, we examined the adequacy of the information provided by the Piquadro Group on the impairment tests and its compliance 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 Piquadro 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 Piquadro 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 Piquadro 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 Piquadro 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 Piquadro 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 Piquadro 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 on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piquadro S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the "Delegated Regulation") to the consolidated financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the consolidated financial statements with the provisions of the Delegated Regulation.

In our opinion, the consolidated financial statements have been prepared in XHTML format and have been marked up, in all material respects, in accordance with the provisions of the Delegated Regulation.

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 31, 2022, 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 31, 2022 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, 2022 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.

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
Stefano Montanari
Partner

Bologna, Italy
July 1, 2022

As disclosed by the Directors on page 1, the accompanying consolidated financial statements of Piquadro S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

STATEMENT OF FINANCIAL POSITION

(in Euro)	Notes	31 March 2022	31 March 2021
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	632,596	639,667
Right-of-use assets	(2)	13,875,966	15,230,259
Property, plant and equipment	(3)	7,317,014	7,732,930
Equity investments	(4)	14,938,794	13,111,930
Receivables from others	(5)	553,698	449,171
Receivables from subsidiaries	(6)	5,660,000	7,200,000
Deferred tax assets	(7)	1,537,516	3,071,749
TOTAL NON-CURRENT ASSETS		**44,515,584**	**47,435,706**
CURRENT ASSETS			
Inventories	(8)	14,507,909	14,507,358
Trade receivables	(9)	18,069,562	14,361,654
Receivables from subsidiaries	(10)	5,840,420	10,076,795
Other current assets	(11)	1,080,348	1,481,567
Derivative assets	(12)	322,162	46,747
Tax receivables	(13)	729,354	930,206
Cash and cash equivalents	(14)	32,848,844	27,189,962
TOTAL CURRENT ASSETS		**73,398,599**	**68,594,289**
TOTAL ASSETS		**117,914,183**	**116,029,995**

STATEMENT OF FINANCIAL POSITION

(in Euro)	Notes	31 March 2022	31 March 2021
LIABILITIES			
EQUITY			
Share Capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		(1,302,644)	244,656
Retained earnings		36,991,612	38,780,803
Profit /(Loss) for the year		4,481,971	(1,789,191)
TOTAL EQUITY	(15)	**42,170,939**	**39,236,268**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	(16)	21,103,793	25,560,712
Non-current lease liabilities	(17)	9,905,389	11,601,524
Other non-current liabilities	(18)	4,007,000	4,605,000
Provision for employee benefits	(19)	242,531	255,786
Provisions for risks and charges	(20)	1,542,359	1,040,134
TOTAL NON-CURRENT LIABILITIES		**36,801,072**	**43,063,156**
CURRENT LIABILITIES			
Current financial liabilities	(21)	10,447,910	9,873,956
Current lease liabilities	(22)	4,635,948	4,069,839
Trade payables	(23)	15,833,567	12,314,383
Payables to subsidiaries	(24)	3,141,286	4,908,951
Derivative liabilities	(25)	0	90,606
Other current liabilities	(26)	3,553,297	1,996,356
Tax payables	(27)	1,330,164	476,480
TOTAL CURRENT LIABILITIES		**38,942,172**	**33,730,571**
TOTAL LIABILITIES		**75,743,244**	**76,793,727**
TOTAL EQUITY AND LIABILITIES		**117,914,183**	**116,029,995**

INCOME STATEMENT

(in Euro)	**Notes**	**31 March 2022**	**31 March 2021**
REVENUES			
Revenues from sales	(28)	62,034,215	46,125,859
Other income	(29)	5,618,378	2,810,359
TOTAL REVENUES (A)		**67,652,593**	**48,936,218**
OPERATING COSTS			
Change in inventories	(30)	(551)	1,331,457
Costs for purchases	(31)	19,743,430	14,015,099
Costs for services, leases and rentals	(32)	22,251,424	20,107,946
Personnel costs	(33)	12,595,530	9,388,046
Amortisation, depreciation and write-downs	(34)	4,958,949	5,444,990
Other operating costs	(35)	654,064	244,841
TOTAL OPERATING COSTS (B)		**60,202,846**	**50,532,379**
OPERATING PROFIT (LOSS) (A-B)		**7,449,747**	**(1,596,161)**
FINANCIAL INCOME AND COSTS			
Shares of profits (losses) of investee Companies	(36)	(408,413)	(291,819)
Financial income	(37)	479,210	483,160
Financial costs	(38)	(1,191,243)	(1,954,478)
TOTAL FINANCIAL INCOME AND COSTS		**(1,120,446)**	**(1,763,137)**
PROFIT (LOSS) BEFORE TAX		**6,329,301**	**(3,359,298)**
Income taxes	(39)	(1,847,330)	1,570,107
PROFIT / (LOSS) FOR THE YEAR		**4,481,971**	**(1,789,191)**

STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Profit / (Loss) for the year (A)	**4,482**	**(1,789)**
Components that can be reclassified to profit or loss		
Profit/ (Loss) on cash flow hedge instruments, net of related tax effects	264	(153)
Components that cannot be reclassified to profit or loss:		
Actuarial gains (losses) on defined-benefit plans	3	(31)
Total Profits / (Losses) recognised in equity (B)	**267**	**(184)**
Total Comprehensive Income /(Loss) for the year (A) + (B)	**4,749**	**(1,973)**

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 7.

STATEMENT OF CHANGES IN EQUITY

(in thousands of Euro)

Description			Other reserves							
	Share capital	Share premium reserve	Fair value reserve	Reserve for Employee Benefits	Treasury shares reserve	Other reserves	Total Other Reserves	Retained earnings	Profit (loss) for the period	Equity
Balances as at 31.03.2020	**1,000**	**1,000**	**121**	**(13)**	**0**	**1,288**	**1,396**	**35,407**	**3,374**	**42,177**
Profit/(Loss) for the year									(1,789)	**(1,789)**
Other comprehensive result at 31 March 2021:										0
- Reserve for actuarial gains (losses) on defined-benefit plans				(31)			**(31)**			**(31)**
- Fair value of financial instruments			(153)				**(153)**			**(153)**
Comprehensive Income/(Loss) for the year	**0**	**0**	**(153)**	**(31)**		**0**	**(184)**	**0**	**(1,789)**	**(1,973)**
- Distribution of dividends to shareholders									0	**0**
- Negative reserve for purchase of treasury shares in portfolio					(967)		**(967)**			**(967)**
-Allocation of the result for the year ended 31.03.2020 to reserves								3,374	(3,375)	**0**
Balances as at 31.03.2021	**1,000**	**1,000**	**(32)**	**(44)**	**(967)**	**1,288**	**245**	**38,781**	**(1,789)**	**39,237**
Profit/(Loss) for the year									4,482	**4,482**
Other comprehensive result at 31 March 2022:										**0**
- Reserve for actuarial gains (losses) on defined-benefit plans				3			**3**			**3**
- Fair value of financial instruments			264				**264**			**264**
Comprehensive Income/(Loss) for the year	**0**	**0**	**264**	**3**		**0**	**267**	**0**	**4,482**	**4,749**
- Distribution of dividends to shareholders									0	**0**
- Negative reserve for purchase of treasury shares in portfolio					(1,815)		**(1,815)**			**(1,815)**
-Allocation of the result for the year ended 31.03.2021 to reserves								(1,789)	1,789	**0**
Balances as at 31.03.2022	**1,000**	**1,000**	**232**	**(41)**	**(2,782)**	**1,288**	**(1,303)**	**36,992**	**4,484**	**42,171**

STATEMENT OF CASH FLOWS

(*in thousands of Euro*)	31 March 2022	31 March 2021
Profit/ (Loss) before tax	**6,329**	**(3,359)**
Adjustments for:		
Depreciation of property, plant and equipment/ Amortisation of intangible assets and rights of use	4,299	1,395
Write-downs of property, plant and equipment/intangible assets and rights of use	20	45
Other accruals	1,602	785
Accrual to the provision for bad debts	640	550
Revaluation/Write-downs of equity investments	0	292
Adjustment to the provision for employee benefits	575	555
Net financial costs/(income), including exchange rate differences	712	1,471
Cash flows from operating activities before changes in working capital	**14,177**	**5,189**
Change in trade receivables (gross of the provision)	(6,583)	3,463
Change in receivables from subsidiaries	5,776	522
Change in inventories	(762)	1,271
Change in other current assets	529	911
Change in trade payables	3,519	(4,174)
Change in payables to subsidiaries	(1,768)	347
Change in provisions for risks and charges	(517)	(495)
Change in other current liabilities	98	(95)
Change in tax receivables/payables	640	351
Cash flows from operating activities after changes in working capital	**15,108**	**7,290**
Payment of taxes	0	0
Interest collected / (paid)	(83)	(1,471)
Cash flow generated from operating activities (A)	**15,025**	**5,819**
Investments in intangible assets	(338)	(319)
Disinvestments from intangible assets	65	131
Investments in property, plant and equipment	(686)	(543)
Disinvestments from property, plant and equipment	10	104
Investments in non-current financial assets	0	(25)
Disinvestments from non-current financial assets	0	0
Changes generated from investing activities (B)	**(950)**	**(652)**
Financing activities		
Change in short- and medium/long-term financial liabilities	(3,883)	(276)
- new issues of long-term financial liabilities	6,000	*11,950*
- repayments and other net changes in financial liabilities	(9,883)	*(12,226)*
Changes in financial instruments	0	0
Changes in treasury shares in portfolio	(1,815)	(967)
Lease instalments paid	(2,722)	(2,808)
Payment of dividends	0	0
Other minor changes	3	0
Cash flow generated from/(absorbed by) financing activities (C)	**(8,417)**	**(4,051)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	**5,658**	1,117
Cash and cash equivalents at the beginning of the period	**27,190**	**26,073**
Cash and cash equivalents at the end of the period	**32,849**	**27,190**

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 2022	Related parties	31 March 2021
ASSETS				
NON-CURRENT ASSETS				
Intangible assets	(1)	633		640
Right-of-use assets	(2)	13,876		15,230
Property, plant and equipment	(3)	7,317		7,733
Equity investments	(4)	14,939	14,939	13,112
Receivables from others	(5)	554		449
Receivables from subsidiaries	(6)	5,660	5,660	7,200
Deferred tax assets	(7)	1,538		3,072
TOTAL NON-CURRENT ASSETS		**44,516**	**20,599**	**47,436**
CURRENT ASSETS				
Inventories	(8)	14,508		14,507
Trade receivables	(9)	18,070		14,362
Receivables from subsidiaries	(10)	5,840	5,840	10,077
Other current assets	(11)	1,080		1,482
Derivative assets	(12)	322		47
Tax receivables	(13)	729		930
Cash and cash equivalents	(14)	32,849		27,190
TOTAL CURRENT ASSETS		**73,399**	**5,840**	**68,594**
TOTAL ASSETS		**117,914**	**26,439**	**116,030**

Statement of financial position

(in thousands of Euro)	Notes	31 March 2022	Related parties	31 March 2021
LIABILITIES				
EQUITY				
Share Capital		1,000		1,000
Share premium reserve		1,000		1,000
Other reserves		(715)		245
Retained earnings		36,404		38,781
Profit/(Loss) for the year		4,482		(1,789)
TOTAL EQUITY	(15)	**42,171**	**0**	**39,236**
NON-CURRENT LIABILITIES				
Non-current financial liabilities	(16)	21,104		25,561
Non-current lease liabilities	(17)	9,905		11,602
Other non-current liabilities	(18)	4,007		4,605
Provision for employee benefits	(19)	243		256
Provisions for risks and charges	(20)	1,542		1,040
TOTAL NON-CURRENT LIABILITIES		**36,801**	**0**	**43,063**
CURRENT LIABILITIES				
Current financial liabilities	(21)	10,448		9,874
Current lease liabilities	(22)	4,636		4,070
Trade payables	(23)	15,834		12,314
Payables to subsidiaries	(24)	3,141	3,141	4,909
Derivative liabilities	(25)	0		91
Other current liabilities	(26)	3,553		1,996
Tax payables	(27)	1,330		476
TOTAL CURRENT LIABILITIES		**38,942**	**3,141**	**33,731**
TOTAL LIABILITIES		**75,743**	**3,141**	**76,794**
TOTAL EQUITY AND LIABILITIES		**117,914**	**3,141**	**116,030**

