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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 27 July 2021 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 29 July 2021, in the same place and at the same time, in order to discuss and resolve on the following

Agenda

Financial Statements at 31 March 2021:

Approval of the financial statements and presentation of the consolidated financial statements relating to the financial year ended 31 March 2021; Board of Directors' report on operations; Independent Auditors' report; Board of Statutory Auditors' Report;

Proposal for coverage of the loss for the period.

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 -

Appointment of a Standing Auditor

Appointment of an Alternate Auditor

In order to minimise the risks associated with the current health emergency, the Company has decided to make use of the option granted under Decree Law no. 18 of 17 March 2020 on "Measures to strengthen the National Health Service and to provide financial support to households, workers and businesses connected with the COVID-19 epidemiological emergency", as amended and converted by Law no. 27 of 24 April 2020, while also taking account of the provisions of Article 3, paragraph 6, of Legislative Decree no.183 of 31 December 2020, as amended and converted by Law no.21 of 26 February 2021, and then to provide that the shareholders shall be allowed to attend the Shareholders' Meeting only through the designated representative (the "Designated Representative"), in accordance with Article 135-undecies of Legislative Decree no. 58 of 24 February 1998 (the "TUF", Consolidated Act on Finance), without them being physically present.

Information relating to:

share capital and voting rights;

the right to attend the Shareholders' Meeting and to exercise voting rights (record date on 16 July 2021);

the attendance at the Shareholders' Meeting and granting the proxy to the Company's Designated Representative (Società per Amministrazioni Fiduciarie "SPAFID" S.p.A.);

the right to pose questions before the Shareholders' Meeting (by 16 July 2021);

additions to the agenda and presentation of new proposals for resolution (by 26 June 2021); 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.

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.emarketstorage.com.

The Annual Financial Report, including the draft financial statements at 31 March 2021, 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.emarketstorage.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, 16 June 2021

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 2021, 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 2020 – 31 March 2021 (the “FY 2020/2021”).

The financial year under consideration is compared to the data for the 2019/2020 financial year (the “FY 2019/2020”) which relates to the period from 1 April 2019 to 31 March 2020.

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	<i>Chairman and CEO</i>
Marcello Piccioli	<i>Managing director</i>
Roberto Trotta	<i>Managing director</i>
Pierpaolo Palmieri	<i>Managing director</i>
Paola Bonomo	<i>Independent non-executive Director</i>
Catia Cesari	<i>Independent non-executive Director</i>
Barbara Falcomer	<i>Independent non-executive Director</i>

➤ **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	<i>Chairman</i>
Paola Bonomo	<i>Independent non-executive Director</i>
Catia Cesari	<i>Independent non-executive Director</i>

➤ **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	<i>Chairman</i>
Paola Bonomo	<i>Independent non-executive Director</i>
Barbara Falcomer	<i>Independent non-executive Director</i>

➤ **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	<i>Chairman</i>
Giuseppe Fredella	<i>Standing Auditor</i>
Maria Stefania Sala	<i>Standing Auditor</i>

Alternate auditors

Giacomo Passaniti

➤ **INDEPENDENT AUDITORS**

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

Deloitte & Touche S.p.A.

➤ **FINANCIAL REPORTING OFFICER**

Roberto Trotta

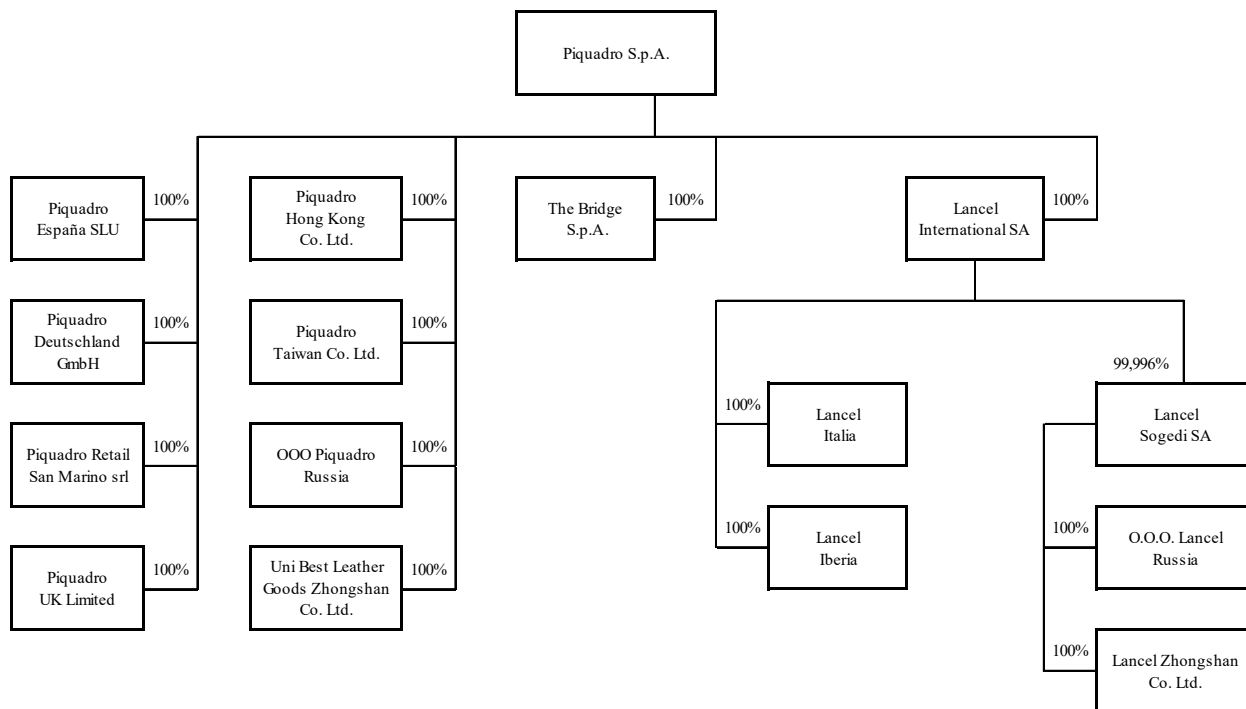
➤ **SUPERVISORY BOARD**

Mario Panzeri

* On 25 November 2020, Pietro Michele Villa, Standing Auditor, resigned from his office with effect from 25 November 2020, due to professional reasons connected with overboarding. In accordance with Article 2401 of the Italian Civil Code and until the date of the next Shareholders' Meeting, the most senior alternate auditor, Maria Stefania Sala, took over office as standing auditor.

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group at 31 March 2021:



Significant events during the financial year

The event that marked the financial year ended 31 March 2021 was certainly the Covid-19 pandemic, an in-depth scrutiny of which is reported below.

COVID-19

Spread of the Covid-19 virus and general scenario

As from January 2020, in China and Asia firstly and then from February and March 2020 in Europe, America and the rest of the world, the national and international scenario was characterised by the spread of the Covid-19 virus, which was recognised and defined by the World Health Organization as a "pandemic" on 11 March 2020, due to the rate and spread of contagion, as well as by the resulting restrictive measures taken by the public authorities of the countries concerned in order to contain the virus. These measures involved, among other things, the prohibition and/or restriction on the mobility and movement of people and goods (lockdown), the closure of commercial activities and venues for sales to the public, with an exceptionally adverse impact on tourist flows all around the world. This circumstance led to the closure of most of the outlets in the Group's distribution network. The government authorities' intervention also entailed a series of restrictions on industrial and production activities, while encouraging employees to work remotely (smart working) and taking the already known measures regarding social distancing, personal hygiene and the use of medical devices aimed at containing the spread of the virus. The global emergency and uncertainty, as well as, consequently, the effects of the pandemic on the Piquadro Group's results of operations, were also felt during the last quarter of our financial period (January-March) 2021.

In fact, although the beginning of 2021 coincided not only with the continuation of the epidemiological emergency, but also with the start of the "anti-Covid-19" vaccination campaign, the vaccination procedure started slowly in most areas of the world, including the European Union - accelerating only as from April; consequently, during the first months of the year the Governments put in place additional stringent measures aimed at limiting the spread of the virus and inevitable repercussions on people's lives, as well as on market trends and commercial activities. The last quarter of the 2020/2021 financial period (January-March 2021) too, was, in fact, characterized by the intervention of the government authorities of the countries affected by the pandemic, which led to the issuing of new measures aimed at limiting mobility and movement of people and the closure of commercial activities and sales to the general public; this confirmed - as already occurred, and reported above, in relation to 2020 - the exceptionally adverse impact on tourism throughout the world and, consequently, on market trends, thus leading, once again, to the closure of most of the outlets in the Piquadro Group's distribution network. These included the introduction in Italy of a system of closures scheduled according to the Coronavirus infection risk level to which each Region belongs, creating an impact on the movement of people, prohibiting all movements in and out of its territory, as well as the suspension of any and all retail trade activities or the compulsory closure of medium- and large-sized sales outlets on holidays and in days on the eve of public holidays.

However, with respect to the measures adopted at the outbreak of the Covid-19 epidemic mentioned above, it should be noted that most Governments, including the Italian one, did not impose the closure of industrial and production activities, which, however, experienced inevitable complications in terms of structures, management and logistics, due to complying with emergency regulations and the application of guidelines aimed at protecting, among other things, occupational health and safety of employees.

Our Group's response to the epidemiological emergency

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

Covid-19 emergency management costs

Costs were incurred for the protection of the Group's personnel and the sanitization of offices and stores in order to tackle the pandemic emergency in a significant manner. At present there are no significant additional direct costs relating to the management of the pandemic emergency.

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

As a result of the measures issued by the Authorities in the countries in which the Group operates, the Piquadro Group's revenues decreased by 25.5%, equal to about Euro 38.8 million, during the financial year ended 31 March 2021 compared to the financial year ended 31 March 2020.

Revenues from sales of the Piquadro brand showed, in the FY 2020/2021, a total decline of 35.2%, equal to about Euro 25.4 million, compared to the financial year ended 31 March 2020. The DOS channel (including Piquadro's e-commerce website) recorded a decrease of 41.4%, equal to about Euro 12.9 million, while the wholesale channel recorded a decrease of 30.5%, equal to about Euro 12.4 million.

Revenues from sales of The Bridge brand showed, in the FY 2020/2021, a total decline of 27.6%, equal to about Euro 7.4 million, compared to the financial year ended 31 March 2020. The DOS channel (including The Bridge's e-commerce website) showed a decrease of 24.3%, equal to about Euro 2.2 million, while the wholesale channel recorded a decrease of 29.3%, equal to about Euro 5.2 million.

Revenues from sales of Lancel showed, in the FY 2020/2021, a total decline of 11.3%, equal to about Euro 6.0 million, compared to the financial year ended 31 March 2020. The DOS channel (including Lancel's e-commerce website) recorded a decrease of 15.3%, equal to about Euro 6.9 million, while the wholesale channel recorded an increase of 10.4%, equal to Euro 0.9 million.

In order to limit the impact of the Covid-19 emergency on the Group's business, the Management staff took actions to reduce costs and protect the Group's financial position. Among these, the Group made recourse to redundancy and wage supplement schemes for the Italian Group companies and temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi.

The application of redundancy schemes, achieving 33.8% of hours worked at Group level, is therefore reflected in the consolidated financial statements for the financial year ended 31 March 2021 and has led to a reduction in personnel costs for approximately Euro 6,631 thousand.