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

Income Statement

(in thousands of Euro)	Notes	31 March 2022	Related parties	31 March 2021
REVENUES				
Revenues from sales	(28)	62,034	5,296	46,126
Other income	(29)	5,618	2,340	2,810
TOTAL REVENUES (A)		**67,653**	**7,636**	**48,936**
OPERATING COSTS				
Change in inventories	(30)	(1)		1,331
Costs for purchases	(31)	19,743	8,265	14,015
Costs for services and leases and rentals	(32)	22,251	319	20,108
Personnel costs	(33)	12,596		9,388
Amortisation, depreciation and write-downs	(34)	4,959		5,445
Other operating costs	(35)	654		245
TOTAL OPERATING COSTS (B)		**60,203**	**8,584**	**50,532**
OPERATING PROFIT/(LOSS) (A-B)		**7,450**	**(948)**	**(1,596)**
FINANCIAL INCOME AND COSTS				
Shares of profits (losses) of investee Companies	(36)	(408)		(292)
Financial income	(37)	479	86	483
Financial costs	(38)	(1,191)		(1,954)
TOTAL FINANCIAL INCOME AND COSTS		**(1,120)**	**86**	**(1,763)**
PROFIT/ (LOSS) BEFORE TAX		**6,329**	**(862)**	**(3,359)**
Income taxes	(39)	(1,847)	0	1,570
PROFIT/(LOSS) FOR THE YEAR		**4,482**	**(862)**	**(1,789)**

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

(in thousands of Euro)	**31 March 2022**	**Related parties**	**31 March 2021**
Profit/(Loss) before tax	**6,329**		**(3,359)**
Adjustments for:			
Depreciation of property, plant and equipment/Amortisation of intangible assets and rights of use	4,299		1,395
Write-downs of property, plant and equipment/intangible assets and rights of use	20		45
Other accruals	1,602		785
Accrual to the provision for bad debts	640		550
Revaluation /Write-downs of equity investments	0		292
Adjustment to the provision for employee benefits	575		555
Net financial costs/(income), including exchange rate differences	712		1,471
Cash flows from operating activities before changes in working capital	**14,177**		**5,189**
Change in trade receivables (gross of the provision)	(6,583)		3,463
Change in receivables from subsidiaries	5,776	5,776	522
Change in inventories	(762)		1,271
Change in other current assets	529		911
Change in trade payables	3,519		(4,174)
Change in payables to subsidiaries	(1,768)	(1,768)	347
Change in provisions for risks and charges	(517)		(495)
Change in other current liabilities	98		(95)
Change in tax receivables/payables	640		351
Cash flows from operating activities after changes in working capital	**15,108**	**4,008**	**7,290**
Payment of taxes	0		0
Interest paid	(83)	0	(1,471)
Cash flow generated from operating activities (A)	**15,025**	**4,008**	**5,819**
Investments in intangible assets	(338)		(319)
Disinvestments from intangible assets	65		131
Investments in property, plant and equipment	(686)		(543)
Disinvestments from property, plant and equipment	10		104
Investments in non-current financial assets	0		(25)
Disinvestments from non-current financial assets	0		0
Dividends collected	0		0
Changes generated from investing activities (B)	**(950)**	**0**	**(652)**
Financing activities			
Change in short- and medium/long-term financial liabilities	(3,883)		(276)
- New loans	6,000		11,950
- Repayments and other net changes in financial liabilities	(9,883)		(12,226)
Changes in financial instruments	0		0
Lease instalments paid	(2,722)		(2,808)
Changes in treasury shares in portfolio	(1,815)		(967)
Payment of dividends	0	0	0
Cash flow generated from/(absorbed by) financing activities (C)	**(8,417)**	**0**	**(4,051)**
Net increase (decrease) in cash and cash equivalents (A+B+C)	**5,658**	**4,008**	1,117
Cash and cash equivalents at the beginning of the period	**27,190**		**26,073**
Cash and cash equivalents at the end of the period	**32,849**		**27,190**

NOTES TO THE FINANCIAL STATEMENTS OF PIQUADRO S.P.A. AT 31 MARCH 2022

General information

These separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the "Company" or "Parent Company") relate to the financial year ended 31 March 2022 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 13 June 2022 and will be submitted for approval by the Shareholders' Meeting called, on first call, for 25 July 2022.

Significant events during the financial year

Among the significant events that occurred during the financial period ended 31 March 2022 are the following:

On 27 July 2021 the Shareholders' Meeting of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2021, as well as the Board of Directors' proposal to cover the net loss of Euro 1,789,191 for the period by using the reserve for retained earnings without distributing any dividend to shareholders.
The Shareholders' Meeting approved:

the First Section of the Remuneration Report that describes the Company's Policy governing the fees payable to directors and key management members for the financial year that will end on 31 March 2022, describing the remuneration due to the Company's Directors, Board of Statutory Auditors' members and key management members, in the implementation of the provisions of Article 123-*ter*, paragraphs no.3-*bis* and 6, of the TUF (*Testo Unico della Finanza*, Consolidated Act on Finance). The Shareholders' Meeting also gave its favourable opinion on the Second Section of the Remuneration Report and the fees paid in accordance with the aforesaid Article 123-*ter*, paragraph 4, of the TUF;
The Shareholders' Meeting also approved:

(a) the decision to authorise the purchase of the Company's ordinary shares, in one or more tranches, up to the maximum number permitted by law, having regard to treasury shares held directly and to those held by subsidiaries. The purchases may be made, according to Article 2357, paragraph 1, of the Italian Civil Code, within the limits of distributable profits and available reserves resulting from the most recent financial statements as duly approved, with a consequent reduction in equity, pursuant to Article 2357-*ter*, paragraph 3, of the Italian Civil Code, in the same amount, through the recognition of a specific item with a negative sign among balance sheet liabilities. The purchase, sale, exchange or contribution of shares shall be accompanied by any appropriate accounting record in compliance with the provisions of law and applicable accounting standards. In cases of sale, exchange or contribution, the corresponding amount may be reused for additional purchases, until the expiry of the time limit set out for the authorisation given by the Shareholders' Meeting, without prejudice to any quantitative and expenditure limits, as well as to the terms and conditions laid down by the Shareholders' Meeting.
The authorisation for the purchase of shares is given until the approval of the financial statements at 31 March 2022 with effect from the date of this resolution.
The purchase price of the shares shall be determined from time to time, having regard to the methods selected to carry out the transaction and in accordance with legislative, regulatory provisions or permitted market practices, within a minimum and maximum limit 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. Should the purchase of treasury shares be made within the scope of any market practice referred to in CONSOB resolution no. 16839/2009, the purchase price set for any proposed trading shall not exceed the higher of the price set for the most recent independent transaction and the current purchase price of the highest independent proposed trading in the market in which proposed purchases are launched, without prejudice to any additional limit set out in the resolution itself.

The abovementioned transactions shall be carried out, on one or more occasions, by purchasing shares, pursuant to Article 144-*bis*, paragraph l, letter b, of the Issuers' Regulation, on regulated markets or multilateral trading systems, which do not allow any direct matching of proposed purchase trading with predetermined proposed sales trading, according to operating procedures set out in the regulations governing the organisation and operation of the markets themselves, in compliance with Article 2357 and ff. of the Italian Civil Code, the equality of treatment of shareholders and any applicable legislation, including regulatory provisions, in force, including the principles referred to in Article 132 of the TUF, as well as with Regulation (EU) no. 596/2014 of 16 April 2014 ad related implementing provisions, if applicable. The purchases may take place according to procedures other than those specified above pursuant to Article 132, paragraph 3, of Legislative Decree no. 58/1998 or any other provision applicable from time to time on the day of the transaction;

(b) the decision to authorise, pursuant to and for the purposes of Article 2357-*ter* of the Italian Civil Code, the disposition, on one or more occasions, of any share that has been purchased according to this resolution or that in any case is already held in the Company's portfolio even well before having reached the maximum amount of shares that can be purchased, and any possible repurchase of the shares themselves to the extent that the treasury shares held by the Company do not exceed the limit set out in the authorisation. The disposition of shares is authorised with effect from the date of this resolution, without any time limit.

The consideration for any sale of treasury shares, which will be set by the Board of Directors, with the right of sub-delegating powers to one or more directors, may not be less by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.
Should the sale of treasury shares be carried out within the scope of the permitted market practices referred to above, without prejudice to any additional limit set out in CONSOB resolution no. 16839/2009, the sales price of any proposed trading shall not be less than the lower of the price of the most recent independent transaction and the current sales price of the lowest independent proposed trading in the market in which proposed sales are launched. Should the treasury shares be the object of trading, exchange, contribution or any other act of non-cash disposition, the financial terms and conditions of the transaction shall be laid down based on its nature and features, while taking account of the market performance of the Piquadro S.p.A. stock. The disposition of shares may take place according to such procedures as may be considered to be the most appropriate in the interest of the Company, and in any case in compliance with the applicable regulations and permitted market practices; and
(c) to grant the Board of Directors and, through the same, any managing director, jointly and severally between them, the amplest powers required for the actual and full execution of the resolutions referred to in the points above in compliance with the provisions laid down in Article 132 of the TUF and the disclosure obligations referred to in Article 144-*bis*, paragraph 3, of the Issuers' Regulation and, if required, the disclosure obligations required by the abovementioned market practices and by Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable, with the right to proceed with the purchase and disposition of treasury shares, within the limits of the provisions laid down above, including through specialist intermediaries, also pursuant to and for the purposes of the abovementioned market practice governing operations in support of liquidity permitted by CONSOB under resolution no. 16839 of 19 March 2009 and pursuant to Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable.

The financial year ended 31 March 2022 was partially marked by periods in which the Covid-19 pandemic occurred with significant impacts on the performance of sales. Specifically, the first quarter was characterised by partial periods of store closures, during which sales declined compared to the pre-COVID period, but improved from the previous financial year. This revenue growth continued in the subsequent two quarters, partly due to the easing of restrictions imposed by the governments of the countries in which the Piquadro Group operates. Growth trends also continued in the fourth quarter, despite the arrival of the new Omicron variant, for which, however, no special restrictive measures were adopted, as previously occurred, with the exception of some Asian countries, including China, where strict containment measures continue to be adopted to prevent the spread of infections. This is also why the impairment test was carried out on the Lancel division, which also operates in local areas with directly-operated stores. The results of this test are summarized in Note 3 - Right-of-use assets of the notes to the consolidated financial statements.

The Group monitors the developments of the Covid-19 emergency on an ongoing basis, although trends in sales are steadily recovering. There are still margins of uncertainty, especially regarding the possible transmission of new variants of the virus, thus continuing to affect the mobility of international customers. In such an environment, our management has maintained safety standards consistent with regulatory guidance designed to protect the health and safety of employees, and continues to have a significant focus on reducing operating costs and safeguarding liquidity, as well as to seize significant growth opportunities related to the economic recovery.

On 17 August a fire broke out at the Parent Company's headquarters, which partially caused damage to a system of the warehouse, as well as to some products stored therein. However, operations were resumed promptly. Furthermore, the insurance refund was also quantified and collected to cover the damage suffered during the period.

The rapid development that led to the Russian Federation's decision to invade Ukraine on 24 February triggered a series of consequences in economic and financial terms worldwide after a few weeks of rising tension. This conflict, which is still ongoing, has also caused high volatility in currencies, with the Euro/Rouble exchange rate reaching, in the days immediately following the outbreak of the conflict, values more than 40% higher than in previous months, with a subsequent return to previous levels at the end of the year. In addition, targeted restrictive sanctions (individual sanctions against individuals), economic sanctions and diplomatic measures were issued against the Russian Federation by the United States of America, the United Kingdom and the European Union. Among economic sanctions are those regarding the export of luxury goods, in response to which the Piquadro Group initially suspended logistics and invoicing operations to the Russian subsidiary, both towards DOSs and towards Russian multi-brand customers, which were then regularly resumed, since the scope of these sanctions had not restricted the Group's export activities. It is specified that the Group has no suppliers of goods in Russia and Ukraine.
The effects for the Piquadro Group resulting from the conflict include, first and foremost, the direct impact resulting from the exchange rate trends mentioned above, to which the Piquadro Group responded by raising its selling prices to the public in Russia as from March. Nevertheless, sales of Piquadro Group products were not significantly affected by this situation at DOSs.

On the other hand, indirect impacts include increases in the costs of various raw materials, such as gas and oil, from which further growth in inflation may result, reverberating on consumer products and consequently affecting GDP growth and the spending capacity of the population.

Following the Rouble's exchange rate appreciation against the Euro, the Piquadro Group reacted by reducing the price list increases (previously applied) in the first two months of FY 2022/2023. Work was also resumed on exports to wholesale customers. It should be noted that the Piquadro Group's sales in Russia accounted for 4% of consolidated sales in the twelve months ended 31 March 2022.
As of the same date, the assets held by the Group in Russia (among which are fixed asset investments, including rights of use, inventories, receivables, and cash and cash equivalents) amounted to Euro 4.7 million. In the 2022/2023 budget, the Piquadro Group already incorporated a significant reduction in its economic activities in order to take account of the dynamics resulting from the Russian-Ukrainian conflict, without envisaging the performance of an impairment test, even due to the final positive result achieved in the financial year just ended, and the results expected for the coming years, for the Russian subsidiary.
In relation to the volatility of this scenario, all business development activities, including the opening of new stores, have been temporarily suspended; management is therefore monitoring the situation in order to safeguard the Piquadro Group's assets, wealth and business continuity.
Piquadro has taken any necessary measure to ensure that its activities are carried out in accordance with applicable regulations, while ensuring continuous monitoring of the evolution of the sanctions in order to adapt its activities to the restrictions applicable from time to time.

In order to achieve more effective operating results and increase competitiveness, Lancel Russia was merged by incorporation into OOO Piquadro Russia during the year. The reorganization entailed an increase in the share capital of the merging company, which was equal to the sum of the authorized capitals of the merging company (OOO Piquadro Russia) and of the merged company (Lancel Russia) as at the effective date of the agreement. The merged company's sole shareholder acquired 1% of the shares of the merging company. However, this transaction had no impact on the consolidated financial statements.

During the financial year ended 31 March 2022, the parent company Piquadro S.p.A acquired the residual 20% of the capital of the subsidiary The Bridge S.p.A, subject to option. This resulted in the Parent Company holding 100% of the capital of the subsidiary.

The Piquadro 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 2022, part of the small leather goods and of some lines of briefcases, which accounts for about 33.7% 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 Piquadro 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 Piquadro 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 Piquadro Group makes use of a distribution network focused on two channels:

(i) a direct channel which, at 31 March 2022, included 138 directly operated single-brand stores (Directly Operated Stores or DOSs), of which 47 Piquadro-brand stores, 11 The Bridge-brand stores and 80 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 (42 shops at 31 March 2022, of

which 33 Piquadro-brand stores, 2 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 2022, about 43.0% of the Piquadro Group’s consolidated revenues were achieved by Piquadro-branded products (41.1% in the previous year), 40.2% through the sale of Lancel-branded products (41.9% in the previous year) and 16.8% through the sale of The Bridge-branded products (17.0% in the previous year).

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 29.5% of production is carried out internally, through a subsidiary of Piquadro S.p.A., 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.

Schedules of financial statements adopted and reporting currency

At the time of the preparation of the separate financial statements at 31 March 2021 and at 31 March 2022, 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 Statement of Cash Flows 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 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 statement of cash flows, 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.

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 2022 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 2022, while also taking account of the information provided below in relation to the new accounting standards, amendments and interpretations applicable from 1 April 2021.

The directors have assessed whether the going-concern assumption can be applied to prepare the financial statements, concluding that this requirement is adequate since there is no doubt about the ability to continue as a going concern. In making this assessment, the current pandemic emergency was taken into account, as was as the situation triggered by the outbreak of the conflict between Russia and Ukraine.

The accounting policies used in preparing the separate financial statements at 31 March 2022, 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.

The Company has decided not to apply IFRS 16 for contracts containing a lease which has an intangible asset as underlying asset.

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 financial liabilities.

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 Company 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 Company 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.
In determining the discounting of future cash flows, the Management uses many assumptions, including estimates of future increases in sales, gross margin, operating costs, investments, changes in working capital, and the weighted average cost of capital (discount rate), in consideration of the risks specific to the business or Cash Generating Unit. The expected cash flows used in the model are determined during the Company's budgeting and planning processes and represent the best forecast estimate, based on multi-year plans, as updated annually, reviewed by the Management and approved by the Board of Directors of Piquadro S.p.A. The carrying value attributed to the cash generating unit is determined by reference to the balance sheet using criteria of direct, where applicable, or indirect allocation.

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 Company's financial instruments and the nature of risks associated thereto, is reported in different paragraphs of these 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 2021**	**Use**	**Accrual**	**Provision at 31 March 2022**
Provision for bad debts	2,367	556	(640)	2,451
Total Provision	**2,367**	**556**	**(640)**	**2,451**

Breakdown of trade receivables

As required by IFRS 7, below is reported a breakdown of trade receivables:

in thousands of Euro		**Receivables falling due**	**Expired receivables**			**Provision for bad debts**
31/03/2022	**Amount in the accounts**		**1- 60 days**	**61 - 120 days**	**over 120 days**	
DOS	0	0	0	0	0	0
Wholesale	18,069	17,178	577	274	2,492	(2,451)
Subsidiaries	3,640	1,363	212	243	1,823	0
Total	**21,710**	**18,541**	**788**	**517**	**4,315**	**(2,451)**

in thousands of Euro		**Receivables falling due**	**Expired receivables**			**Provision for bad debts**
31/03/2021	**Amount in the accounts**		**1- 60 days**	**61 - 120 days**	**over 120 days**	
DOS	0	0	0	0	0	0
Wholesale	14,362	11,569	683	4,015	462	(2,367)
Subsidiaries	7,452	1,849	595	4,564	444	0
Total	**21,814**	**13,418**	**1,278**	**8,579**	**906**	**(2,367)**

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**
31/03/2022				
Payables to banks for Loans	31,552	10,448	21,104	0

Payables to banks for credit lines	0	0	0	0
Trade payables	15,834	14,954	704	176
Trade payables to Subsidiaries	3,141	2,692	449	0
Lease liabilities	14,541	4,636	7,210	2,695
Derivative liabilities for IRS contract	0	0	0	0
Derivative liabilities for USD forward contracts	0	0	0	0
Total	**65,068**	**29,210**	**32,730**	**2,871**

Type of instruments	Amount in the accounts	Within 1 year	From 1 to 5 years	Beyond 5 years
31/03/2021				
Payables to banks for Loans	35,435	9,874	25,561	0
Payables to banks for credit lines	0	0	0	0
Trade payables	12,314	10,355	1,783	176
Trade payables to Subsidiaries	4,909	3,624	1,285	0
Lease liabilities	15,671	4,070	10,986	615
Derivative liabilities for IRS contract	91	91	0	0
Derivative liabilities for USD forward contracts	0	0	0	0
Total	**68,420**	**28,014**	**39,615**	**791**

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 adoption of the IFRS 16, calculated as the present value of discounted future payments due.

As at 31 March 2022 the Company could rely on credit lines of about Euro 50,688 thousand (about Euro 58,188 thousand at 31 March 2021). 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 from third parties, which totalled Euro 18,069 thousand at 31 March 2022 (Euro 14,632 thousand at 31 March 2021).

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 2022, the Company executed forward currency contracts for USD 11,350 thousand, equal to an aggregate counter-value of Euro 9,680 thousand, with an average exchange rate of USD 1.173.

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**	**Profit (Losses)**	**Other changes in Equity**	**Profit (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	32,849	934	(85)		104	
Trade receivables	18,070	11	(1)		1	
Receivables from subsidiaries	5,840	2,618	(245)		282	
Derivative financial instruments	322					
			(332)	**0**	**386**	**0**
Financial liabilities:						
Financial liabilities	31,552					
Lease liabilities	14,541					
Trade payables	15,834	1,386	(130)		149	
Payables to subsidiaries	3,141	1,682	(153)		187	
Derivative financial instruments	-					
			(283)	**0**	**336**	**0**
Total increases (decreases) at 31/03/2022			**(615)**	**-**	**722**	**-**

			Foreign Exchange risk (FER)			
			+ 10% Euro/USD		**- 10% Euro/USD**	
	Book value	**Of which subject to FER**	**Profit (Losses)**	**Other changes in Equity**	**Profit (Losses)**	**Other changes in Equity**
Financial assets						
Cash and cash equivalents	27,190	2,477	(285)		349	
Trade receivables	14,362	17	(1)		2	
Receivables from subsidiaries	10,077	2,188	(294)		359	
Derivative financial instruments	47					
			(581)	**0**	**710**	**0**
Financial liabilities:						
Financial liabilities	35,435					

Lease liabilities	15,671					
Trade payables	12,314	8,957	(814)		995	
Payables to subsidiaries	4,909	4,328	(393)		(481)	
Derivative financial instruments	91					
			(1,208)	**0**	**514**	**0**
Total increases (decreases) at 31/03/2021			**(1,788)**	**-**	**1,,224**	**-**

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	32,849	32,849	164		(164)	
Trade receivables	18,070	0	0		0	
Receivables from subsidiaries	5,840	0	0		0	
Derivative financial instruments	322	0	0		0	
			164		(164)	
Financial liabilities:						
Payables to banks for Loans	31,552	31,552	(158)		158	
Payables to banks for credit lines	0	0	0		0	
Trade payables	15,834	0	0		0	
Payables to subsidiaries	3,141	0	0		0	
Lease liabilities	14,541	14,541	(73)		73	
Derivative financial instruments	0	0	0		0	
			(230)	0	230	0
Total increases (decreases) at 31 March 2022			**(66)**	**0**	**66**	**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	27,190	27,190	136		(136)	
Trade receivables	14,362	0	0		0	
Receivables from subsidiaries	10,077	0	0		0	
Derivative financial instruments	47	0	0		0	

			136		**(136)**	
Financial liabilities:						
Payables to banks for Loans	35,435	35,435	(177)		177	
Payables to banks for credit lines	0	0	0		0	
Trade payables	12,314	0	0		0	
Payables to subsidiaries	4,909	0	0		0	
Lease liabilitiesf	15,671	15,671	(78)		78	
Derivative financial instruments	91	0	0		0	
Total increases (decreases) at 31 March 2021			**(120)**	**0**	**120**	**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 Financial Position and Net Invested Capital.

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Net financial debt	(17,251)	(28,612)
Equity	42,171	39,236
Net invested capital	59,422	67,848
Gearing ratio	**(29.03%)**	**(42.2%)**

Risks associated with the cost and availability of raw materials

The manufacture of Piquadro-branded products requires high quality raw materials. The price and availability of these materials depend on a wide range of factors, which are largely beyond the Company's control and difficult to predict. Despite the fact that in recent years the Company has always managed to secure an adequate procurement of high quality raw materials, it cannot be ruled out that the emergence of any further tensions on the supply side could lead to difficulties in procurement, thus causing a significant increase in costs with adverse effects on the results of its operations. In order to limit the risks associated with potential unavailability of raw materials in the time frame required for production, Piquadro S.p.A. adopts a multi-sourcing strategy of supplier diversification and schedules purchases with a medium-term time horizon.

Risks associated with Cyber Security

The growing interrelationship between technology and business and the increasing use of networks for sharing and transferring information entails various and numerous risks associated with the vulnerability of information systems in use. Despite the path to strengthening cyber security and in-house and third-party expertise, the rapid technological evolution and the increasing sophistication and frequency of cyber attacks expose the Company to the potential risk of cyber threats, which could affect relevant data and information possessed by the Company, such as, for example, strategic plans that are not disclosed to the market, resulting in damage to the results of its operations, capital or image. In this regard, the Company is further strengthening the cyber risk management model that it has adopted, which includes procedural, training, risk assessment and periodic review issues, including in relation to third parties. This model has the ultimate goal of ensuring the implementation of robust protection and business continuity tools and processes, which include the adoption of the best technologies and methodologies to identify and protect the Company from cyber threats.

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 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 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 Company, they are recognised on the basis of the following criteria:
I. Sales of goods - Retail segment. The Company 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 Company 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 Company 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 financial liabilities, 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.