In addition, the Group's Management staff took steps to request a reduction in rents from landlords and lessors of the Group's DOSs such as to mitigate the impact of lost sales at its sales outlets. Furthermore, the financial statements at 31 March 2021 include a provision set aside for the tax credit relating to the rents of shops located in Italy, as required by the decrees issued by the Italian Government. Even after the end of the financial year, the Group's Management staff still continued their work aimed at a reduction or suspension of rents for both full price shops and retail outlets. At present, some negotiations are still in progress regarding a reduction or suspension of rents for the stores operated by the Group, the possible effects of which will be reflected in the financial statements for the financial year that will end on 31 March 2022.

Since the outbreak of the health emergency, the Piquadro Group gradually adopted a cost reduction plan, which commenced to produce its first effects at the end of the first quarter of FY 2020/2021, limiting the impact of production inefficiencies linked to the discontinuity of the business and lower sales volumes; operating expenses were reduced and discretionary investments were postponed, except for investments in R&D and strategic operations, and recourse was made to the redundancy fund for the Italian Group companies and temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi.

Obviously, in this scenario, sales were strengthened in a significant manner in the online channel, with different trends by brand, as described below. The Piquadro brand e-commerce channel recorded a 21.1% increase in sales compared to the previous year. The Bridge brand e-commerce channel recorded a 70.2% increase compared to the previous year. The Maison Lancel e-commerce channel recorded a 171.2% increase in sales compared to the previous year.

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

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

In terms of assets, the effects generated by the pandemic have been reflected, in the consolidated financial statements at 31 March 2021, in a reduction in the total value of receivables due to the failure to issue invoices to multi-brand customers, equal to approximately Euro 3.3 million at a consolidated level. The management staff members, with a careful management approach, were able to limit the adverse impact on inventories, which decreased by more than Euro 1.7 million at a consolidated level, while trade payables decreased by about Euro 5 million as a result of the actions taken in order to reduce costs and the decision to cut production.

With regard to the information already provided in the Annual Financial Report at 31 March 2020, the Parent Company, Piquadro S.p.A., obtained two 5-year loans, totalling Euro 11.25 million, with a pre-amortisation period of 18 months, making recourse to the Guarantee Fund under Law no. 662 of 1996, while repaying two short-term loans for Euro 9 million, in order to improve the Group's asset structure and to meet any possible cash requirements arising from the pandemic emergency.

The subsidiary The Bridge obtained a loan of approximately Euro 4.65 million, again by making recourse to the Guarantee Fund under Law no. 662 of 1996 in order to protect its financial position. Furthermore, Piquadro S.p.A. obtained a five-year loan of Euro 800 thousand from Simest, including a non-repayable amount of Euro 100 thousand.

Shareholder Dividend and agreements with the Management staff

As a result of the Covid-19 epidemiological emergency, the Board of Directors' meeting held on 23 July 2020 resolved to allocate the profit for the period to retained earnings and, therefore, to not provide for any dividend distribution in order to support the Group's financial strength and limit any future impact in terms of results of operations and cash flows.

The Group also reached an agreement with the Parent Company's Management staff, who waived the right to receive 20% of their remuneration for the first quarter of the FY 2020-2021.

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

Since the beginning the Group has monitored - and will continue to monitor on an ongoing basis - the evolution of the emergency relating to the spread of the Covid-19 virus, in view of both the changing regulatory framework of reference and the complex global economic scenario, in order to assess whether to adopt additional measures to protect the health and well-being of its employees, collaborators and customers and to protect its sources of revenue and assets. In this context, the Group has prepared new long-term plans which, as highlighted below in the description of the impairment tests carried out, provide for a multi-scenario approach, as suggested by the various regulators (CONSOB, ESMA, etc.)

Where Covid-19 should still spread and thus vaccination policies have no effect on mitigating COVID-19 infection, resulting in additional restrictions on public life, this situation is highly likely to have a significant impact on the Piquadro Group's business, although the scenario seems to have changed significantly with the progress of the vaccination campaign in Italy and in France, as well as in all the other countries in which the Group operates.

In light of the results relating to the financial year ended 31 March 2021, the Group will continue to take any and all possible measures to reduce costs, in order to mitigate any potential additional reduction in its profitability.

With reference to potential liquidity risks, the Directors do not believe that the impact of the aforesaid events could be such as to entail the risk for the Group not to be able to meet its payment obligations in view of the analyses carried out for the purpose of preparing new long-term plans, as well as of the currently available and unused lines of credit and the new loans obtained from the banking system during the financial year ended 31 March 2021.

On this basis, the Group's Management staff have assessed that, despite an economic and financial scenario that is still uncertain, there are no uncertainties as to the Group's ability to continue to operate as a going concern, considering the existing levels of capitalisation and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

The Group's business

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

As regards Piquadro-branded products, as of 31 March 2021, part of the small leather goods and of some lines of briefcases, which accounts for about 29.5% of the Piquadro's turnover, were produced internally, through the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. at the plant located in Zhongshan in the region of Guangdong (People's Republic of China). Production activities, which are partially carried out by companies outside the Group for Piquadro, The Bridge and Lancel- branded products, are outsourced to external suppliers of proven competence and quality, mainly located in China, Hong Kong, Italy, India, the Czech Republic and Bulgaria. This activity is carried out on the basis of prototypes that are engineered and supplied by the Group, whose own employees then carry out direct checks of the quality of the manufactured products.

The products are sold through a network of specialist stores that are able to enhance the prestige of the three Piquadro, The Bridge and Lancel brands. For this purpose, the Group makes use of a distribution network focused on two channels:

- (i) a direct channel which, at 31 March 2021, included 129 directly operated single-brand stores (Directly Operated Stores or DOSs), of which 47 Piquadro-brand stores, 10 The Bridge-brand stores and 72 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 (45 shops at 31 March 2021, of which 35 Piquadro-brand stores, 2 The Bridge-brand stores and 8 Lancel-brand stores) and by distributors who then resell the articles in specialist multi-brand shops.

In the financial year ended 31 March 2021, about 41.1% of the Group's consolidated revenues were achieved by Piquadro-branded products (47.3% in the previous year), 41.9% through the sale of Lancel-branded products (35.2% in the previous year) and 17.0% through the sale of The Bridge-branded products (17.5% in the previous year).

Operations

Sales volumes, in terms of quantities sold during the financial year ended 31 March 2021, were equal to about 1,323 thousand units, down by about 20.7% compared to the value posted in the financial year ended 31 March 2020 (about 1,668 thousand units sold). As regards average selling prices, the financial year ended 31 March 2021 reported a decrease equal to about 6.0% compared to the previous year, including the mix effect.

Revenues from sales

In the financial year ended 31 March 2021 the Piquadro Group's revenues from sales decreased by 25.5% compared to FY 2019/2020. The Piquadro Group, in fact, recorded net revenues from sales equal to Euro 113,477 thousand, compared to Euro 152,227 thousand reported in the previous year.

Sales results for the period were hardly hit by the measures put in place by public and government authorities in the countries affected by the emergency aimed at containing the spread of the "Covid-19" virus.

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

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

Breakdown of revenues by brand

The table below reports the breakdown of consolidated revenues from sales by brand, expressed in thousands of Euro, for the financial year ended 31 March 2021 and compared to the financial year ended 31 March 2020:

<i>(in thousands of Euro)</i>	Revenues from sales at 31 March 2021	%^(*)	Revenues from sales at 31 March 2020	%^(*)	% Change 2021/2020
PIQUADRO	46,603	41.1%	71,954	47.3%	(35.2%)
THE BRIDGE	19,318	17.0%	26,674	17.5%	(27.6%)
LANCEL	47,556	41.9%	53,599	35.2%	(11.3%)
Total	113,477	100.0%	152,227	100.0%	(25.5%)

(*) Percentage impact compared to revenues from sales

With reference to the Piquadro brand, revenues reported in the financial year ended 31 March 2021 amounted to Euro 46.6 million, down by 35.2% compared to the financial year ended 31 March 2020; this decrease was determined both by a reduction in the sales in the Wholesale channel, which was equal to about 30.5% and accounted for 60.5% of the sales of Piquadro-branded products, and by a reduction of 41.4% in the sales in the DOS channel, which also includes the e-commerce website, and which accounted for 39.5% of the sales of Piquadro-branded products. It should be noted that e-commerce sales showed an increase of 21.1%.

With reference to The Bridge brand, revenues reported in the financial year ended 31 March 2021 amounted to Euro 19.3 million, down by 27.6% compared to the financial year ended 31 March 2020; sales in the Wholesale channel, which accounted for 64.4% of sales of The Bridge-branded products, showed a decrease of 29.3%, while sales in the DOS channel (which also includes the e-commerce website), which accounted for 35.6% of sales of The Bridge-branded products, showed a decrease of 24.3%. It should be noted that e-commerce sales showed an increase of 70.2%.

Lancel's revenues from sales during the financial year ended 31 March 2021 amounted to Euro 47.5 million, down by 11.3% compared to the financial year ended 31 March 2020; sales in the Wholesale channel, which accounted for 19.3% of sales of Lancel-branded products, showed an increase of 10.4%, while sales in the DOS channel (which also includes the e-commerce website), which accounted for 80.7% of sales of Lancel-branded products, showed a decrease of 15.3%. It should be noted that e-commerce sales showed an increase of 171.2%.

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

Breakdown of revenues by geographical area

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

<i>(in thousands of Euro)</i>	Revenues from sales at 31 March 2021	%^(*)	Revenues from sales at 31 March 2020	%^(*)	% Change 2021/2020
Italy	49,853	43.9%	76,165	50.0%	(34.5%)
Europe	57,706	50.9%	71,975	47.3%	(19.8%)
Rest of the World	5,918	5.2%	4,087	2.7%	44.8%
Total	113,477	100.0%	152,227	100.0%	(25.5%)

(*) Percentage impact compared to revenues from sales

From a geographical point of view, at 31 March 2021, the Piquadro Group recorded sales of Euro 49.9 million on the Italian market, equal to 43.9% of the Group's total turnover (50.0% of consolidated sales at 31 March 2020), down by 34.5% compared to the same period of the FY 2019/2020.

In the European market, at 31 March 2021, the Group recorded a turnover of Euro 57.7 million, equal to 50.9% of consolidated sales (47.3% of consolidated sales at 31 March 2020), down by 19.8% compared to the same period of the FY 2019/2020.

In the non-European geographical area (named "Rest of the World"), at 31 March 2021, the Piquadro Group recorded a turnover of Euro 5.9 million, equal to 5.2% of consolidated sales (2.7% of consolidated sales at 31 March 2020), up by 44.8% compared to the same period of the FY 2019/2020.

In the financial statements at 31 March 2021, the performance of the Piquadro Group's profitability was affected by the events relating to the COVID-19 pandemic. The Piquadro Group's operating result at 31 March 2021, including the effects arising from the adoption of IFRS 16 (EBIT) posted a loss of Euro 4,659 thousand, but showing an improvement of about Euro 2,094 thousand compared to the financial year ended 31 March 2020.

In the opinion of the Management, the performance of the operating result, compared to the previous year, was mainly due to the events relating to the COVID-19 pandemic, which heavily hit gross revenues and profit margins. As a result of the actions taken, the following key effects are also highlighted:

- a reduction in the Lancel Group's operating losses for more than Euro 9.6 million, which was also due to resorting to the procedures of the French redundancy schemes (*chômage partiel*) for about Euro 2.8 million;
- a reduction in the operating costs of the Italian companies Piquadro and The Bridge, which was also due to resorting to the procedures of redundancy schemes for about Euro 3.8 million.