Leases and rentals

As defined by IFRS 16, lease payments, which are related to contracts involving low-value assets or whose term is 12 months or less (short-term leases), are recognized through profit or loss as expenses for the period. The Group has set the threshold for deeming the individual underlying asset as low-value at Euro 5,000.
The variable portions of lease payments under contracts that provide for such a case and lease payments under contracts containing a lease with an underlying intangible asset are also recognized through profit or loss as expenses for the period.

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 2021/2022.

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 Company	Probability of advance payments of the TFR
3.0% for 2022 and 1.0% for 2021	Frequency of 3.3% for 2022 and 1.0% for 2021	2.6% for 2022 and 2.70% for 2021

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 2021

The following IFRS accounting standards, amendments and interpretations were applied by the Company for the first time as from 1 April 2021:

- On 25 June 2020 the IASB published "Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)". The amendments allow the extension of the temporary exemption from the application of IFRS 9 until 1 January 2023 for insurance companies. The adoption of this amendment has had no impact on the Company's financial statements.

- On 27 August 2020 the IASB published, following the reform on interbank interest rates, such as the IBOR, the document concerning the "Interest Rate Benchmark Reform - Phase 2", which makes amendments to the following standards:
    - IFRS 9 Financial Instruments;
    - IAS 39 Financial Instruments: Recognition and Measurement;

- IFRS 7 Financial Instruments: Disclosures;
- IFRS 4 Insurance Contracts; and
- IFRS 16 Leases.

All amendments became effective from financial years commencing on or after 1 January 2021. The adoption of this amendment did not have any effect 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 Piquadro S.p.A. at 31 March 2022.

- On 14 May 2020 the IASB published the following amendments:
  - ***Amendments to IFRS 3 - Business Combinations***: the amendments are aimed at updating the reference, under IFRS 3, to the Conceptual Framework in the revised version, without this entailing amendments to the provisions of the standard.
  - ***Amendments to IAS 16 - Property, Plant and Equipment***: the purpose of the amendments is not to allow deduction from the cost of tangible assets of the amount received from the sale of goods produced during the test phase of the asset itself. These revenues from sales and related costs will therefore be recognized through profit or loss.
  - ***Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets***: the amendment clarifies that the assessment of whether a contract is onerous should consider any and all costs directly attributable to the contract. This means that the assessment of whether a contract is onerous includes not only incremental costs (such as, for example, the cost of direct material used in the work), but also any and all costs that the entity cannot avoid because it has entered into the contract (such as, for example, the share of depreciation of machinery used to perform the contract).
  - ***Annual Improvements 2018-2020***: the amendments were made to IFRS 1 - First-time Adoption of International Financial Reporting Standards, IFRS 9 - Financial Instruments, IAS 41 - Agriculture and to the Illustrative Examples of IFRS 16 - Leases.

All amendments will become applicable from financial years commencing on or after 1 January 2022. At present the Directors are assessing any possible effect of the first-time adoption of these amendments on the Company's financial statements.

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

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

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

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

The main features of the General Model are:

o estimates and assumptions of future cash flows are always the current ones;

o the measurement reflects the time value of money;

o estimates involve extensive use of observable market information;

o there is a current and explicit measurement of risk;

o the expected profit is deferred and aggregated into groups of insurance contracts upon initial recognition; and,

o the expected profit is recognized over the contract coverage period taking into account adjustments resulting from changes in assumptions about the cash flows flowing from each group of contracts.

The PAA approach provides for the measurement of the liability for the residual coverage of a group of insurance contracts provided that, upon initial recognition, the entity expects the liability to be a reasonable approximation of the General Model. Contracts with a coverage period of one year or less are automatically eligible for the PAA approach. The simplifications of applying the PAA approach do not apply to the valuation of liabilities for outstanding claims, which are measured using the General Model. However, it is not necessary to discount those cash flows if the balance to be paid or collected is expected to occur within one year from the date the claim occurred.

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

The standard will be applicable from financial years commencing on or after 1 January 2023, with early adoption permitted for entities that apply IFRS 9 – *Financial Instruments* and IFRS 15 – *Revenue from Contracts with Customers* only. The directors do not expect any significant effect on the Company's financial statements from the adoption of this standard.

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 23 January 2020 the IASB published "***Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current***". The document is aimed at clarifying how to classify short- or long-term payables and other liabilities. The amendments will be applicable from financial years commencing on or after 1 January 2023, with early adoption permitted. At present the directors are assessing any possible effect of the first-time adoption of this amendment on the Company's financial statements.

- On 12 February 2021 the IASB published two amendments "***Disclosure of Accounting Policies—Amendments to IAS 1 and IFRS Practice Statement 2***" *and* "***Definition of Accounting Estimates—Amendments to IAS 8***". The amendments are aimed at improving disclosure about accounting policies so as to provide more useful information to investors and other primary users of financial statements, as well as to help companies distinguish changes in accounting estimates from changes in accounting policies. The amendments will be applicable from financial years commencing on or after 1 January 2023, with early adoption permitted. At present the directors are assessing any possible effect of the first-time adoption of these amendments on the Company's financial statements.

- On 7 May 2021 the IASB published **"*Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction*."** The document clarifies how deferred tax should be accounted for on certain transactions that can generate assets and liabilities of equal amount, such as leases and decommissioning obligations. The amendments will be applicable from financial years commencing on or after 1 January 2023, with early adoption permitted. At present the directors are assessing any possible effect of the first-time adoption of this amendment on the Company's financial statements.

- On 9 December 2021, the IASB published ***"Amendments to IFRS 17 Insurance contracts: Initial Application of IFRS 17 and IFRS 9 – Comparative Information"***. The amendment is a transition option relating to comparative information on financial assets presented at the date of first-time adoption of IFRS 17. The amendment is aimed at avoiding temporary accounting mismatches between financial assets and liabilities of insurance contracts, thus improving the usefulness of comparative information for users of financial statements. The amendments will apply from financial years commencing on or after 1 January 2023, together with the application of IFRS 17. The directors do not expect any significant effect on the Company's financial statements from the adoption of this amendment.

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 2020/2021 and FY 2021/2022 and the final balance of intangible assets:

(in thousands of Euro)	**Development costs**	**Industrial patent rights**	**Software, licenses, trademarks and other rights**	**Other fixed assets**	**Fixed assests under development**	**Total**
Gross value	592	75	3,610	-	202	4,479
Amortisation fund	(592)	(66)	(3,122)	-	-	(3,780)
Net value at 31/03/2020	**-**	**9**	**488**	**-**	**202**	**699**
Increases for the period	-	2	317	-	-	319
Sales	-	-	(131)	-	-	(131)
Reclassifications	-	-	202		(202)	-
Write-downs	-	-	-	-	-	-
Amortisation	-	(5)	(242)	-	-	(247)
Gross value	-	77	3,998	-	-	4,667
Amortisation fund	592	(71)	(3,364)	-	0	(4,027)
Net value at 31/03/2021	**(592)**	**6**	**634**	**-**	**-**	**640**
Increases for the period	-	-	254	-	45	299
Sales	-	-	-	-	-	-
Reclassifications	-	-	43		(43)	-
Write-downs	-	-	-	-	-	-
Other changes in Historical Cost	(592)	-	(63)		14	(643)
Other changes in amortisation fund	592		24			616
Amortisation	-	(4)	(277)	-	-	(281)
Gross value	-	77	4,232	-	16	4,051
Amortisation fund	-	(75)	(3,617)	-	-	(3,420)
Net value at 31/03/2022	**0**	**2**	**615**	**-**	**16**	**633**

Increases in intangible assets equal to Euro 299 thousand in the financial year ended 31 March 2022 related to costs of investments and renewals for company software. No intangible assets with an indefinite useful life are reported in the accounts.

Note 2 – Right-of-use assets

The breakdown of the historical cost, amortisation fund and net book value of the Right of use at 31 March 2021 is reported below:

Right-of-use assets *(in thousands of Euro)*	**Land and Buildings**	**Key Money**	**Other Assets**	**Total**
Gross Value	18,847	3,268	689	22,804
Depreciation fund	(4,591)	(2,577)	(406)	(7,574)
Total at 31.03.2021	**14,256**	**691**	**283**	**15,230**
Increases/Other changes	1,842	0	0	1,842
Decreases/write-downs	0	0	0	0
Reclassifications of historical cost	0	(415)	0	(415)
Decreases in depreciation fund	(355)	78	27	(250)
Reclassifications of depreciation fund	0	415	0	415
Gross value	20,689	2,853	689	24,231
Depreciation fund	(7,662)	(2,176)	(517)	(10,355)
Total at 31.03.2022	**13,027**	**677**	**172**	**13,876**

Right-of-use assets at 31 March 2022 amounted to Euro 13,876 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.
The increases, equal to Euro 1,842 thousand, were mainly due to extensions of the terms of existing lease agreements involving sales outlets.

On 31 March 2022, the Company carried out an analysis of each directly-operated store (DOS) aimed at reporting any evidence of permanent impairment losses, if any, in right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store.
On the basis of this analysis, no evidence of any potential impairment losses was identified on any directly-operated store; therefore, the Company has not prepared any impairment test of right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store of Piquadro.

Note 3 - Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2021/2022 and FY 2020/2021 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	2,992	14,184	374	56	24,816
Depreciation fund	0	(2,513)	(2,677)	(10,980)	(371)	0	(16,541)
Net value at 31/03/2020	**878**	**3,633**	**514**	**3,440**	**16**	**0**	**8,487**
Increases for the period	0	0	85	392	46	20	543
Sales	0	0	0	0	0	0	0
Depreciation	0	(188)	(144)	(642)	(16)	0	(990)
Write-down of gross value	0	0	0	(316)	0	0	(316)
Write-down of depreciation fund	0	0	0	193	0	0	193

(in thousands of Euro)	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
Other changes in historical cost	0	0	0	(516)	(44)	0	(560)
Other changes in depreciation fund	0	0	(2)	337	41	0	376
Reclassifications	0	0	5	0	0	(5)	0
Gross value	878	6,334	3,421	14,702	393	20	25,748
Depreciation fund	0	(2,888)	(2,963)	(11,814)	(350)	0	(18,015)
Net value at 31/03/2021	**878**	**3,445**	**458**	**2,888**	**43**	**20**	**7,733**
Increases for the period	0	32	91	332	0	235	690
Sales	0	0	0	(11)	0	0	(11)
Depreciation	0	(189)	(141)	(732)	(10)	0	(1,071)
Write-down of gross value	0	0	0	(304)	0	0	(304)
Write-down of depreciation fund	0	0	0	285	0	0	285
Other changes in historical cost	0	0	(5)	0	0	0	(5)
Other changes in depreciation fund	0	0	0	0	0	0	0
Reclassifications	0	154	0	0	0	(154)	0
Gross value	878	6,520	3,507	14,719	393	101	26,118
Depreciation fund	0	(3,077)	(3,104)	(12,261)	(360)	0	(18,801)
Net value at 31/03/2022	**878**	**3,443**	**403**	**2,458**	**33**	**101**	**7,317**

Increases in property, plant and equipment, equal to Euro 840 thousand in the financial year ended 31 March 2022 (Euro 543 thousand at 31 March 2021) were mainly attributable to the renovation of the Bi Brand point of sale at Linate airport, the purchase of vertical warehouse and other works at the Headquarters.