The Piquadro Group's operating result at 31 March 2021, excluding the effects arising from the adoption of IFRS 16 (adjusted EBIT), posted a loss of Euro 5,624 thousand, showing a worsening of about Euro 2,225 thousand compared to the financial year ended 31 March 2020.

Economic and financial highlights and alternative performance indicators

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

- EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation, or Gross Operating Margin) is an economic indicator that is not defined by the International Accounting Standards. EBITDA is a unit of measurement utilised by the Management to monitor and assess the Group's operational performance. The Management believes that EBITDA is an important parameter for the measurement of the Group's performance, as it is not affected by the volatility due to the effects of the various criteria for the determination of taxable income, by the amount and characteristics of the capital employed, as well as by the amortisation and depreciation policies. EBITDA is defined as the earnings for the period before depreciation of property, plant and equipment and amortisation of intangible assets, financial income and costs and the income taxes for the period.
- Adjusted EBITDA is defined as EBITDA, excluding the effects arising from the adoption of IFRS 16.
- EBIT (Earnings Before Interest and Taxes) consists of the Earnings for the period before financial income and costs and income taxes .
- Adjusted EBIT is defined as EBIT, excluding the effects arising from the adoption of IFRS 16.
- The Net Financial Position ("NFP"), utilised as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the Statement of Financial Position, as required by 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.
- Adjusted Net Financial Position (Adjusted NFP) is defined as the Net Financial Position, excluding the effects arising from the adoption of IFRS 16.
- The ROI, i.e. the return on net invested capital, is given by the ratio of net Operating Margin to net invested capital and is expressed as a percentage. This indicator is used as a financial target in both internal (business plans) and external (analysts and investors) presentations and intends to measure the ability to produce wealth through operations and therefore to remunerate both net worth and borrowed capital.
- The ROE, i.e. the return on equity, is given by the ratio of net profit to equity and is expressed as a percentage. This indicator is used as a financial target in both internal (business plans) and external (analysts and investors) presentations and intends to measure the profitability obtained by investors on account of risks.
- The ROS, i.e. the average operating result by revenue unit. This ratio expresses the Company's profitability in relation to the revenue flow's ability to generate remuneration.
- Net Working Capital: this item includes "Trade receivables", "Inventories", current non-financial "Other Receivables", net of "Trade payables" and current non-financial "Other Payables".
- The cash flow is given by cash flows from operating activities (operating cash flow), net of distributed dividends. The operating cash flow is calculated on the basis of the gross operating margin, to which must be added the changes in net working capital, net of increases in the provision for bad debts, the uses of the provisions for risks and the Employee Severance Pay, operating and financial investments, financial income and costs and taxes. This indicator is used as a financial target in both internal (business plans) and external (analysts and investors) presentations and intends to measure the Company's ability to generate cash and therefore its ability to self-finance its operations.

Below are reported the Group's main economic-financial indicators at 31 March 2021:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Revenues from sales	113,477	152,227
EBITDA	10,504	13,047
Adjusted EBITDA	(1,870)	504
EBIT	(4,658)	(6,753)
Adjusted EBIT	(5,624)	(3,399)
Profit (loss) before tax	(6,866)	(7,504)
Group's profit for the period	(5,792)	(7,755)
Amortisation and depreciation of fixed assets and write-downs of receivables	15,819	20,769
Generation of financial resources (Group net profit (loss), amortisation and depreciation, write-downs)	10,027	13,014
Adjusted Net Financial Position	12,309	17,526
Net Financial Position / (Net financial debt)	(41,181)	(36,082)
Shareholders' Equity	54,988	61,920

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

EBITDA <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Operating profit (loss)	(4,658)	(6,753)
Amortisation, depreciation and write-downs	15,162	19,800
EBITDA	10,504	13,047
Adjusted EBITDA	(1,870)	504

EBITDA for the year came to Euro 10,504 thousand against Euro 13,047 thousand recorded in the financial year ended 31 March 2020.

Adjusted EBITDA, which is defined as EBITDA, gross of impacts arising from the adoption of IFRS 16, posted a loss of Euro 1,870 thousand, against a profit of Euro 504 thousand recorded at 31 March 2020.

The Piquadro brand's Adjusted EBITDA in the financial year ended 31 March 2021 amounted to Euro 0.3 million, showing a decrease of Euro 6.5 million (equal to 95.3%) compared to the same value posted in March 2020; The Bridge brand's Adjusted EBITDA posted a negative value of Euro 0.04 million in the financial year ended 31 March 2021, showing a decrease of about Euro 1.4 million compared to the same value posted in March 2020; Lancel's Adjusted EBITDA posted a negative value of Euro 2.1 million in the financial year ended 31 March 2021, showing an improvement of Euro 5.6 million, compared to the loss of Euro 7.8 million at 31 March 2020.

The Group's amortisation and depreciation were equal to Euro 15,108 thousand in the financial year ended 31 March 2021 (Euro 15,739 thousand in the financial year ended 31 March 2020) and related to intangible assets for Euro 881 thousand, to property, plant and equipment for Euro 2,666 thousand and to right-of-use assets arising from the adoption of the IFRS 16 for Euro 11,561 thousand.

Net write-downs, equal to Euro 54 thousand, were mainly attributable to the write-down of fixed-asset of shops closed during the financial year.

Financial ratios <i>(in thousands of Euro)</i>	31/03/2021	31/03/2020
EBIT	(4,659)	(6,753)
Adjusted EBIT	(5,624)	(3,399)

Following the adoption of IFRS 16, the Piquadro Group recorded negative EBIT of about Euro 4,6 million in the financial year ended 31 March 2021, showing an improvement of about Euro 2.1 million compared to the same value posted in March 2020, which also included write-downs of Euro 3.4 million arising from the impairment process on its stores.

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 negative value of Euro 5.6 million, showing a decrease of about Euro 2.2 million, compared to a negative value of Euro 3.4 million, recorded in the financial year ended 31 March 2020.

The result from financial operations, which posted a negative value of Euro 2,207 thousand (against a negative value of Euro 751 thousand at 31 March 2020), was mainly affected by the impact arising from the adoption of IFRS 16 for costs of Euro 944 thousand and the charge related to adjustments to the earn-out value of subsidiary Lancel International for an amount of Euro 666 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 <i>(in thousands of Euro)</i>	31/03/2021	31/03/2020
Net profit (loss) for the year	(5,792)	(7,755)

The Piquadro Group recorded, in the financial year ended 31 March 2021, a Net Group Loss of about Euro 5.8 million, showing an improvement of about Euro 1.9 million compared to the same value posted in March 2020, which included an amount of Euro 3.1 million arising from the impairment process on its stores following the adoption of IFRS 16, net of related taxation.

Profitability ratios

Below are reported the main profitability ratios relating to the financial years ended 31 March 2021 and 31 March 2020:

Profitability ratios	Composition of the ratio	31 March 2021	31 March 2020
Return on sales (R.O.S.)	EBIT/Net revenues from sales	(4.1%)	(4.4%)
Return on Investment (R.O.I.)	EBIT/Net invested capital	(4.8%)	(6.9%)
Return on Equity (R.O.E.)	Profit for the year/Equity	(10.5%)	(12.5%)

Investments

Investments in intangible assets, property, plant and equipment and non-current financial assets in the financial year ended 31 March 2021 came to Euro 2,490 thousand (Euro 3,959 thousand at 31 March 2020), as reported below :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Investments		
Intangible assets	964	1,354
Property, plant and equipment	1,526	2,543
Non-current financial assets	25	62
Total	2,515	3,959

Increases in intangible assets, equal to Euro 964 thousand in the financial year ended 31 March 2021 (Euro 1,354 thousand at 31 March 2020), related to the purchase or renewal of software, licenses and other IT products for Euro 533 thousand.

Increases in property, plant and equipment, equal to Euro 1,526 thousand in the financial year ended 31 March 2021 (Euro 2,543 thousand at 31 March 2020), were mainly attributable to the miscellaneous equipment purchased for new DOSs opened in the period under consideration and the refurbishment of some existing shops for Euro 947 thousand and to purchases of workshop plant and machinery and the refurbishment of premises at the subsidiary The Bridge's headquarters in Scandicci for Euro 513 thousand, as well as to other assets for the remaining amount of Euro 46 thousand.

Increases in non-current financial assets, equal to Euro 25 thousand in the financial year ended 31 March 2021 (Euro 62 thousand at 31 March 2020), were attributable to the amount paid as share capital of new-co Piquadro Retail San Marino S.r.l., which was not consolidated at 31 March 2021, since the sales outlet located in San Marino was not yet operating.

Asset structure

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

<i>(in thousands of Euros)</i>	31 March 2021	31 March 2020
Trade receivables	23,166	26,471
Inventories	36,206	37,959
(Trade payables)	(33,704)	(38,681)
<i>Total net current trade assets</i>	<i>25,668</i>	<i>25,749</i>
Other current assets	6,600	6,384
Tax receivables	3,096	3,853
(Other current liabilities)	(8,366)	(6,968)
(Tax payables)	(865)	(343)
A) Working capital	26,133	28,675
Intangible assets	7,064	7,249
Property, plant and equipment	12,899	13,562
Right-of-use assets	48,170	48,358
Non-current financial assets	27	22
Receivables from others due beyond 12 months	2,583	2,204
Deferred tax assets	6,064	4,591
B) Fixed assets	76,807	75,986
C) Non-current provisions and non-financial liabilities	(6,771)	(6,659)
Net invested capital (A+B+C)	96,169	98,002
FINANCED BY:		
D) Net financial debt	41,181	36,082
E) Equity attributable to minority interests	0	(323)
F) Equity attributable to the Group	54,988	62,243
Total borrowings and Shareholders' Equity (D+E+F)	96,169	98,002

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):

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
(A) Cash	57,174	57,550
(B) Cash equivalents	0	0
(C) Other current financial assets	47	184
of (D) Liquidity (A) + (B) + (C)	57,201	57,734
(E) Current financial debt (including debt instrument, but excluding the current portion of non-current financial debt)	(17,319)	(14,619)
(F) Current portion of non-current financial debt	(9,965)	(15,450)
(G) Current financial debt (E) + (F)	(27,284)	(30,069)
(H) Net current financial debt (G) - (D)	29,917	27,665

(I) Non-current financial debt (excluding current portion and debt instruments)	(66,493)	(59,808)
(J) Debt instruments	0	0
(K) Trade payables and other non-current payables	(4,605)	(3,939)
(L) Non-current financial debt (I) + (J) + (K)	(71,098)	(63,747)
(M) Total Financial Debt (H) + (L)	(41,181)	(35.082)

“Financial debt”, equal to Euro 17,319 thousand (current portion) and Euro 66,493 thousand (non-current portion), included financial liabilities for short/long-term lease agreements equal to Euro 17,202 thousand and Euro 36,288 thousand, respectively.

“Trade payables and other non-current payables” included the present value of the purchase option of the remaining stakes of The Bridge S.p.A and 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 41.1 million in the financial year ended 31 March 2021. The adverse impact of the adoption of IFRS 16 was equal to about Euro 53.5 million.

The Piquadro Group’s Adjusted Net Financial Position posted a positive value of about Euro 12.3 million compared to a positive value of Euro 17.5 million of the adjusted net financial position recorded at 31 March 2020. The change in the adjusted Net Financial Position was mainly due to the purchases of treasury shares carried out during the period for Euro 967 thousand and the adjustment to the earn-out value of subsidiary Lancel International in an amount of Euro 666 thousand, as well as to investments in intangible assets, property, plant and equipment and non-current financial assets for about Euro 2.5 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 2021:

<i>(in thousands of Euro)</i>	Profit/(loss) at 31 March 2021	Equity at 31 March 2021	Profit/(loss) at 31 March 2020	Equity at 31 March 2020
Equity and profit (loss) for the year as reported in the financial statements of Piquadro S.p.A.	(1,789)	39,236	3,374	42,177
Derecognition of the book value of consolidated equity investments	(4,002)	(24,323)	(11,129)	(20,321)
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
<i>Derecognition of the effects of transactions effected between consolidated Companies:</i>				
-Profits included in closing inventories	(151)	(1,429)	(382)	(1,278)
-Other minor items	(173)	752	423	913
Equity and Profit/(Loss) for the year attributable to the Group	(6,115)	54,988	(7,714)	62,243
Profits (Losses) and Equity attributable to minority interests	323	(0)	(41)	(323)
Equity and consolidated Profit (Loss)	(5,792)	54,988	(7,755)	61,920

Human Resources

The products that the Group offers are conceived, manufactured and distributed according to the guidelines of an organisational model whose feature is that it monitors all the most critical phases of the chain, from conception and manufacturing to subsequent distribution. This entails great care with the correct management of human resources,

which, while respecting the different local environments in which the Group operates, must necessarily lead to intense personal involvement, above all in what the Group considers the strategic phases for the success of the brands. As at 31 March 2021 the Group had 956 members of staff compared to 1,108 units at 31 March 2020. Below is the breakdown of staff by Country :

Country	31 March 2021	31 March 2020
Italy	366	430
China	221	256
Hong Kong	1	4
Germany	1	1
Spain	25	28
Taiwan	13	22
France	290	324
Switzerland	0	4
UK	2	3
Russia	37	36
Total	956	1,108

With reference to the Group's organisational structure, at 31 March 2021, 13.8% of staff operated in the Production area, 51.9% in the Retail area, 21.0% in the support functions (Administration, IT Systems, Procurement, Human Resources, Marketing, etc.), 8.3% in the Research and Development area and 5.0% 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. In spite of the crisis generated by the pandemic emergency, in 2020/2021 the Parent Company continued to strengthen its research and development work, which evolved from the basis of previous innovation (**PQ-BIOS** collection) to the point of creating almost all the collections in recycled fabric. In addition to digital and functional components, a line was created in 100% ecological polyester, obtained from recycled PET bottles with the ability to protect against pathogens and viruses, through the VIRAL-OFF technology.

The 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 2021, the Piquadro S.p.A. 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.

In the course of the financial year ended 31 March 2021, the Italian companies continued their path to the implementation of an increasingly accurate system of measures aimed at improving safety at work on an ongoing basis, while monitoring, among other things, any possible near-miss and exhorting its employees to report any possible critical issues regarding safety. Piquadro believes that the desired benefits can be multiplied only through the implementation of a shared system and the main tool to achieve these objectives lies in the compliance by the

entire workforce with the safety policies adopted. Therefore, the Company is committed to spreading a well-established safety culture, among all its in-house workers and collaborators, while developing risk awareness and promoting a responsible behaviour on the part of its personnel, which cannot disregard the freedom of expression and the sharing of contents between workers and directly-responsible staff. Furthermore, the Group's Code of Ethics requires the commitment of all collaborators in order to give their contribution to risk prevention and the protection of their own health and safety, as well as of that of their colleagues and third parties, without prejudice to the individual responsibilities pursuant to the provisions of law governing the matter. For this purpose, it calls for a general absolute prohibition, within the scope of the Company's activities, on the abuse of alcohol or the use of drugs, as well as the prohibition on smoking at work, in compliance with the provisions of law and in any case wherever smoking might entail a danger to the Company's facilities and assets or to the health or safety of colleagues and third parties. Any misconduct that could be generated from an improper performance of other duties or tasks is avoided by carefully checking the tasks assigned on a daily basis. The system implemented by the Italian Group companies also considers the risks of interference that can arise inside the points of sales and, in this regard, training course requirements have been also met within the retail system.

The 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.

The experience gained in previous years in the field of safeguarding occupational health and safety has enabled the Group to ensure prevention and protection measures according to the various scenarios that have occurred, both at local and national level.

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 79 persons mainly engaged in the product Research and Development department and the style office at the Group's various head offices.

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

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

The Group's Research and Development activity for the Piquadro brand 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. During the financial year ended 31 March 2021 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 addition to digital and functional components, a line has been created in 100% ecological polyester, obtained from recycled PET bottles with the ability to protect against pathogens and viruses, using the VIRAL-OFF technology. 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. In addition to the regenerated nylon ECONYL®, other recycled materials are used for both inner linings and webbing, all 100% RPET, as well as Global Recycled standard certified recycled plastic. 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 13 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 Group, the main events were already implicitly illustrated in relation to the Parent Company whose revenues from the separate financial statements, including relations with Group companies, account for about 41.0% of consolidated revenues .

Operations

The financial year ended 31 March 2021 saw a decrease in revenues from sales equal to 33.8% compared to the financial year ended 31 March 2020. 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 2021 reported a decrease equal to about 11.5%, including the mix effect.

Revenues from sales

In the financial year ended 31 March 2021 the Company reported net revenues from sales equal to Euro 46,126 thousand, down by 33.8% compared to the revenues reported in the financial year ended 31 March 2020 (Euro 69,717 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 2021 compared to the financial year ended 31 March 2020:

Sales channel <i>(in thousands of Euro)</i>	Revenues from sales at 31 March 2021	%	Revenues from sales at 31 March 2020	%	% Change 2021/2020
<i>PQ brand DOS</i>	15,430	33.5%	25,864	37.1%	(40.3%)
<i>PQ brand Wholesale</i>	27,342	59.3%	39,411	56.5%	(30.6%)
Total PQ Brand	42,772	92.7%	65,275	93.6%	(34.5%)
<i>Intercompany revenues</i>	3,354	7.3%	4,442	6.4%	(24.5%)
Total	46,126	100.0%	69,717	100.0%	(33.8%)

The revenues reported by the Piquadro brand in the DOS channel, which include sales in the e-commerce channel, showed a decrease of 40.3% compared to the value posted in the financial year ended 31 March 2020. This result was due to an increase of 19.1% in the e-commerce channel and a reduction of 51.8% in sales at DOSs, which were adversely affected by the closures and restrictions on the mobility and movement of people imposed by government authorities, aimed at containing the spread of the Covid-19 pandemic.

Sales reported by the Piquadro brand in the Wholesale channel, which accounted for about 59.3% of the Company's total turnover, recorded a decrease of 30.6% compared to the financial year ended 31 March 2020 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 a decrease of 24.5% compared to the financial year ended 31 March 2020.

Below are the breakdowns of revenues by geographical area:

<i>(in thousands of Euro)</i>	Revenues from sales at 31 March 2021	%	Revenues from sales at 31 March 2020	%	% Change 2021/2020
Italy	36,171	78.4%	54,687	78.4%	(33.9%)
Europe	9,097	19.7%	13,945	20.0%	(34.8%)
Rest of the World	857	1.9%	1,084	1.6%	(20.9%)
Total	46,126	100.0%	69,717	100.0%	(33.8%)

The Company's revenues for the FY 2020/2021 show that the Italian market still accounts for a very significant percentage of the total turnover (78.4%). In the FY 2020/2021 the Company closed 6 points of sale in Italy. Within the European market, the Company achieved a turnover equal to Euro 9,097 thousand, down by 34.7% compared to the financial year ended 31 March 2020, which is equal to 19.7% in terms of percentage impact of the total turnover of the FY 2020/2021. In the geographical area named "Rest of the World", where the Company sells in 15 Countries, the turnover decreased by 20.9%.

Economic and financial highlights

Below are the results of Piquadro S.p.A. at 31 March 2021 compared with the same indicators at 31 March 2020:

Economic and financial ratios <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Revenues from sales	46,126	69,717
<i>EBITDA</i>	3,299	10,387
<i>EBIT</i>	(1,596)	4,089
Profit (loss) after tax	(1,789)	3,374
Amortisation and depreciation of fixed assets and write-downs of receivables	5,445	6,898
Cash flow (net profit (loss) before amortisation, depreciation and write-downs)	3,656	10,272

The Parent Company's EBITDA came to about Euro 3.3 million at 31 March 2021, including a profit of Euro 3.1 million arising from the adoption of IFRS 16.

The Parent Company's EBIT posted a negative value of Euro 1.6 million, including a loss of Euro 0.24 million arising from the adoption of IFRS 16.

Amortisation and depreciation for the financial year ended 31 March 2021 amounted to about Euro 4,850 thousand (equal to Euro 4,974 thousand at 31 March 2020), an amount of Euro 3,363 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 45 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 2021 mounted to Euro 550 thousand (Euro 600 thousand at 31 March 2020).

The result from financial operations, which posted a negative value equal to about Euro 1,763 thousand (against a positive value of about Euro 504 thousand at 31 March 2020), was attributable both to the adjustment to the value of the earn-out of investee Lancel International negative for Euro 666 thousand (against a positive value of Euro 528 thousand at 31 March 2020) and to the following other changes: interest and other financial costs of Euro 245 thousand, as well as the differential between foreign exchange gains and losses which posted a loss equal to Euro 236 thousand at 31 March 2021 (against a gain equal to Euro 285 thousand at 31 March 2020), the effect of a write-down of equity investments held by the Parent Company for Euro 291 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 454 thousand at 31 March 2021 (against a still negative impact equal to Euro 402 thousand at 31 March 2020).

The net result recorded by the Parent Company in the financial year ended 31 March 2021 posted a loss of Euro 1.8 million (against a profit of Euro 3.37 million at 31 March 2020).

Profitability ratios

Below are the main Profitability ratios relating to the financial years ended 31 March 2021 and 31 March 2020:

Profitability ratios	Composition of the ratio	31 March 2021	31 March 2020
Return on sales (R.O.S.)	EBIT/Net revenues from sales	(3.5%)	5.9%

Return on Investment (R.O.I.)	EBIT/Net invested capital	(2.4%)	5.8%
Return on Equity (R.O.E.)	Profit for the year/Equity	(4.6%)	8.0%

Gross investments

Gross investments in fixed assets concerning the Company's operations were equal to Euro 2,515 thousand in the financial year ended 31 March 2021 (Euro 2,129 thousand in the financial year ended 31 March 2020). Below is the breakdown by type :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Investments		
Intangible assets	319	552
Property, plant and equipment	543	1,515
Non-current financial assets	25	62
Total	2,515	2,129

Increases in intangible assets, equal to Euro 319 thousand in the financial year ended 31 March 2021 (Euro 552 thousand at 31 March 2020) mainly related to software and IT products.

Increases in property, plant and equipment, equal to Euro 543 thousand in the financial year ended 31 March 2021 (Euro 1,515 thousand at 31 March 2020), were mainly attributable to equipment and machinery for offices and stores for Euro 85 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 412 thousand, as well as to other assets for the remaining amount of Euro 46 thousand.