Note 4 – Equity investments

Below is the breakdown of the item:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Piquadro España SLU	824	824
Piquadro Deutschland GmbH	25	25
Piquadro Hong Kong Co. Ltd.	66	66
Uni Best Leather Goods Zhongshan Co. Ltd.	0	372
Piquadro Taiwan Co. Ltd.	601	601
Piquadro UK Limited	1,171	1,171
OOO Piquadro Russia	2,725	526
The Bridge S.p.A.	4,208	4,208
Lancel International S.A.	5,292	5,292
Piquadro San Marino Retail Srl	26	0

Total equity investments in subsidiaries	**14,938**	**13,085**
Equity investments in other companies	1	27
Total equity investments	**14,939**	**13,112**

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	872	0
Piquadro Deutschland GmbH	Munich	100%	25	63	0
Piquadro Hong Kong Co. Ltd.	Hong Kong	100%	66	77	0
Uni Best Leather Goods Zhongshan Co. Ltd.	Zhongshan	100%	0	(392)	(392)
Piquadro Taiwan Co. Ltd.	Taipei	100%	601	955	0
Piquadro UK Limited	London	100%	1,171	1,205	0
OOO Piquadro Russia	Moscow	100%	2,725	2,781	0
The Bridge S.p.A.	Scandicci	100%	4,208	5,894	0
Piquadro Retail San Marino S.r.l.	Republic of San Marino	100%	26	27	0
Lancel International S.A.	Villar–Sur-Glane	99.9958%	5,292	22,783	0

Below is the breakdown of changes in the value of equity investments:

(in thousands of Euro)	**Book value 31/03/2021**	**Increases**	**Write-downs**	**Revaluation**	**Other changes**	**Book value 31/03/2022**
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	(372)	0	0	0
Piquadro Taiwan Co. Ltd.	601	0	0	0	0	601
Piquadro Swiss SA	-	0	0	0	0	-
Piquadro UK Limited	1,171	0	0	0	0	1,171
Piquadro USA INC	-	0	0	0	0	-
OOO Piquadro Russia	526	2,235	(37)	0	0	2,725
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
Piquadro Retail San Marino S.r.l.	25	1	0	0	0	26
Total equity investments in subsidiaries	**13,110**	**2,236**	**(408)**	**-**	**-**	**14,938**
Equity investments in other companies	2	0	(1)	-		1
Total equity investments	**13,112**	**2,236**	**(409)**	**-**	**-**	**14,939**

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 investee Uni Best Leather Goods Zhongshan Co. Ltd.
During the year, the Company's investment in Piquadro Russia was increased against the conversion of an Intercompany loan into equity. It was not planned to carry out impairment tests on the Russian subsidiary, due to the positive result achieved in the financial year just ended, and the expected results for the next financial years, despite the fact that in the 2022/2023 budget the Piquadro Group has already incorporated a significant reduction in its economic activities in order to take account of the dynamics resulting from the Russian-Ukrainian conflict.

The Company has conducted, on a prudential basis, the impairment test of investee The Bridge, since the book value includes an amount paid as goodwill, event though a negative differential between the book value of the investee and equity, equal to Euro 1,686 thousand, was recognised at 31 March 2021, in order to recognise impairment losses (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 a plan relating to the period from 2023 to 2027, as the Management's best estimate on the future operational performance of The Bridge.

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 Position as at the date of valuation, i.e. 31 March 2022, 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 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 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.

The WACC used to discount future cash flows, equal to 8.5% (unchanged compared to 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.

The impairment test conducted on the investee The Bridge, which was approved by the Board of Directors on 13 June 2022, has not reported any impairment loss to be charged to profit or loss as at 31 March 2022, showing a cover of Euro 50,581 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 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 affect the value in use of the CGU. Likewise, the analyses did not report any impairment loss in the case of an increase of 3,5% in the WACC.

As a result of the final results achieved by the investee Lancel International S.A. and its subsidiaries, forming part of the Lancel division (hereinafter also referred to as "Lancel"), the Company conducted the impairment test in order to recognize any impairment loss in the investment to be charged to the Income Statement following the procedure set forth in IAS 36 and then comparing the book value of the investee with the value in use given by the present value of the estimated cash flows that are supposed to derive from the continued use of the asset subject to impairment test.

The Unlevered Discounted Cash Flow method has been used, which arises from the preparation of a plan relating to the period from 2023 to 2027, as the Management's best estimate on the future operational performance of Lancel.

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 Position as at the date of valuation, i.e. 31 March 2022, 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%, as detailed above.

The impairment test conducted on the investee Lancel International S.A, which was approved by the Board of Directors on 13 June 2022, has not reported any impairment loss to be charged to profit or loss as at 31 March 2022, showing a cover of Euro 51,347 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 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 affect the value in use of the CGU. Likewise, the analyses did not report any impairment loss in the case of an increase of 3.5% in the WACC.

Note 5 - Receivables from others

Receivables from others (equal to Euro 554 thousand at 31 March 2022 against Euro 449 thousand at 31 March 2021) 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 5,660 thousand at 31 March 2022 against Euro 7,200 thousand at 31 March 2021, including the long-term portion of the loans granted to subsidiaries The Bridge S.p.A. and Piquadro San Marino Retail S.r.l. at arm's length during the previous years.

Note 7 – Deferred tax assets

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Deferred tax assets:		
- within 12 months	0	0
- beyond 12 months	1,687	3,071
	1,687	**3,071**
Deferred tax liabilities		
- within 12 months	0	0
- beyond 12 months	(149)	0
	0	**0**
Net Position	**1,538**	**3,071**

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 2022 and 31 March 2021:

Deferred tax assets	31 March 2022		31 March 2021	
(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	2,346	563	2,260	542
Provision for obsolescence of inventories	1,620	389	1,008	282
Provisions for risks and charges	182	44	142	40
Amortisation and depreciation	1,041	37	969	270
Others	903	505	6,969	1,913
Total	**6,092**	**1,671**	**11,348**	**3,047**
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	0	0	42	10
Defined-benefit plans	57	16	58	14
Total	**57**	**16**	**102**	**24**
Total tax effect	**6,149**	**1,687**	**12,450**	**3,071**

Deferred tax liabilities	31 March 2022		31 March 2021	
(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	(211)	(59)	0	0
Total	**(211)**	**(59)**	**0**	**0**
Deferred tax liabilities with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	(322)	(90)	0	0
Defined-benefit plans	0	0	0	0
Total	**(322)**	**(90)**	**0**	**0**
Total tax effect	**(533)**	**(149)**	**0**	**0**

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 2022	Provision for write-down	Net value at 31 March 2022	Net value at 31 March 2021
Raw materials	1,856	(174)	1,682	1,603
Semi-finished products	146	0	146	234
Finished products	14,275	(1,595)	12,680	12,670
Inventories	**16,277**	**(1,769)**	**14,508**	**14,507**

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

(in thousands of Euro)	Provision as at 31 March 2021	Use	Accrual	Provision as at 31 March 2022
Provision for write-down of raw materials	174	0	0	174
Provision for write-down of finished products	834	0	761	1,595
Total Provision for write-down of inventories	**1,008**	**0**	**761**	**1,779**

Provision for write-down of inventories reflects the Management's best estimate based on the breakdown of inventories by type, as well as on the considerations inferred from past experience and future prospects for sales volumes, including in light of the macroeconomic environment.

As at 31 March 2022 inventories remained substantially in line with the corresponding values at 31 March 2021.

Note 9 - Trade receivables

Below is the breakdown of trade receivables:

(in thousands of Euro)	31 March 2022	31 March 2021
Receivables from customers	20,521	16,729
Provision for bad debts	(2,451)	(2,367)
Current trade receivables	**18,070**	**14,362**

Gross trade receivables showed a balance of Euro 20,521 thousand at 31 March 2022, showing an increase of Euro 3,708 thousand compared to the balance as at 31 March 2021. The increase was mainly due to a growth in turnover against a recovery of the market, which was strongly affected by the effects of the COVID-19 pandemic in the previous 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 2022	Provision at 31 March 2021
Balance at the beginning of the period	2,367	2,361
Accrual	640	550
Uses	(556)	(544)
Total Provision for bad debts	**2,451**	**2,367**

Note 10 – Receivables from subsidiaries

Below is the breakdown of short-term receivables from subsidiaries:

(in thousands of Euro)	31 March 2022	31 March 2021
Piquadro España SLU	86	154

Piquadro Deutschland GmbH	141	125
Piquadro Hong Kong Co. Ltd.	24	24
Uni Best Leather Goods Zhongshan Co. Ltd.	2,268	3,232
Piquadro Taiwan Co. Ltd.	49	12
Piquadro UK Limited	25	2
OOO Piquadro Russia	0	2,830
The Bridge S.p.A.	2,684	3,046
Lancel Sogedi SA	400	588
Lancel Zhongshan Co. Ltd.	0	31
Lancel Italia	0	32
Piquadro San Marino Retail S.r.l.	164	0
Receivables from subsidiaries	**5,840**	**10,077**

The decrease in receivables from subsidiaries was mainly due to a lower receivable from subsidiary Piquadro Russia since the Intercompany position was converted, during the year, into a loan and subsequently into capital (reference should be made to note "4- Equity investments").
Two loans are recognised between the Company and Piquadro Deutschland and The Bridge S.p.A., respectively, all disbursed at arm's length.
The receivable lined to the loan referable relating to The Bridge S.p.A. totalled Euro 7,750 thousand at 31 March 2022 (Euro 9,845 thousand at 31 March 2021). The related long-term portion has been reclassified to non-current assets, for which reference is made to note 6.

Note 11 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Other assets	566	1,021
Accrued income and prepaid expenses	514	461
Other current assets	**1,080**	**1,482**

Other assets were mainly made up of advances to suppliers for Euro 217 thousand and INAIL advances of Euro 55 thousand.

Accrued income and prepaid expenses mainly related to prepaid expenses on rents (Euro 370 thousand at 31 March 2022 against Euro 86 thousand at 31 March 2021) for which IFRS 16 was not applied, and on advertising (Euro 33 thousand at 31 March 2022 against Euro 205 thousand at 31 March 2021).

Note 12 – Derivative assets

As at 31 March 2022 there were derivative assets for Euro 322 thousand (Euro 47 thousand at 31 March 2021).
The amount was made up of currency forward purchases (USD), the positive fair value of which was equal to Euro 128 thousand (compared to a positive value of Euro 47 thousand as at 31 March 2021). 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.
It was also made up of an amount of Euro 195 thousand relating to the measurement of the Interest Rate Swap (IRS) derivative contracts linked to loans. These derivatives were entered into for the purposes of hedging fluctuations in interest rates on the loans taken out at variable rates and are accounted for as hedge accounting in cash flow hedge

Note 13 – Tax receivables

As at 31 March 2022 tax receivables were equal to Euro 729 thousand (Euro 930 thousand at 31 March 2021). These receivables mainly related to IRES tax, IRAP tax and tax credit from the Tax Office for Research and Development activities.

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 2022**	**31 March 2021**
Available current bank accounts	32,744	27,102
Money, cash on hand and cheques	105	88
Cash and cash equivalents	**32,849**	**27,190**

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 Statement of Cash Flows.

LIABILITIES

Note 15 – Shareholders' Equity

a) Share capital

As at 31 March 2022, 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		
Treasury shares reserve	(2,782)		0	0		
Other reserves						
Fair value reserve	232		0	0		
Reserve for Employee Benefits	(41)		0	0		
Other reserves	1,088	A, B, C	1,088	1,088		
Revenue reserves						
Undivided profits						
Legal reserve	200	B	200	0		
Reserve of undivided profits	36,992	A, B, C	36,992	36,992		
	37,689		**39,280**	**39,080**		

KEY: "A" for capital increase; "B" for loss coverage; "C" for distribution to shareholders**.**

a) Share premium reserve

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

b) Treasury shares reserve

This reserve showed a loss of Euro 2,782 thousand, and is made up of the treasury shares held in portfolio equal to Euro 1,535,761 at 31 March 2022, while they were 614,872 at 31 March 2021.

c) Fair value reserve - for cash flow hedge

This reserve was positive for Euro 232 thousand and included changes in fair value of the effective component of cash flow hedge derivatives, net of deferred taxation.

d) Reserve for actuarial gains (losses) on defined-benefit plans

This reserve was negative for Euro 41 thousand.

e) Other reserves

This item, showing a loss of Euro 1,303 thousand, includes the treasury shares reserve held in portfolio for a negative value of Euro 2,782 thousand, a legal reserve equal to Euro 200 thousand, and a capital reserve with a positive value of Euro 1,364 thousand.

f) Profit for the year

This item relates to the recognition of the Company's profit for the year recorded, for Euro 4,482 thousand, as at 31 March 2022.

During the financial year ended 31 March 2022, the Company's loss for the period, as resulting from the separate financial statements as at 31 March 2021, was allocated as follows:

- Euro 1,789 thousand entirely to a reduction in undivided profits.