Increases in non-current financial assets, equal to Euro 25 thousand in the financial year ended 31 March 2021 (Euro 62 thousand at 31 March 2020) were related to the payment of capital into Piquadro Retail San Marino S.r.l., which was established to operate the retail outlet which will open at the end of June 2021.

Asset structure

Below is the performance of the Company's asset structure at 31 March 2021 compared to that at 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Trade receivables	31,638	36,174
Inventories	14,507	15,839
(Trade payables)	(17,223)	(21,051)
<i>Total net current trade assets</i>	<i>28,922</i>	<i>30,962</i>
Other current assets	1,528	2,599
Tax receivables	930	1,051
(Other current liabilities)	(1,996)	(2,161)
(Tax payables)	(476)	(342)
A) Working capital	28,908	32,110
Intangible assets	640	699
Property, plant and equipment	7,733	8,487
Right-of-use assets	15,230	14,817
Non-current financial assets	13,112	13,947
Receivables from others due beyond 12 months	449	426
Deferred tax assets	3,072	1,597
B) Fixed assets	40,236	39,973
C) Non-current provisions and non-financial liabilities	(1,296)	(1,703)
Net invested capital (A+B+C)	67,848	70,380

FINANCED BY:

D) Net financial debt	28,612	28,203
E) Equity	39,236	42,177
Total borrowings and Shareholders' Equity (D+E)	67,848	70,380

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):

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
(A) Cash	27,190	26,073
(B) Cash equivalents	0	0
(C) Other current financial assets	0	0
(D) Liquidity (A) + (B) + (C)	27,190	26,073
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(4,070)	(3,496)
(F) Current portion of non-current financial debt	(9,965)	(15,260)
(G) Current financial debt (E) + (F)	(14,034)	(18,755)
(H) Net current financial debt (G) - (D)	13,156	7,318
(I) Non-current financial debt (excluding current portion and debt instruments)	(37,163)	(31,582)
(J) Debt instruments	0	0
(K) Trade payables and other non-current payables	(4,605)	(3,939)
(L) Non-current financial debt (I) + (J) + (K)	(41,768)	(35,521)
(M) Total Financial Debt (H) + (L)	(28,612)	(28,203)

“Financial debt”, equal to Euro 4,070 thousand (current portion) and Euro 37,163 thousand (non-current portion), included financial liabilities for short/long-term lease agreements equal to Euro 4,070 thousand and Euro 11,602 thousand, respectively.

“Trade payables and other non-current payables” included the present value of the purchase option of the remaining stakes of The Bridge S.p.A and 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 2021 the Parent Company’s Net Financial Position posted a negative value of Euro 28.6 million, remaining substantially in line with the debt recorded at 31 March 2020, which posted a negative value of Euro 28.2 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 2021 posted a negative value of about Euro 12.94 million, remaining substantially in line with the value recorded at 31 March 2020 (adjusted Net Financial Position negative for Euro 13.6 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 2021 Piquadro S.p.A. had 250 members of staff, compared to 301 units at 31 March 2020. Below is the breakdown of staff by area :

Organisational Areas	31 March 2021	31 March 2020
R&D Area	5.6%	4.7%
Retail Area	55.6%	56.5%
Sales Area	9.6%	9.0%
Supporting Areas	29.2%	29.8%
Total	100.0%	100.0%

Health, safety and environment

In the course of the financial year ended 31 March 2021, Piquadro S.p.A. 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.

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. This result was also attributable to company reorganization measures due to the need to restrict accesses and ensure distancing between the staff members, which led to a reduction in the number of hours worked and, consequently, in the probability of accidents.

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 therefore focused on the preparation of a Company Protocol for Emergency Management and the implementation of a system of measures aimed at checking the effectiveness of this document.

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 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 a fresh commitment to updating training delivered 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 that:

- Research and development activity: reference should be made to the previous paragraph “Research and development activity”;
- 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 2021 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 2021, 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

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

OUTLOOK

Although, as obvious, the figures of the consolidated financial statements at 31 March 2021 show a decrease due to the measures put in place by public and governmental authorities of the countries affected by the emergency, aimed at containing the spread of the "Covid-19" virus, as however mitigated by the effective actions of the management that have reduced the extent of the effects of the pandemic, the Piquadro Group is convinced, including on the basis of the performance in the first few months of the year 2021-2022, associated with the investment policy carried out by the Group in recent years, its capital strength, and its ability to innovate and imagine the future, that the Group's development and growth programme can be resumed quickly with a return to profitability for the entire Group.

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

FINANCIAL RISKS

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

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

Liquidity risk

The objective of the Group is to ensure that it is able to meet its financial obligations at any time, maintaining an adequate level of available cash and diversifying the instruments for raising financial resources by obtaining adequate credit lines.

The Group keeps a surplus of credit lines available in order to be able to take up business opportunities that cannot be planned for or in order to cover unexpected cash outflows.

The excess cash is invested temporarily on the money market in transactions that can be liquidated immediately.

The essential tool for the measurement, management and daily monitoring of the liquidity risk is the cash budget, which provides an overview of the liquidity that is always up-to-date. Daily planning and cash flow forecasts are carried out on the basis of this overview.

It is believed that the funds and credit lines currently available, in addition to the cash flow generated by the business, will suffice to meet the Group requirements.

Credit risk

The credits of the Group, particularly in Italy, are rather fragmented as a result of sales being to a diverse clientele that is made up of leather goods retailers, stationery retailers and international distributors or, through the sales of the DOS channel, end consumers. Receivables outstanding at the end of the financial year were mainly trade receivables, as resulting from the explanatory notes to the statement of financial position to which reference is made.

Historically there have not been any significant or particularly problematic situations regarding the solvency of customers, inasmuch as it is the Group's policy to sell to customers after assessing carefully their credit rating and therefore remaining within prefixed credit limits, periodically monitoring the situation of expired loans.

Accordingly, the credit risk to which the Group is exposed is considered to be limited as a whole.

Foreign exchange risk

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

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

During the financial year ended 31 March 2021, the Parent Company carried out currency (USD) forward purchases in order to hedge expected payments of invoices of foreign subcontractors and of the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. If these derivative financial instruments have fulfilled all the conditions laid down for the accounting treatment of hedging derivatives (hedge accounting), they are accounted for at fair value against an entry in the Statement of comprehensive income.

Interest rate risk

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

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

The forecast outflows, connected with the repayment of the liability, are determined by making reference to the provisions laid down in the loan agreement (amortisation schedule).

LEGISLATIVE DECREE NO. 231/2001

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

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

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

CONSOLIDATED DISCLOSURE OF NON-FINANCIAL INFORMATION

The consolidated disclosure of non-financial information of the Piquadro Group, which relates to the financial year ended 31 March 2021 (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 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 Piquadro S.p.A., a company wholly owned by the latter. Piquadro Holding S.p.A., in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

⁽²⁾ At the end of the FY 2019/2020, the Vice-Chairman of the Board of Directors of Piquadro S.p.A., Pierpaolo Palmieri, owned a stake equal to 6.66% of the Share Capital of Piquadro Holding S.p.A., which in turn, owns 68.37% of the Share Capital of Piquadro S.p.A..

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 Piquubo 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

No delegated powers to increase the Share Capital had been granted as at the date of this Report.

The Shareholders' Meeting of Piquadro held on 10 September 2020 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 2021, while the authorisation to dispose of them was granted without any time limit.

The plan to purchase treasury shares pursues the following objectives:

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

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

- (i) in any case, the minimum consideration for the purchase shall not be less, by 20%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction;
- (ii) in any case, the maximum consideration for the purchase shall not be higher, by 10%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

Except for the implementation of the distribution plans, with or without payment, of options on shares or shares, which will take place at the prices set in the plans themselves, the consideration for any other sale of treasury shares, which will be set by the Board with the right of sub-delegating powers to one or more Directors, may not be less, by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

Purchases may take place according to methods other than those specified above pursuant to article 132, paragraph 3, of the TUF or other provisions applicable from time to time at the time of the transaction.

The disposal of the shares may take place according to the most appropriate methods in the interests of the Company, and in any case in accordance with the applicable regulations and the permitted market practices.

Except for the implementation of the distribution plans, with or without payment, of options on shares or shares, which will take place at the prices set in the plans themselves, the consideration for any other sale of treasury shares, which will be set by the Board with the right of sub-delegating powers to one or more Directors, may not be less, by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.

Piquadro, in accordance with the terms and conditions and according to the procedures set out in the regulations in force, is required to notify the competent Authorities of the transactions of purchase or sale carried out, in terms of number of shares acquired/sold, average price, total number of shares acquired/sold as at the date of the notice and the amount invested on the same date. It should be noted that, at 11 June 2021, the Company held a portfolio of 904,410 treasury shares.

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 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 2021 and 31 March 2020. Economic segment data are monitored by the Company's Management until EBITDA.

<i>(in thousands of Euro)</i>	31 March 2021					31 March 2020				
	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)
Revenues from sales	46,603	19,318	47,556	113,477	100.0%	71,954	26,674	53,599	152,227	100.0%
Other income	965	132	1,545	2,642	2.3%	848	200	1,945	2,993	2.0%
Costs for purchases of raw materials	(7,023)	(1,613)	(15,363)	(23,998)	(21.1%)	(12,990)	(3,923)	(17,320)	(34,233)	(22.5%)
Costs for services and leases and rentals	(23,939)	(11,199)	(15,785)	(50,922)	(44.9%)	(30,565)	(13,661)	(21,734)	(65,960)	(43.3%)
Personnel costs	(11,249)	(5,105)	(12,922)	(29,276)	(25.8%)	(16,003)	(6,336)	(17,895)	(40,234)	(26.4%)
Provisions and write-downs	(551)	(200)	94	(657)	(0.6%)	(600)	(263)	(106)	(969)	(0.6%)
Other operating costs	(316)	(37)	(410)	(762)	(0.7%)	(444)	(75)	(258)	(777)	(0.5%)
EBITDA	4,491	1,297	4,716	10,504	9.3%	12,200	2,616	(1,769)	13,047	8.6%
Amortisation, depreciation and write-downs of fixed assets				(15,162)	(13.4%)				(19,800)	(13.0%)
Operating profit (loss)				(4,658)	(4.1%)				(6,753)	(4.4%)
Financial income and costs				(2,207)	(1.9%)				(751)	(0.5%)
Profit (loss) before tax				(6,866)	(6.1%)				(7,504)	(4.9%)
Income taxes				1,074	0.9%				(251)	(0.2%)
Profit for the year				(5,792)	(5.1%)				(7,755)	(5.1%)
Net profit (loss) for the Group				(5,792)	(5.1%)				(7,755)	(5.1%)

(*) 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 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021				31 March 2020			
	Piquadro	The Bridge	Lancel	Total	Piquadro	The Bridge	Lancel	Total
Assets	101,408	34,896	66,724	203,027	103,805	33,579	73,334	210,718
Liabilities	78,237	24,483	45,321	148,041	79,610	22,312	46,876	148,798
Fixed assets	38,559	9,515	28,732	76,806	32,716	8,582	30,030	71,328

Revenues from sales

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

Breakdown of revenues by Brand

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

<i>((in thousands of Euro))</i>	Revenues from sales at 31 March 2021	%^(*)	Revenues from sales at 31 March 2020	%^(*)	% Change 2021-2020
PIQUADRO	46,603	41.1%	71,954	47.3%	(35.2%)
THE BRIDGE	19,318	17.0%	26,674	17.5%	(27.6%)
LANCEL	47,556	41.9%	53,599	35.2%	(11.3%)
Total	113,477	100.0%	152,227	100.0%	(25.5%)

(*) Percentage impact compared to revenues from sales

In the financial year ended 31 March 2021 the Piquadro Group recorded, in terms of revenues, a performance decreasing by 25.5% compared to the FY 2019/2020. The Piquadro Group recorded in fact net revenues from sales equal to Euro 113,477 thousand compared to Euro 152,227 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 2021 reported a decrease equal to 35.2%, from Euro 71,954 thousand in the financial year ended 31 March 2020 to Euro 46,603 thousand in the financial year ended 31 March 2021.

Sales of Piquadro-branded products in the Wholesale channel, equal to about Euro 28,193 thousand (against Euro 40,545 thousand at 31 March 2020) showed a decrease of about 30.5% in particular in the domestic market, which accounted for 46.8% of sales of Piquadro-branded products, where the decrease was equal to 27.4%.

In the financial year ended 31 March 2021 the Group closed 8 franchise Piquadro-brand shops, of which 2 in Italy, 3 in Europe and 3 in the Rest of the World and opened 3 franchise Piquadro-brand shops in Europe. As at 31 March 2021, the franchise shops opened were 35.

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 2021 reported a reduction of 41.4%, from Euro 31,408 thousand in the financial year ended 31 March 2020 to Euro 18,411 thousand in the financial year ended 31 March 2021. It should be noted that the e-commerce sales showed an increase of 21.1%. In terms of impact on the total sales of Piquadro-branded products, the values in the DOS channel showed a decrease, in percentage terms, compared to those posted in the financial year ended 31 March 2020 (an impact of 39.5% at 31 March 2021 against a percentage of 43.7% in the financial year ended 31 March 2020).

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

- (i) closure of the Piquadro brand DOSs in Italy from March 2020 as a result of the COVID-19 emergency and the absence of tourist flows that entailed a reduction of about Euro 11.5 million in sales in the domestic market in the financial year ended 31 March 2021, assuming that the perimeter remained unchanged compared to the previous year ;
- (ii) closure of 12 DOSs during the financial year ended 31 March 2021, which entailed a loss in turnover equal to about Euro 2.3 million;
- (iii) an increase in e-commerce sales equal to about Euro 0.8 million compared to the previous year.

The Bridge

Revenues from sales achieved by The Bridge brand in the financial year ended 31 March 2021 recorded a reduction of 27.6%, from Euro 26,674 thousand in the financial year ended 31 March 2020 to Euro 19,318 thousand in the financial year ended 31 March 2021.

The sales of The Bridge-branded products in the Wholesale channel amounted to about Euro 12,434 thousand (against Euro 17,579 thousand at 31 March 2020), showing a decrease of about 29.3%. The reduction on the domestic market was equal to 38.6%, while sales showed a decrease of 12.0% in the European market (mainly in Germany, Austria and the United Kingdom).

Revenues from sales achieved by The Bridge brand in the DOS Channel - which includes sales generated from the e-commerce website of The Bridge brand - in the financial year ended 31 March 2021 recorded a reduction of 24.3%, from Euro 9,095 thousand in the financial year ended 31 March 2020 to Euro 6,884 thousand in the financial year ended 31 March 2021. It should be noted that the e-commerce sales showed an increase of 70.2%.

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

- (i) closure of The Bridge brand DOSs in Italy from March 2020 as a result of the COVID-19 emergency and the absence of tourist flows that entailed a reduction of about Euro 3.4 million in sales in the domestic market, in the financial year ended 31 March 2021, assuming that the perimeter remained unchanged, compared to the previous year ;
- (ii) opening of 1 new DOS during the financial year ended 31 March 2021, which contributed for Euro 124 thousand to the turnover at 31 March 2021;
- (iii) an increase in e-commerce sales equal to about Euro 1.1 million compared to the previous year.

Lancel

Revenues from sales achieved by Lancel brand in the financial year ended 31 March 2021 recorded a reduction of 11.3%, from Euro 53,599 thousand in the financial year ended 31 March 2020 to Euro 47,446 thousand in the financial year ended 31 March 2021.

The sales of Lancel-branded products in the Wholesale channel amounted to about Euro 9,199 thousand (against Euro 8,336 thousand at 31 March 2020), showing an increase of about 10.4%.

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 a reduction of 15.3% from Euro 45,263 thousand in the financial year ended 31 March 2020 to Euro 38,357 thousand in the financial year ended 31 March 2021. It should be noted that the e-commerce sales showed an increase by 171.2%.

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

- (i) closure of Lancel brand DOSs in France and Europe from March 2020 as a result of the COVID-19 emergency and the absence of tourist flows that entailed a reduction of about Euro 9.5 million in sales in the French market and about Euro 1.9 million in sales in the European market, in the financial year ended 31 March 2021 compared to the previous year;
- (ii) opening of 4 new DOSs in China during the financial year ended 31 March 2021, which contributed for about Euro 1.0 million to the turnover at 31 March 2021;
- (iii) an increase in e-commerce sales equal to about Euro 3.5 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):

<i>(in thousands of Euro)</i>	Revenues from sales 31 March 2021	%^(*)	Revenues from sales 31 March 2020	%^(*)	% Change 2021-2020
Italy	49,853	43.9%	76,165	50.0%	(34.5%)
Europe	57,706	50.9%	71,975	47.3%	(19.8%)
Rest of the World	5,918	5.2%	4,087	2.7%	44.8%
Total	113,477	100.0%	152,227	100.0%	(25.5%)

(*) Percentage impact compared to revenues from sales

From a geographical point of view, at 31 March 2021 the Piquadro Group recorded a turnover of Euro 49.9 million on the Italian market, equal to 43.9% of the Group's total turnover (50.0% of consolidated sales at 31 March 2020), showing a decrease of 34.5% compared to the same period of the FY 2019/2020.

In the European market, at 31 March 2021 the Group recorded a turnover of Euro 57.7 million, equal to 50.9% of consolidated sales (47.3% of consolidated sales at 31 March 2020), showing a decrease of 19.8% compared to the same period of the FY 2019/2020.

In the non-European geographical area (named "Rest of the World"), at 31 March 2021 the Piquadro Group recorded a turnover of Euro 5.9 million, equal to 5.2% of consolidated sales (2.7% of consolidated sales at 31 March 2020), showing an increase of 44.8% compared to the same period of the FY 2019/2020.

Other income

The table below reports the Group's other revenues broken down by brand (Piquadro, The Bridge and Lancel), in relation to the financial years ended 31 March 2021 and 31 March 2020.

<i>(in thousands of Euro)</i>	31 March 2021					31 March 2020					
	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	113	0	0	113	0.1%	129	0	0	129	0.1%	(12.9%)
Insurance and legal refunds	161	0	71	232	0.20%	31	0	1	32	0.02%	635.0%
Other sundry income	691	132	1,474	2,297	2.0%	688	200	1,944	2,832	1.9%	(18.9%)
Total Other income	965	132	1,545	2,642	2.3%	848	200	1,945	2,993	2.0%	(11.7%)

(*) Percentage impact compared to revenues from sales .

In the financial year ended 31 March 2021 other income decreased by 11.7%, from Euro 2,993 thousand in the financial year ended 31 March 2020 to Euro 2,642 thousand in the financial year ended 31 March 2021.

Consumption of materials

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

<i>(in thousands of Euro)</i>	31 March 2021					31 March 2020					
	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	% Change
Costs for consumption of materials	7,023	1,613	15,363	23,998	21.1%	12,990	3,923	17,320	34,223	22.5%	(39.7%)
Total Costs for consumption of materials	7,023	1,613	15,363	23,998	21.1%	12,990	3,923	17,320	34,223	22.5%	(39.7%)

(*) Percentage impact compared to revenues from sales.

The change in consumption, which showed a decrease of 39.7% as a result of lower 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 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 2021 and 31 March 2020.

<i>(in thousands of Euro)</i>	31 March 2021					31 March 2020					
	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	% Change
Costs for leases and rentals	428	88	2,968	3,484	3.1%	2,388	366	6,994	9,748	6.4%	(64.3%)
Third-party manufacturing	10,401	5,902	0	16,303	14.4%	11,392	6,943	0	18,335	12.0%	(11.1%)
Advertising and marketing	4,556	1,723	4,548	10,827	9.5%	4,504	1,649	6,104	12,257	8.1%	(11.7%)
Administration	1,335	335	953	2,623	2.3%	1,475	414	1,037	2,925	1.9%	(10.3%)
Commercial services	1,865	1,051	1,084	3,999	3.5%	2,265	1,495	2,664	6,424	4.2%	(20.5%)
Production services	2,972	1,284	3,252	7,508	6.6%	3,509	1,914	3,727	9,149	6.0%	(17.9%)
Transport services	2,381	816	2,980	6,177	5.4%	5,032	881	1,207	7,121	4.7%	(27.5%)
Total Costs for services and leases and rentals	23,939	11,199	15,785	50,922	44.9%	30,565	13,661	21,734	65,960	43.3%	(22.8%)

(*) Percentage impact compared to revenues from sales

As at 31 March 2021 costs for services and leases and rentals showed a decrease of 22.8% compared to the previous year. Since the outbreak of the health emergency, the Piquadro Group gradually adopted a cost reduction plan that began to produce its effects at the end of the first quarter of FY 2020/2021, limiting the impact of production inefficiencies linked to the discontinuity of the business and lower sales volumes.

Personnel costs

The table below reports the Group's personnel costs broken down by brand (Piquadro, The Bridge and Lancel), for the financial years ended 31 March 2021 and 31 March 2020.

<i>(in thousands of Euro)</i>	31 March 2021					31 March 2020					
	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	% Change
Wages and salaries	8,542	3,955	9,210	21,707	19.1%	12,225	4,878	12,911	30,014	19.7%	(27.7%)
Social security contributions	2,062	924	2,628	5,614	4.9%	3,037	1,215	3,721	7,973	5.2%	(29.6%)
Employee Severance Pay	645	226	1,084	1,954	1.7%	741	244	1,263	2,248	1.5%	(13.1%)
Total Personnel costs	11,249	5,105	12,922	29,276	25.8%	16,002	6,336	17,895	40,234	26.4%	(27.2%)

(*) Percentage impact compared to revenues from sales

The table below reports the number of staff employed by the Group at 31 March 2021 and 31 March 2020:

	31 March 2021	31 March 2020
Executives	9	10
Office workers	710	789
Manual workers	237	309
Total for the Group	956	1,108

In the financial year ended 31 March 2021, personnel costs recorded a reduction of 27.2%, from Euro 40,234 thousand in the financial year ended 31 March 2020 to Euro 29,276 thousand in the financial year ended 31 March 2021. The decrease in personnel costs was due, in particular, to the application of redundancy schemes, achieving 33.8% of hours worked at Group level, which entailed lower personnel costs for approximately Euro 6,631 thousand.