Non-current liabilities

Note 16 – Non-current financial liabilities

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

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Financial liabilities from 1 to 5 years	21,104	25,561
Financial liabilities beyond 5 years	0	0
Medium/long-term financial liabilities	**21,104**	**25,561**

On 27 January 2022 a loan was taken out with Intesa Sanpaolo for an amount of Euro 6 million due 27 January 2026. During the FY 2021/2022 the following loans were repaid:

- unsecured loan granted by BPER Banca on 16 November 2018 for an initial amount of Euro 5,000 thousand;
- unsecured loan granted by Credem – Credito Emiliano on 7 December 2016 for an initial amount of Euro 3,000 thousand;
- unsecured loan granted by UniCredit on 10 January 2017 for an initial amount of Euro 3,000 thousand;
- unsecured loan granted by Mediocredito Italiano S.p.A. (now Intesa Sanpaolo) on 22 March 2017 for an initial amount of Euro 5,000 thousand;
- unsecured loan granted by Unicredit on 11 March 2020 for an initial amount of Euro 3,000 thousand.

As at 31 March 2021, financial liabilities related to non-current liabilities for Euro 25,561 thousand and current liabilities for Euro 9,874 thousand (Note 21) and included:

- Euro 2,934 thousand relating to the unsecured loan granted by BPER Banca on 27 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,001 thousand and a non-current portion of Euro 1,938 thousand;
- Euro 126 thousand relating to the unsecured loan granted by Cassa di Risparmio in Bologna (now Intesa Sanpaolo) on 30 November 2016 (for an initial amount of Euro 2,500 thousand), of which a current portion of Euro 126 thousand;
- Euro 600 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 600 thousand;
- Euro 2,496 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 16 November 2018 (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 1,500 thousand;
- Euro 454 thousand relating to the unsecured loan granted by UBI Banca (now Intesa Sanpaolo) on 22 May 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 454 thousand;
- Euro 3,257 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 999 thousand and a non-current portion of Euro 2,265 thousand;
- Euro 3,750 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 2,750 thousand;
- Euro 6,243 thousand relating to the loan granted by Intesa Sanpaolo on 27 July 2020 (for an initial amount of Euro 6,250 thousand), of which a current portion of Euro 1,786 thousand and a non-current portion of Euro 4,464 thousand;
- Euro 700 thousand relating to the loan granted by Sace Simest (Cassa depositi e Prestiti Group) on 20 January 2021, entirely relating to the non-current portion;
- Euro 5,000 thousand relating to the loan granted by Unicredit on 11 September 2020 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,999 thousand and a non-current portion of Euro 3,001 thousand;
- Euro 5,993 thousand relating to the loan granted by Intesa Sanpaolo on 27 January 2022 (for an initial amount of Euro 6,000 thousand), of which a current portion of Euro 1,500 thousand and a non-current portion of Euro 4,500 thousand.

Below is reported the breakdown of loans:

(in thousands of Euro)	**Interest rate**	**Date of granting of the loan**	**Initial amount**	**Currency**	**Current amount**	**Amort. cost (S/T)**	**Non-current amount**	**Amort. Cost (L/T)**	**Total**
BPER Loan	0.73%	27 November 2018	5,000	Euro	1,001	(3)	1,938	(2)	2,934
Intesa Sanpaolo Loan	0.125% quarterly	30 November 2016	2,500	Euro	126	(0)	0	0	126
Unicredit Loan	0.50% p.a.	18 October 2019	5,000	Euro	999	(4)	2,265	(4)	3,257
MPS Loan	0.4% p.a.	30 January 2017	3,000	Euro	600	(0)	0	0	600
MPS Loan	0.70%	16 November 2018	5,000	Euro	1,000	(2)	1,500	(2)	2,496
UBI Loan 04/01025637	0.73% p.a.	22 May 2017	3,000	Euro	454	(0)	0	0	454
Intesa Sanpaolo Loan	3m Euribor +0.60spread	24 January 2020	5,000	Euro	1,000	0	2,750	0	3,750

Intesa Sanpaolo Loan	0.10% p.a.	27 July 2020	6,250	Euro	1,786	(3)	4,464	(3)	6,243
SIMEST Loan	0.06% p.a.	20 January 2021	700	Euro	0	0	700	0	700
Unicredit Loan	0.63% p.a.	11 September 2020	5,000	Euro	1,999	0	3,001	0	5,000
Intesa Sanpaolo Loan	0.20%	27 January 2022	6,000	Euro	1,500	(4)	4,500	(3)	5,993
					10,465	**(16)**	**21,118**	**(15)**	**31,552**

Note 17 – Non-current lease liabilities

Below is reported the following breakdown:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Non-current:		
Lease liabilities	9,905	11,602
Current:		
Lease liabilities	4,636	4,070
Payables to other lenders for lease agreements	**14,541**	**15,671**

The adoption of IFRS 16 entails the recognition of a financial liability, equal to the present value of residual future payments. As at 31 March 2022 this item amounted to Euro 9,905 thousand classified among Non-current lease liabilities (Euro 11,602 thousand at 31 March 2021) and to Euro 4,636 thousand among current lease liabilities (Euro 4,070 thousand at 31 March 2021).

Below is reported the following additional breakdown:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Payables to other lenders for lease agreements:		
Due within 1 year	4,636	4,070
Due from 1 to 5 years	7,210	10,986
Due beyond 5 years	2,696	616
Present value of payables to other lenders for lease agreements	**14,541**	**15,672**

Note 18 – Other non-current liabilities

Below is the related breakdown:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Other payables	4,007	4,605
Other non-current liabilities	**4,007**	**4,605**

"Other payables" include the fair value of the Annual Earn-Out relating to the acquisition of the Lancel Group, equal to about Euro 4,007 thousand. This amount has been calculated by an independent expert.
Thedecrease of Euro 598 thousand compared to the previous year was due to the termination of the purchase option of The Bridge S.p.A. against the purchase by Piquadro S.p.A. of the remaining 20% of capital, subject to option, during the FY 2021/2022.

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 2020	**240**
Financial costs	(1)
Net actuarial Losses (Gains) accounted for in the period	0
Indemnities paid in the financial year/Others	17
Balance at 31 March 2021	**256**
Financial costs	(2)
Net actuarial Losses (Gains) accounted for in the period	0
Indemnities paid in the financial year/Others	(11)
Balance at 31 March 2022	**243**

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 20201**	**Use**	**Accrual**	**Reclassifications**	**Provision at 31 March 2022**
Provision for clientele supplementary indemnity	768	-87	157	0	838
Other Provisions for risks	272	0	40	0	312
Provision for write-downs of equity investments	0	0	392	0	392
Total	**1,040**	**-87**	**589**	**0**	**1,542**

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 312 thousand mainly relate to the provision for risks on returns on sales equal to Euro 125 thousand and to other provisions for risks on potential liabilities generated by current operations for Euro 187 thousand. Specifically, this item includes the provision for risks on legal disputes for Euro 47 thousand, the provision for risks on repairs for Euro 10 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.
During the financial year, the Provision for write-down of equity investments was set aside for Euro 392 thousand for the equity investment held in Uni Best Leather Goods Zhongshan Co. Ltd, to hedge negative equity of the subsidiary.

Current liabilities

Note 21 – Current financial liabilities

As at 31 March 2022 current financial liabilities were equal to Euro 10,448 thousand against Euro 9,874 thousand at 31 March 2021; 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.

Note 22 - Current lease liabilities

This item amounted to Euro 4,636 thousand at 31 March 2022 (Euro 4,070 thousand at 31 March 2021). 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 Call for attention notice no. 5/2021 of 29 April 2021)*:*

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
(A) Cash	32,849	27,190
(B) Cash equivalents	0	0
(C) Other current financial assets	0	0
(D) Liquidity (A) + (B) + (C)	**32,849**	**27,190**
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(4,636)	(4,070)
(F) Current portion of non-current financial debt	(10,448)	(9,965)
(G) Current financial debt (E) + (F)	**(15,084)**	**(14,034)**
(H) Current Net Financial Position (G) - (D)	**17,765**	**13,156**
(I) Non-current financial debt (excluding the current portion and debt instruments)	(31,009)	(37,163)
(J) Debt instruments		0
(K) Trade payables and other non-current payables	(4,007)	(4,605)
(L) Non-current Net Financial Position (I) + (J) + (K)	**(35,016)**	**(41,768)**
(M) Total Net Financial Position (H) + (L)	**(17,251)**	**(28,612)**

"Financial debt", equal to Euro 4,636 thousand (current portion) and Euro 31,009 thousand (non-current portion), included financial liabilities for short/long-term lease agreements equal to Euro 4,363 thousand and Euro 9,905 thousand, respectively.
"Trade payables and other non-current payables" correspond to the fair value of the "Earn Out" to be paid to Richemont Holdings SA against the purchase of the stake representing the entire share capital of Lancel International SA.

As at 31 March 2022 Piquadro S.p.A.'s Net Financial Position posted a negative value of Euro 17.3 million, showing a sharp improvement compared to 31 March 2021, when it posted a negative value of Euro 28.6 million.

The adjusted Net Financial Position, defined as the Net Financial Position, including the effects arising from the adoption of IFRS 16, at 31 March 2022 posted a negative value of Euro 2.7 million, showing an improvement compared to 31 March 2021 (negative for Euro 12.9 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 2022**	**31 March 2021**
Payables to suppliers	15,834	12,314

Payables to suppliers at 31 March 2022 showed an increase of approximately Euro 3.5 million as a result of the recovery in business volumes against a drop in purchases recorded in the previous year.

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 2022**	**31 March 2021**
Piquadro España SLU	89	201
Piquadro Deutschland GmbH	27	19
Piquadro Hong Kong Co. Ltd.	0	0
Uni Best Leather Goods Zhongshan Co. Ltd.	1,204	2,706
Piquadro Taiwan Co. Ltd.	515	358
Piquadro UK Limited	664	431
OOO Piquadro Russia	(26)	1,031
Lancel Zhongshan	204	0
The Bridge S.p.A.	389	141
Lancel Sogedi	52	22
Piquadro San Marino Retail S.r.l.	26	0
Payables to subsidiaries	**3,141**	**4,909**

The decrease in payables to subsidiaries was mainly due to the decrease in the balances payable to subsidiaries Uni Best Leather Goods Zhongshan Co. Ltd. and Piquadro Russia. As described above, the Intercompany balance towards the latter was converted first into a loan and then into capital.

Note 25 – Derivative liabilities

As at 31 March 2022, there were no derivative liabilities.

Note 26 - Other current liabilities

Below is the breakdown of other current liabilities:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Payables to social security institutions	631	487
Payables to Pension funds	17	29
Other payables	70	67
Payables to employees	2,744	1,174
Advances from customers	91	65
Accrued expenses and deferred income	0	175
Other current liabilities	**3,553**	**1,996**

Payables to social security institutions (Euro 631 thousand) mainly relate to the payables due to INPS (equal to Euro 515 thousand), while payables to employees (equal to Euro 2,744 thousand) mainly included payables for remuneration and bonuses to be paid and deferred charges to employees.

Note 27 – Tax payables

As at 31 March 2022, Tax payables were equal to Euro 1,330 thousand (Euro 476 thousand at 31 March 2021), mainly relating to the VAT, IRES/IRAP taxes and IRPEF tax debts.

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Tax payables	**1,330**	**476**

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 2022**	**%**	**Revenues from sales 31 March 2021**	**%**	**% Change 2022-2021**
Italy	50,020	80.6%	36,171	78.4%	38,3%
Europe	11,141	18.0%	9,097	19.7%	22,5%
Rest of the World	873	1.4%	857	1.9%	1,9%
Total	**62,034**	**100.0%**	**46.126**	**100.0%**	**34,5%**

Note 29 – Other income

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Charge-backs of transport and collection costs	83	112
Insurance and legal refunds	1,901	162
Other sundry income	3,634	2,536
Other income	**5,618**	**2,810**

In the financial year ended 31 March 2022, Other income totalled Euro 5,618 thousand, of which proceeds of Euro 1,901 thousand relating to the insurance refund for the damage caused by the fire that occurred on 17 August and that partially damaged the warehouse system, as well as the products stored therein.

"Other sundry income" was mainly made up of the following tax credits: rents for Euro 236 thousand, Inventories for Euro 436 thousand, R&D for Euro 123 thousand.

Note 30 – Change in inventories

The change in inventories of raw materials was positive for Euro 79 thousand (negative for Euro 62 thousand at 31 March 2021), while the change in inventories of semi-finished and finished products was positive for Euro 683 thousand (positive for Euro 1,393 thousand at 31 March 2021).