Provisions

The table below reports the Group's provisions for the financial years ended 31 March 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021					31 March 2020					% Change
	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	
Provisions	551	200	(94)	657	0.6%	600	263	106	969	0.6%	(32.2%)
Total Provisions	551	200	(94)	657	0.6%	600	263	106	969	0.6%	(32.2%)

(*) Percentage impact compared to revenues from sales

The amount of Euro 657 thousand in the financial year ended 31 March 2021 (Euro 969 thousand in the financial year ended 31 March 2020) relates to the provision for bad debts.

Amortisation, depreciation and write-downs of fixed assets

The table below reports the Group's costs for amortisation and depreciation for the financial years ended 31 March 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021	(*) %	31 March 2020	(*) %	% Change
Amortisation of intangible assets	881	0.8%	537	0.3%	64.2%
Amortisation and depreciation of Right-of-use assets	11,561	10.2%	13,142	8.5%	(12.0%)
Depreciation of property, plant and equipment	2,665	2.3%	2,061	1.3%	29.3%
Impairment losses of assets	54	0.05%	4,061	2.6%	(98.7%)
Total amortisation, depreciation and write-downs of fixed assets	15,161	13.4%	19,800	12.7%	(23.4%)

(*) Percentage impact compared to revenues from sales.

In the financial year ended 31 March 2021 amortisation, depreciation and write-downs reported a decrease of 23.4%, from Euro 19,800 thousand in the financial year ended 31 March 2020 to Euro 15,161 thousand in the financial year ended 31 March 2021, of which Euro 881 thousand related to amortisation of intangible assets, Euro 11,561 thousand related to Right-of-use Assets, Euro 2,665 thousand related to property, plant and equipment and Euro 54 thousand related to the write-downs of fixed assets.

Net write-downs amounted to Euro 54 thousand, down by more than 98% compared to the financial year ended 31 March 2020.

Other operating costs

The table below reports the Group's other operating costs broken down by brand (Piquadro, The Bridge and Lancel), for the financial years ended 31 March 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021					31 March 2020					% Change
	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	
Taxes other than income taxes	250	37	372	659	0.6%	426	75	258	760	0.5%	(13.3%)
Donations	66	0	32	97	0.09%	18	0	0	18	0.01%	455.6%
Credit losses	0	0	7	7	0.0%	0	0	0	0	0.0%	100.0%
Total Other operating costs	316	37	410	762	0.7%	444	75	258	778	0.5%	(1.9%)

(*) Percentage impact compared to revenues from sales

As at 31 March 2021 other operating costs, equal to Euro 762 thousand, remained in line with the value posted at 31 March 2020.

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 Group's operating profit (loss), for the financial years ended 31 March 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021	% Impact (*)	31 March 2020	% Impact (*)	Change 2021-2020	% Change
EBITDA	10,504	9.3%	13,047	8.6%	(2,543)	
Breakdown by brand:						
Piquadro	4,491	4.0%	12,200	8.0%	(7,709)	(63.2%)
The Bridge	1,297	1.1%	2,616	1.7%	(1,319)	(50.4%)
Lancel	4,716	4.2%	(1,769)	(1.2%)	6,485	366.6%
Operating profit (loss)	(4,658)	(4.1%)	(6,753)	(4.4%)	2,095	31.0%

(*) Percentage impact compared to revenues from sales.

Specifically, EBITDA decreased from Euro 13,047 thousand (8.6% of revenues) in the financial year ended 31 March 2020 to Euro 10,504 thousand (9.3% of revenues) in the financial year ended 31 March 2021; the operating loss decreased from Euro (6,753) thousand (-4.4% as a percentage impact on revenues) in the financial year ended 31 March 2020 to Euro (4,658) thousand (-4.1% as a percentage impact on revenues) in the financial year ended 31 March 2021 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 negative value of Euro 1,870 thousand, showing a decrease of Euro 2,374 thousand compared to the financial year ended 31 March 2020, when it had posted a positive value of Euro 504 thousand.

In the opinion of the Management, the performance of the operating profit (loss), compared to the previous year, was attributable both to the negative effect of the dynamics related to the COVID-19 pandemic and the significant reduction in the Lancel Group's losses for more than Euro 9.6 million.

Financial income and costs

The table below reports the Group's financial income and costs for the financial years ended 31 March 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021	% Impact (*)	31 March 2020	% Impact (*)	Change 2021-2020	% Change
Financial income	788	0.7%	1,453	0.9%	(665)	(45.8%)
Financial costs	(2,995)	(2.6%)	(2,204)	(1.4%)	(791)	35.9%
Total	(2,207)	(1.9%)	(751)	(0.5%)	(1,456)	193.9%

(*) 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 2020, from Euro (751) thousand in the financial year ended 31 March 2020 to Euro (2,207) thousand in the financial year ended 31 March 2021.

The increase in financial costs at 31 March 2021 compared to 31 March 2020 was attributable to an increase in foreign exchange losses, both realised and estimated, for Euro 191 thousand (about Euro 1,092 thousand at 31 March 2021 against Euro 901 thousand at 31 March 2020), as well as to the adjustment to the value of the earn-out of

subsidiary Lancel International (equal to Euro 666 thousand). This latter evaluation was carried out by an independent appraiser.

Financial income at 31 March 2021 compared to 31 March 2020 did not include any income arising from the adjustments to the value of the purchase option held by the Parent Company towards subsidiary The Bridge S.p.A and to the value of the earn-out of subsidiary Lancel International, which amounted to about Euro 893 thousand in the financial year ended 31 March 2020.

Income taxes

The table below reports the percentage impact of taxes on the profit before tax for the financial years ended 31 March 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Loss before tax	(6,866)	(7,504)
Income taxes	1,074	(251)
Average tax rate	15.6%	3.3%

The table below reports the breakdown of the Group's taxes for the financial years ended 31 March 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021	% Impact (*)	31 March 2020	% Impact (*)
IRES tax and other foreign taxes	285	0.3%	1,491	1.0%
IRAP tax	37	0%	398	0.2%
Deferred tax liabilities	(223)	(0.2%)	(1,502)	(1.0%)
Deferred tax assets	(1,173)	(1%)	(136)	(0.1%)
Total	(1,074)	(0.9%)	251	0.2%

In the financial year ended 31 March 2021 income taxes showed a value from Euro 251 thousand in the financial year ended 31 March 2020 to a loss of Euro 1,074 thousand in the financial year ended 31 March 2021 as a result of various dynamics as detailed below.

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 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021	%Impact (*)	31 March 2020	% Impact (*)
Net loss	(5,792)	(5.1%)	(7,755)	(5.1%)

(*) Percentage impact compared to revenues from sales .

The net profit (loss) for the financial year ended 31 March 2021 recorded an improvement of Euro 1,963 thousand from Euro (7,755) thousand in the financial year ended 31 March 2020 to Euro (5,792) thousand in the financial year ended 31 March 2021.

In the financial year ended 31 March 2021 the percentage impact on revenues from sales was equal to (5.1%) (5.1% at 31 March 2020).

Silla di Gaggio Montano (BO), 15 June 2021

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
(Marco Palmieri)



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of Euro)</i>	Notes	31 March 2021	31 March 2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	2,406	2,591
Goodwill	(2)	4,658	4,658
Right-of-use assets	(3)	48,170	48,358
Property, plant and equipment	(4)	12,899	13,562
Non-current financial assets	(5)	27	22
Receivables from others	(6)	2,583	2,204
Deferred tax assets	(7)	6,064	4,591
TOTAL NON-CURRENT ASSETS		76,807	75,958
CURRENT ASSETS			
Inventories	(8)	36,206	37,959
Trade receivables	(9)	23,166	26,471
Other current assets	(10)	6,553	6,200
Derivative assets	(11)	47	184
Tax receivables	(12)	3,096	3,853
Cash and cash equivalents	(13)	57,154	57,550
TOTAL CURRENT ASSETS		126,222	132,216
TOTAL ASSETS		203,029	208,201

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of Euro)</i>	Notes	31 March 2021	31 March 2020
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		1,124	2,264
Retained earnings		57,979	65,693
Group profit (loss) for the year		(6,115)	(7,714)
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		54,988	62,243
Capital and Reserves attributable to minority interests		(323)	(282)
Profit/(loss) for the year attributable to minority interests		323	(41)
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		0	(323)
TOTAL EQUITY	(14)	54,988	61,920
NON-CURRENT LIABILITIES			
Borrowings	(15)	30,211	20,501
Payables to other lenders for lease agreements	(16)	36,288	39,243
Other non-current liabilities	(17)	4,599	4,003
Provision for employee benefits	(18)	3,839	3,751
Provisions for risks and charges	(19)	2,905	2,908
Deferred tax liabilities	(20)	0	0
TOTAL NON-CURRENT LIABILITIES		77,842	70,406
CURRENT LIABILITIES			
Borrowings	(21)	9,874	15,433
Payables to other lenders for lease agreements	(22)	17,202	14,365
Derivative liabilities	(23)	118	17
Trade payables	(24)	33,704	38,681
Other current liabilities	(25)	8,436	7,036
Tax payables	(26)	865	343
TOTAL CURRENT LIABILITIES		70,199	75,875
TOTAL LIABILITIES		148,041	146,281
TOTAL EQUITY AND LIABILITIES		203,029	208,201

CONSOLIDATED INCOME STATEMENT

<i>(in thousands of Euro)</i>	Notes	31 March 2021	31 March 2020
REVENUES			
Revenues from sales	(27)	113,477	152,227
Other income	(28)	2,642	2,993
TOTAL REVENUES (A)		116,119	155,220
OPERATING COSTS			
Change in inventories	(29)	1,692	(2,386)
Costs for purchases	(30)	22,306	36,619
Costs for services and leases and rentals	(31)	50,922	65,960
Personnel costs	(32)	29,276	40,234
Amortisation, depreciation and write-downs	(33)	15,819	20,769
Other operating costs	(34)	763	777
TOTAL OPERATING COSTS (B)		120,778	161,973
OPERATING PROFIT (LOSS) (A-B)		(4,659)	(6,753)
FINANCIAL INCOME AND COSTS			
Financial income	(35)	788	1,453
Financial costs	(36)	(2,995)	(2,204)
TOTAL FINANCIAL INCOME AND COSTS		(2,207)	(751)
PROFIT (LOSS) BEFORE TAX		(6,866)	(7,504)
Income taxes	(37)	1,074	(251)
PROFIT /(LOSS) FOR THE YEAR		(5,792)	(7,755)
attributable to:			
EQUITY HOLDERS OF THE PARENT COMPANY		(6,115)	(7,714)
MINORITY INTERESTS		323	(41)
(Basic) Earnings/(Loss) per share in Euro	(38)	(0.117)	(0.155)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Profit/ (Loss) for the year (A)	(5,792)	(7,755)
Components that can be reclassified to profit or loss		
Profit (loss) arising from the translation of financial statements of foreign companies	118	70
Profit (loss) on cash flow hedge instruments	(174)	69
Components that cannot be reclassified to profit or loss:		
Actuarial gains / (losses) on defined-benefit plans	(119)	68
Total Profits/(Losses) recognised in equity (B)	(175)	208
Total comprehensive Income /(Loss) for the year (A) + (B)	(5,967)	(7,548)
Attributable to		
- the Group	(6,290)	(7,491)
- Minority interests	323	(57)