Note 31 - Costs for purchases

The item essentially includes the cost of materials used for the production of the Company's goods and consumables. As at 31 March 2022 costs for purchases were equal to Euro 19,743 thousand (Euro 14,015 thousand at 31 March 2021), showing an increase compared to 2020/2021 against a recovery in in business volumes. The previous year had been, in fact, characterized by a drop in purchases to cope a reduction in sales volumes arising from the effects of the COVID-19 pandemic.

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 2022			**31 March 2021**	
US Dollars	11,818,569	1.16	10,164	13,205,739	1.17	11,315
Total operating costs incurred in foreign currency			**10,164**			**11,315**

In the FY 2021/2022, the Company made forward purchases of US Dollars for an overall amount of USD 11.4 million (USD 7.5 million in the FY 2020/2021), 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 8.54 million at the average exchange rate prevailing in the FY 2021/2022 (about Euro 6.41 million at the average exchange rate for the FY 2019/2020); therefore 84% of the purchases in US Dollars made by the Company was covered (in relation to the 2020/2021, 57% 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 2022	31 March 2021
Third-party manufacturing	4,542	5,582
Advertising and marketing	3,984	4,011
Transport services	4,903	3,257
Business services	2,271	1,741
Administrative services	1,217	889
Production services	4,436	4,315
Costs for leases and rentals	898	314
Costs for services and leases and rentals	**22,251**	**20,108**

Costs for services showed an increase during the financial year mainly due to higher transport costs. This increase was due to two factors: an increase in the cost of importing manufacturing goods and an increase in sales that generated a higher transport volume.
It should be noted that the previous year had been characterized by a considerable decline against a decrease in volumes generated by the effects of the COVID-19 pandemic.
The increase in costs for leases and rentals was mainly due to higher sales volumes, which generated a consequent increase in the variable component of lease agreements excluded from the application of IFRS 16.
Furthermore, 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 2022	31 March 2021
Wages and salaries	9,444	6,935
Social security contributions	2,577	1,898
Employee Severance Pay	575	555
Other personnel costs	-	-
Personnel costs	**12,596**	**9,388**

In the financial year ended 31 March 2022, personnel costs recorded an increase of 34%, from Euro 9,388 thousand in the financial year ended 31 March 2021 to Euro 12,596 thousand in the financial year ended 31 March 2022.
The increase was mainly linked to the termination of redundancy fund schemes in the financial year and the recruitment of new professionals, with a consequent increase in personnel costs.
The application of redundancy fund schemes had led to a reduction in personnel costs for approximately Euro 2,646 thousand in the previous financial year.

The table below reports the exact number of the staff members employed by the Company as at 31 March 2022 and 31 March 2021:

Units	**31 March 2022**	**31 March 2021**
Executives	9	7
Office workers	220	211
Manual workers	32	32
Total	**261**	**250**

Note 34 - Amortisation, depreciation and write-downs

In the FY 2021/2022, amortisation and depreciation were equal to Euro 4,299 thousand (Euro 4,850 thousand in the FY 2020/2021). Write-downs related to the accrual to the Provision for bad debts from customers for about Euro 640 thousand and to the write-down of fixed assets for Euro 20 thousand.

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Amortisation of intangible assets	281	247
Depreciation of property, plant and equipment	1,072	1,148
Amortisation of right-of-use assets	2,946	3,455
Write-down of fixed assets	20	45
Provision for bad debts	640	550
Amortisation, depreciation and write-downs	**4,959**	**5,445**

Note 35 - Other operating costs

In the FY 2021/2022, other operating costs, equal to Euro 645 thousand (Euro 245 thousand in the FY 2020/2021), mainly related to charges generated from current operations (Euro 222 thousand) and to accruals of: Euro 392 thousand for the investment in Uni Best Leather Goods Zhongshan Co. Ltd and Euro 40 thousand to the Provision for risks and charges (for more details reference should be made to note 20).

Note 36 – Shares of profits (losses) from investee Companies

The write-down was mainly related to subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. (Euro 371 thousand).

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Write-down of equity investments in subsidiaries	(408)	(292)
Revaluation of equity investments in subsidiaries	0	0
Shares of profits (losses) from investee companies	**(408)**	**(292)**

Note 37 - Financial income

The amount of Euro 479 thousand in the FY 2021/2022 (Euro 483 thousand at 31 March 2021) mainly related to bank interest income of Euro 9 thousand, interest receivable from customers for Euro 3 thousand, foreign exchange gains either realised or estimated for Euro 363 thousand (foreign exchange gains either realised or estimated at 31 March 2021 were equal to Euro 318 thousand).

Note 38 - Financial costs

Below is the breakdown of financial costs:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Interest payable on current accounts	40	73
Interest and expenses subject to final payment	0	3
Financial costs on loans	160	180
Other charges	231	690
Net financial costs on defined-benefit plans	2	1
Foreign exchange losses (either realised or estimated)	312	555
Financial costs on lease IFRS16	446	454
Financial costs	**1,191**	**1,954**

The decrease in financial costs, equal to Euro 1,191 thousand in FY 2021/2022, was mainly attributable to lower foreign exchange losses, either realised or estimated, equal to Euro 312 thousand (Euro 555 thousand in the financial year ended 31 March 2021), as well as to the non-adjustment to the earn-out value of subsidiary Lancel International (equal to Euro 666 thousand in the previous year) since it was not necessary, following a specific analysis, because it was in line with the value of the previous year.

Note 39 – Income taxes

Below is reported the breakdown of income tax:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
IRES tax	1,179	(379)
IRAP tax	425	10
Taxes in the previous year	243	(1,201)
Total current and deferred taxes	**1,847**	**(1,570)**

Taxes relate to the tax burden calculated on the Company's taxable income.

Below is reported the reconciliation between theoretical and actual tax charge:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Profit (loss) before tax	6,329	(3,360)
Theoretical tax charge	24.0%	24.0%
Theoretical income taxes	1,518	(806)
Tax effect of permanent differences	98	338
Other changes	(194)	(1,108)
Total	**1,422**	**(1,576)**
IRAP tax	425	6
Current and deferred taxes in the accounts	**1,847**	**1,570**

The table below reports the percentage impact of taxes on profit (loss) before tax for the financial years ended 31 March 2022 and 31 March 2021:

(in thousands of Euro)	**31 March 2022**	**31 March 2021**
Profit (loss) before tax	6,329	(3,359)
Income taxes	(1,847)	1,570
Average tax rate	**29.2%**	**(46.7%)**

Average tax rare for the current financial year is higher than nominal tax rate as a result of the write-downs and provisions on equity investments, as commented above, which are non-deductible for tax purpose.

On the other hand, average tax rate had benefited from non-recurring effects during the previous year, due to the recognition of tax concessions under the Patent Box scheme for the period from 2016 to 2020.

Note 40 – Commitments

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

As at 31 March 2022, the Company had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2022/2023.

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 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 the Piquadro 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.
On 15 June 2021 the Board of Directors of Piquadro S.p.A. adopted the new procedure concerning related-party transactions, which was also drawn up by taking account of the instructions provided by CONSOB for the application of the new regulations by resolution no. 2164 of 10 December 2020.

Below is the breakdown of financial receivables from subsidiaries:

Financial receivables *(in thousands of Euro)*	**31 March 2022**	**31 March 2021**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	0	0
Piquadro Deutschland GmbH	125	125
Piquadro Taiwan Co. Ltd.	0	0
Piquadro Hong Kong Co. Ltd.	0	0
OOO Piquadro Russia	0	0
The Bridge S.p.A.	7,769	9,824
Lancel Sogedi S.A.	0	0
Lancel Italia S.r.l.	0	0
Piquadro San Marino Retail S.r.l.	111	0
Provision for write-down of receivables from subsidiaries	0	0
Total financial receivables from subsidiaries	**8,006**	**9,949**
Total financial receivables	**8,006**	**9,949**

% Incidence	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 2022**	**31 March 2021**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	86	154
Piquadro Deutschland GmbH	16	0
Piquadro Hong Kong Co. Ltd.	24	24
Piquadro Taiwan Co. Ltd.	49	11
Uni Best Leather Goods Zhongshan Co. Ltd.	2,268	3,233
Piquadro UK Limited	25	2
OOO Piquadro Russia	0	2,830
The Bridge S.p.A.	465	421
Lancel Sogedi S.A.	400	588
Lancel Italia S.r.l.	0	5
Lancel Zhonghan.	0	32
Piquadro San Marino Retail S.r.l.	163	0
Total trade receivables from subsidiaries	**3,495**	**7,300**
Total trade receivables	**23,910**	**24,438**
% Incidence	**14.6%**	**30.0%**

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 Company of administrative and/or strategic services.

Below is the breakdown of financial liabilities from subsidiaries and controlling companies:

Financial liabilities *(in thousands of Euro)*	**31 March 2022**	**31 March 2021**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Total financial liabilities from subsidiaries	**0**	**0**
Total financial liabilities	**31,552**	**35,435**
% Incidence	**0.0%**	**0.0%**

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 2022**	**31 March 2021**

Controlling companies		
Piqubo S.p.A.	0	22
Piquadro Holding S.p.A.	0	25
Subsidiaries		
Piquadro España SLU	89	201
Piquadro Deutschland GmbH	27	19
Piquadro Hong Kong Co. Ltd.	0	0
Uni Best Leather Goods Zhongshan Co. Ltd.	1,204	2,706
Piquadro Taiwan Co. Ltd.	515	358
Piquadro UK Limited	664	431
OOO Piquadro Russia	(26)	1,032
Piquadro San Marino Retail S.r.l.	26	0
The Bridge S.p.A.	389	141
Lancel Sogedi	52	22
Lancel Zhongshan	204	0
Total trade payables to subsidiaries	**3,143**	**4,909**
Total trade payables	**18,975**	**17,223**
% Incidence	**16.6%**	**28.5%**

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, OOO Piquadro Russia, Piquadro San Marino Retail S.r.l. and Lancel Zhongshan 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 2022**	**31 March 2021**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	496	225
Piquadro Deutschland GmbH	25	22
Piquadro Hong Kong Co. Ltd.	0	1
Piquadro Taiwan Co. Ltd.	154	232
Uni Best Leather Goods Zhongshan Co. Ltd.	1,226	1,049
Piquadro San Marino S.r.l.	164	0
Piquadro UK Limited	98	4
OOO Piquadro Russia	2,105	1,484
The Bridge S.p.A.	1,120	859
Lancel Sogedi S.A.	2,172	2,411
Lancel Italia S.r.l.	8	22
Lancel Zhongshan	69	31
Total revenues from subsidiaries	**7,636**	**6,340**
Total revenues	**67,653**	**48,936**
% Incidence	**11.3%**	**13.0%**

Revenues from subsidiaries essentially relate to the sale of leather products by the Company, as well as to charge-backs by the 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 controlling companies and subsidiaries:

Costs *(in thousands of Euro)*	**31 March 2022**	**31 March 2021**
Controlling companies		
Piqubo S.p.A.	265	258
Piquadro Holding S.p.A.	302	295
Subsidiaries		
Piquadro España SLU	524	646
Piquadro Deutschland GmbH	127	101
Piquadro Hong Kong Co. Ltd.	0	308
Piquadro Taiwan	270	375
Uni Best Leather Goods Zhongshan Co. Ltd.	5,308	4,570
Piquadro UK Limited	594	281
OOO Piquadro Russia	138	654
The Bridge S.p.A.	1,197	448
Lancel Sogedi S.A.	76	29
Piquadro San Marino S.r.l.	50	0
Lancel Zhongshan	300	0
Total costs towards controlling companies and subsidiaries	**9,151**	**7,965**
Total operating costs	**60,203**	**50,532**
% Incidence	**15.2%**	**15.8%**

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., OOO Piquadro Russia, Piquadro San Marino S.r.l and Lancel Zhongshan 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 controlling companies and subsidiaries:

Financial income *(in thousands of Euro)*	**31 March 2022**	**31 March 2021**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		

Piquadro Deutschland GmbH	0	0
Piquadro San Marino Retail S.r.l.	1	0
The Bridge S.p.A.	85	107
Total financial income from subsidiaries	**86**	**107**
Total financial income	**479**	**483**
% Incidence	**18.0%**	**22.2%**

Below is the breakdown of financial costs to controlling companies and subsidiaries:

Financial costs *(in thousands of Euro)*	**31 March 2022**	**31 March 2021**
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Total financial costs to subsidiaries	**0**	**0**
Total financial costs	**(1,191)**	
% Incidence	**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 2020/2021 no dividends were distributed by Piquadro S.p.A.;
- in the FY 2021/2022 no dividends were distributed by Piquadro S.p.A;

In the FY 2021/2022 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 2021/2022 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 2022, 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	01/04/21-31/03/22	2022	500	7	100	117	**723**

Pierpaolo Palmieri	Vice-Chairman–Executive Director	01/04/21-31/03/22	2022	250	4	48	2	**304**
Marcello Piccioli	Executive Director	01/04/21-31/03/22	2022	143	3	48	6	**200**
Roberto Trotta	Executive Director	01/04/21-31/03/22	2022	0	3	48	241	**292**
Paola Bonomo	Independent Director	01/04/21-31/03/22	2022	18	2	0	0	**20**
Catia Cesari	Independent Director	01/04/21-31/03/22	2022	18	2	0	0	**20**
Barbara Falcomer	Independent Director	01/04/21-31/03/22	2022	18	2	0	0	**20**
				947	**23**	**244**	**366**	**1,579**

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	01/04/21 - 31/03/22	2022	24	0	24
Maria Stefania Sala	Standing auditor	01/04/21 - 31/03/22	2022	17	0	17
Giuseppe Fredella	Standing auditor	01/04/21 - 31/03/22	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 were not incurred 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)	154
Other Services[(b)]	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	13
Audit of accounts of Subsidiaries[(c)]	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	35
Certification services[(d)]	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	33

(a) The item "Statutory audit of annual and half-year accounts" relates to the fees due by Piquadro;
(b) The item "Other services" mainly relates to the fees due for the voluntary audit of the pro-forma consolidated financial statements at 31 March 2022 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;
(c) The item "Audit of accounts of Subsidiaries" relates to the fees relating to Unibest;
(d) "Certification services" relate to the Disclosure of non-Financial Information.

Note 42 – Significant events after the reporting date

After the end of the financial year, there was a further easing of restrictions imposed following the COVID-19 pandemic, in the markets where the Company operates, including through its subsidiaries, with the exception of some Asian countries, including China, where strict containment measures are still in place.

Furthermore, it should be noted that the conflict between Russia and Ukraine continued, which had broken out in the last months of the FY 2021-2022 and the sanctions issued against the Russian Federation were tightened on the part of the United States of America, the United Kingdom and the European Union; for this reason, no further impacts are reported in addition to those already mentioned in the paragraph on "Significant events during the financial year."

Furthermore, work continued on the share buyback plan, which had been authorized by the Shareholders' Meeting of Piquadro S.p.A. on 27 July 2021, for a total of 920,889 shares acquired during the year. As at 12 June 2022, Piquadro S.p.A. held 1,604,800 of its treasury shares, equal to 3.2096% of the share capital, while its subsidiaries did not hold any share in the Parent Company.
For more details, reference should be made to the authorization resolution approved by the Shareholders' Meeting and the related explanatory report of the Board of Directors, which is available on the Company's website.

No further significant events are reported which occurred after the reporting date.

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 2021/2022, 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 2021/2022, 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 2022, 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 2021 to 31 March 2022.

It is also certified that the separate financial statements as at 31 March 2022:

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 (BO), 13 June 2022

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	1,641	175	5,511
Operating costs	(1,632)	(148)	(5,290)
Operating profit (loss)	9	27	221
Financial income (costs)	-	(0)	(213)
Operating profit (loss) before tax	9	27	8
Income taxes	(2)	(3)	-
Profit (loss) for the period	7	23	8

Balance Sheet *(in thousands of Euro)*	**Piquadro España SLU**	**Piquadro Deutschland GmbH**	**OOO Piquadro Russia**
Assets			
Non-current assets	289	0	771
Current assets	720	231	3,935
Total assets	1,010	231	4,707
Equity and liabilities			
Equity	872	63	2,474
Non-current liabilities	-	-	-
Current liabilities	138	168	2,233
Total Equity and liabilities	1,010	231	4,707

Income Statement *(in thousands of Euro)*	**Piquadro San Marino**	**Piquadro UK Limited**	**Piquadro Taiwan Co. Ltd.**
Revenues and other income	408	756	733
Operating costs	(405)	(754)	(731)
Operating profit (loss)	2	2	3
Financial income (costs)	(1)	(1)	(8)
Profit (loss) before tax	2	1	(5)
Income taxes	-	(7)	(1)
Profit (loss) for the period	2	(6)	(6)

Balance Sheet *(in thousands of Euro)*	**Piquadro San Marino**	**Piquadro UK Limited**	**Piquadro Taiwan Co. Ltd.**
Assets			
Non-current assets	144	294	71
Current assets	268	1,365	978
Total assets	412	1,659	1,049
Equity and liabilities			
Equity	27	1,205	955
Non-current liabilities	5	-	1
Current liabilities	379	455	93

Total Equity and liabilities	412	1.659	1,049

Income Statement *(in thousands of Euro)*	**Piquadro Hong Kong Co. Ltd.**
Revenues and other income	61
Operating costs	(71)
Operating profit (loss)	(10)
Financial income (costs)	0
Profit (loss) before tax	(10)
Income taxes	-
Profit (loss) for the period	(10)

Balance Sheet *(in thousands of Euro)*	**Piquadro Hong Kong Co. Ltd.**
Assets	
Non-current assets	-
Current assets	111
Total assets	111
Equity and liabilities	
Equity	78
Non-current liabilities	-
Current liabilities	34
Total Equity and liabilities	111

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	59,693	976
Operating costs	(20,547)	(61,969)	(971)
Operating profit (loss)	(20,222)	(2,276)	5
Financial income (costs)	(463)	(49)	-
Profit (loss) before tax	(20,685)	(2,325)	5
Income taxes	16	(69)	1
Profit (loss) for the period	(20,669)	(2,394)	6

Balance Sheet *(in thousands of Euro)*	**Lancel International SA**	**Lancel Sogedi SA**	**Lancel Iberia**
Assets			
Non-current assets	16,153	8,002	197
Current assets	6,927	36,693	492
Total assets	23,080	44,695	689
Equity and liabilities			
Equity	22,783	12,257	175
Non-current liabilities	-	5,001	-
Current liabilities	296	27,437	514
Total Equity and liabilities	23,080	44,695	689

Income Statement *(in thousands of Euro)*	**Lancel Italia**	**Lancel Zhongshan**
Revenues and other income	213	3,857
Operating costs	(200)	(3,848)
Operating profit (loss)	13	9
Financial income (costs)	(0)	145
Profit (loss) before tax	13	154
Income taxes	-	-
Profit (loss) for the period	13	154

Balance Sheet *(in thousands of Euro)*	**Lancel Italia**	**Lancel Zhongshan**
Assets		
Non-current assets	-	30
Current assets	182	4,265
Total assets	182	4,296
Equity and liabilities		
Equity	86	1,103
Non-current liabilities	1	-
Current liabilities	94	3,193
Total Equity and liabilities	182	4,296

Piquadro-brand production companies

Income Statement *(in thousands of Euro)*	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Revenues and other income	5,363
Operating costs	(6,129)
Operating profit (loss)	(766)
Financial income (costs)	14
Profit (loss) before tax	(752)
Income taxes	-
Profit (loss) for the period	(752)

Balance Sheet *(in thousands of Euro)*	**Uni Best Leather Goods Zhongshan Co. Ltd. (b)**
Assets	
Non-current assets	399
Current assets	2,560
Total assets	2,959
Equity and liabilities	
Equity	(392)
Non-current liabilities	-
Current liabilities	3,351
Total Equity and liabilities	2,959

The Bridge-brand management company

Income Statement *(in thousands of Euro)*	**The Bridge S.p.A.**
Revenues and other income	45,099
Operating costs	(41,334)
Operating profit (loss)	3,765
Financial income (costs)	(223)
Profit (loss) before tax	3,542
Income taxes	(967)
Profit (loss) for the period	2,575

Balance Sheet *(in thousands of Euro)*	**The Bridge S.p.A.**
Assets	
Non-current assets	2,952
Current assets	34,365
Total assets	37,317
Equity and liabilities	
Equity	5,894
Non-current liabilities	7,103
Current liabilities	24,319
Total Equity and liabilities	37,317

Currency	**Average exchange rate (*)**		**Closing exchange rate (*)**	
	2022	**2021**	**2022**	**2021**
Hong Kong Dollar (HKD)	9.05	9.05	8.70	9.12
Renminbi (RMB)	7.46	7.90	7.04	7.68
Taiwan Dollar (TWD)	32.45	33.77	31.75	33.42
Swiss Franc (CHF)	1.07	1.08	1.03	1.11
Great Britain Pound (GBP)	0.85	0.89	0.85	0.85
US Dollar (USD)	1.16	1.17	1.11	1.17
Russian Rouble (RUB)	89.44	86.65	90.26	88.32

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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 S.p.A. (the "Company"), which comprise the statement of financial position as of March 31, 2022, the income statement, the statement of comprehensive income, the statement of changes in equity, the 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 of March 31, 2022, 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.

Impairment tests	
Description of the key audit matter	The financial statements of Piquadro S.p.A. as of March 31, 2022 include equity investments for Euro 14,939 thousand, of which Euro 4,208 thousand related to the subsidiary The Bridge S.p.A. ("*The Bridge*") and of which Euro 5,292 thousand related to the subsidiary Lancel International S.A. ("*Lancel*"). In accordance with the reference accounting standards, the Management of Piquadro S.p.A. verifies, at least annually, the presence of impairment indicators for each investment; if such indicators occur, it carries out, by means of an impairment test, the assessment of the recoverability of the value of the equity investments. The assumptions underlying the impairment test are, by nature, influenced by future expectations about the evolution of external market conditions also connected to the business, which determine elements of physiological estimation uncertainty. In particular, the main elements of estimation are related to the determination of forecast cash flows, represented in this case by the economic-financial projections for the period 2023-2027, and the rates applied in the execution of these tests. The notes to the financial statements in the paragraph "Impairment of assets" describe the valuation process applied by the Management, reporting the significant assumptions; “Note 4 - Equity investments” shows the results of these tests, and of the related sensitivity analysis, which illustrates the effects deriving from any changes in the key variables used for the purposes of the impairment tests. As a result of the impairment tests, approved by the Board of Directors, Piquadro S.p.A. did not detect any impairment loss. We considered the impairment tests related to the equity investments held in *The Bridge* and *Lancel* to be a key matter for the audit of the Company’s financial statements, in consideration of the book value of the equity investments being tested and the elements of estimation and uncertainty inherent in the assessments made by the Directors.
Audit procedures performed	In the context of our audit work we performed the following procedures, among others, also through the involvement of experts from our network: • understanding of the process and relevant controls designed and implemented by the Management for the preparation and approval of impairment tests; • analysis of the reasonableness of the main assumptions adopted for the formulation of multi-annual plans, also by analyzing external data, such

as forecasts on the future trend of macroeconomic 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-annual planning process;
- assessment of the reasonableness of the discount rate (WACC), 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, and the assumption of attributing a zero value to the long-term growth rate (g-rate);
- verification of the mathematical accuracy of the model used to determine the value in use of equity investments;
- verification of the sensitivity analysis prepared by the Management.

Finally, we examined the adequacy of the information provided by the Company on the impairment tests and its compliance 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.

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 on the compliance with the provisions of the Delegated Regulation (EU) 2019/815

The Directors of Piquadro S.p.A. are responsible for the application of the provisions of the European Commission Delegated Regulation (EU) 2019/815 with regard to the regulatory technical standards on the specification of the single electronic reporting format (ESEF – European Single Electronic Format) (hereinafter referred to as the “Delegated Regulation”) to the financial statements, to be included in the annual financial report.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 700B in order to express an opinion on the compliance of the financial statements with the provisions of the Delegated Regulation.

In our opinion, the financial statements have been prepared in XHTML format in accordance with the provisions of the Delegated Regulation.

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 of March 31, 2022, including its 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 of March 31, 2022 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 of March 31, 2022 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
Stefano Montanari
Partner

Bologna, Italy
July 1, 2022

As disclosed by the Directors on page 1, the accompanying financial statements of Piquadro S.p.A. constitute a non-official version which is not compliant with the provisions of the Commission Delegated Regulation (EU) 2019/815. This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.