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							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
	Share capital	Share premium reserve	Translation reserve	Fair value reserve	Reserve for Employee Benefits	Other reserves	Total Other Reserves						
Balances at 31.03.2019	1,000	1,000	1,603	52	(169)	556	2,041	35,159	34,534	73,733	(207)	(59)	73,468
Profit/(Loss) for the period									(7,714)	(7,714)		(41)	(7,755)
<i>Other comprehensive result at 31 March 2020:</i>													
-Exchange differences from translation of financial statements in foreign currency			86				86			86	(16)		70
- Reserve for actuarial gains (losses) on defined-benefit plans					68		68			68			68
- Other changes (consolidation area)							0			0			0
- Fair value of financial instruments				69			69			69			69
Comprehensive Income/(Loss) for the period	0	0	86	69	68	0	223	0	(7,714)	(7,491)	(16)	(41)	(7,548)
- Distribution of dividends to shareholders									(4,000)	(4,000)			(4,000)
-Allocation of the profit (loss) for the year ended 31.03.2019 to reserves								30,534	(30,534)	0	(59)	59	0
Fair value of Stock Option Plans							0			0			0
Balances as at 31.03.2020	1,000	1,000	1,689	121	(101)	556	2,264	65,693	(7,714)	62,241	(282)	(41)	61,920
Balances as at 31.03.2020	1,000	1,000	1,689	121	(101)	556	2,264	65,693	(7,714)	62,241	(282)	(41)	61,920
Profit/(Loss) for the period									(6,115)	(6,115)		323	(5,793)
<i>Other comprehensive result as at 31 March 2021:</i>													
-Exchange differences from translation of financial statements in foreign currency			119				119			119			119
- 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				(174)			(174)			(174)			(174)
Comprehensive Income/(Loss) for the period	0	0	119	(174)	(118)	0	(173)	0	(6,115)	(6,288)	0	323	(5,965)
- Negative reserve for purchase of treasury shares in portfolio						(967)	(967)			(967)			(967)
- Distribution of dividends to shareholders									0	0			0
-Allocation of the profit (loss) for the year ended 31.03.2020 to reserves								(7,714)	7,714	0	(41)	41	0
Balances as at 31.03.2021	1,000	1,000	1,808	(53)	(219)	(411)	1,124	(57,979)	(6,115)	54,985	(323)	323	54,988

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Profit/(Loss) before tax	(6,866)	(7,504)
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	3,365	3,216
Write-downs of property, plant and equipment/intangible assets	187	138
Amortisation and depreciation of right-of-use assets	11,743	12,684
Write-downs of right-of-use assets	0	3,761
Other provisions	1,800	0
Accrual to provision for bad debts	657	969
Non-recurring income associated with the acquisition of the Lancel Group	0	0
Net financial costs/(income), including exchange rate differences	2,207	751
Cash flows from operating activities before changes in working capital	13,093	14,015
Change in trade receivables (gross of the provision)	2,648	7,103
Change in inventories	1,693	(2,139)
Change in other current assets	(732)	(821)
Change in trade payables	(4,977)	1,871
Change in provisions for risks and charges	(1,092)	(74)
Change in other current liabilities	1,400	(4,899)
Change in tax receivables/payables	880	(4,448)
Cash flows from operating activities after changes in working capital	12,913	10,608
Payment of taxes	0	(2,049)
Interest paid	(2,207)	(160)
Cash flow generated from operating activities (A)	10,706	8,399
Investments in intangible assets	(645)	(51)
Disinvestments from intangible assets	131	0
Investments in property, plant and equipment	(2,340)	(2,968)
Disinvestments from property, plant and equipment	149	0
Equity investments	(26)	0
Changes generated from investing activities (B)	(2,731)	(3,019)
Financing activities		
Change in short- and medium/long-term borrowings	4,151	14,985
- <i>New issues of long-term borrowings</i>	<i>16,600</i>	<i>22,000</i>
- <i>Repayments and other net changes in borrowings</i>	<i>(12,449)</i>	<i>(7,015)</i>
Changes in financial instruments		(26)
Changes in treasury shares held in portfolio	(967)	0
Lease instalments paid	(11,673)	(11,205)
Other minor changes	0	0
Payment of dividends	0	(4,000)
Cash flow generated from/(absorbed by) financing activities (C)	(8,489)	(246)
Change in the translation reserve (D)	118	70
Net increase (decrease) in cash and cash equivalents (A+B+C+D)	(396)	5,204
Cash and cash equivalents at the beginning of the period	57,550	52,346
Cash and cash equivalents at the end of the period	57,154	57,550



COVID-19

Spread of the Covid-19 virus and general scenario

As from January 2020, in China and Asia firstly and then from February and March 2020 in Europe, America and the rest of the world, the national and international scenario was characterised by the spread of the Covid-19 virus, which was recognised and defined by the World Health Organization as a "pandemic" on 11 March 2020, due to the rate and spread of contagion, as well as by the resulting restrictive measures taken by the public authorities of the countries concerned in order to contain the virus. These measures involved, among other things, the prohibition and/or restriction on the mobility and movement of people and goods (lockdown), the closure of commercial activities and venues for sales to the public, with an exceptionally adverse impact on tourist flows all around the world. This circumstance led to the closure of most of the outlets in the Group's distribution network. The government authorities' intervention also entailed a series of restrictions on industrial and production activities, while encouraging employees to work remotely (smart working) and taking the already known measures regarding social distancing, personal hygiene and the use of medical devices aimed at containing the spread of the virus. The global emergency and uncertainty, as well as, consequently, the effects of the pandemic on the Piquadro Group's results of operations, were also felt during the last quarter of our financial period (January-March) 2021.

In fact, although the beginning of 2021 coincided not only with the continuation of the epidemiological emergency, but also with the start of the "anti-Covid-19" vaccination campaign, the vaccination procedure started slowly in most areas of the world, including the European Union - accelerating only as from April; consequently, during the first months of the year the Governments put in place additional stringent measures aimed at limiting the spread of the virus and inevitable repercussions on people's lives, as well as on market trends and commercial activities. The last quarter of the 2020/2021 financial period (January-March 2021) too, was, in fact, characterized by the intervention of the government authorities of the countries affected by the pandemic, which led to the issuing of new measures aimed at limiting mobility and movement of people and the closure of commercial activities and sales to the general public; this confirmed - as already occurred, and reported above, in relation to 2020 - the exceptionally adverse impact on tourism throughout the world and, consequently, on market trends, thus leading, once again, to the closure of most of the outlets in the Piquadro Group's distribution network. These included the introduction in Italy of a system of closures scheduled according to the Coronavirus infection risk level to which each Region belongs, creating an impact on the movement of people, prohibiting all movements in and out of its territory, as well as the suspension of any and all retail trade activities or the compulsory closure of medium- and large-sized sales outlets on holidays and in days on the eve of public holidays.

However, with respect to the measures adopted at the outbreak of the Covid-19 epidemic mentioned above, it should be noted that most Governments, including the Italian one, did not impose the closure of industrial and production activities, which, however, experienced inevitable complications in terms of structures, management and logistics, due to complying with emergency regulations and the application of guidelines aimed at protecting, among other things, occupational health and safety of employees.

Our Group's response to the epidemiological emergency

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

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

As a result of the measures issued by the Authorities in the countries in which the Group operates, the Piquadro Group's revenues decreased by 25.5%, equal to about Euro 38.8 million, during the financial year ended 31 March 2021 compared to the financial year ended 31 March 2020.

Revenues from sales of the Piquadro brand showed, in the FY 2020/2021, a total decline of 35.2%, equal to about Euro 25.4 million, compared to the financial year ended 31 March 2020. The DOS channel (including Piquadro's e-commerce website) recorded a decrease of 41.4%, equal to about Euro 12.9 million, while the wholesale channel recorded a decrease of 30.5%, equal to about Euro 12.4 million.

Revenues from sales of The Bridge brand showed, in the FY 2020/2021, a total decline of 27.6%, equal to about Euro 7.4 million, compared to the financial year ended 31 March 2020. The DOS channel (including The Bridge's e-commerce website) showed a decrease of 24.3%, equal to about Euro 2.2 million, while the wholesale channel recorded a decrease of 29.3%, equal to about Euro 5.2 million.

Revenues from sales of Lancel showed, in the FY 2020/2021, a total decline of 11.3%, equal to about Euro 6.0 million, compared to the financial year ended 31 March 2020. The DOS channel (including Lancel's e-commerce website) recorded a decrease of 15.3%, equal to about Euro 6.9 million, while the wholesale channel recorded an increase of 10.4%, equal to Euro 0.9 million.

In order to limit the impact of the Covid-19 emergency on the Group's business, the Management staff took actions to reduce costs and protect the Group's financial position. Among these, the Group made recourse to redundancy and wage supplement schemes for the Italian Group companies and temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi.

The application of redundancy schemes, achieving 33.8% of hours worked at Group level, is therefore reflected in the consolidated financial statements for the financial year ended 31 March 2021 and has led to a reduction in personnel costs for approximately Euro 6,631 thousand.

In addition, the Group's Management staff took steps to request a reduction in rents from landlords and lessors of the Group's DOSs such as to mitigate the impact of lost sales at its sales outlets. Furthermore, the financial statements at 31 March 2021 include a provision set aside for the tax credit relating to the rents of shops located in Italy, as required by the decrees issued by the Italian Government. Even after the end of the financial year, the Group's Management staff still continued their work aimed at a reduction or suspension of rents for both full price shops and retail outlets. At present, some negotiations are still in progress regarding a reduction or suspension of rents for the stores operated by the Group, the possible effects of which will be reflected in the financial statements for the financial year that will end on 31 March 2022.

Since the outbreak of the health emergency, the Piquadro Group gradually adopted a cost reduction plan, which commenced to produce its first effects at the end of the first quarter of FY 2020/2021, limiting the impact of production inefficiencies linked to the discontinuity of the business and lower sales volumes; operating expenses were reduced and discretionary investments were postponed, except for investments in R&D and strategic operations, and recourse was made to the redundancy fund for the Italian Group companies and temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi.

Obviously, in this scenario, sales were strengthened in a significant manner in the online channel, with different trends by brand, as described below. The Piquadro brand e-commerce channel recorded a 21.1% increase in sales compared to the previous year. The Bridge brand e-commerce channel recorded a 70.2% increase compared to the previous year. The Maison Lancel e-commerce channel recorded a 171.2% increase in sales compared to the previous year.

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

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

In terms of assets, the effects generated by the pandemic have been reflected, in the consolidated financial statements at 31 March 2021, in a reduction in the total value of receivables due to the failure to issue invoices to multi-brand customers, equal to approximately Euro 3.3 million at a consolidated level. The management staff members, with a careful management approach, were able to limit the adverse impact on inventories, which decreased by more than Euro 1.7 million at a consolidated level, while trade payables decreased by about Euro 5 million as a result of the actions taken in order to reduce costs and the decision to cut production.

With regard to the information already provided in the Annual Financial Report at 31 March 2020, the Parent Company, Piquadro S.p.A., obtained two 5-year loans, totalling Euro 11.25 million, with a pre-amortisation period of 18 months, making recourse to the Guarantee Fund under Law no. 662 of 1996, while repaying two short-term loans for Euro 9 million, in order to improve the Group's asset structure and to meet any possible cash requirements arising from the pandemic emergency.

The subsidiary The Bridge obtained a loan of approximately Euro 4.65 million, again by making recourse to the Guarantee Fund under Law no. 662 of 1996 in order to protect its financial position. Furthermore, Piquadro S.p.A. obtained a five-year loan of Euro 800 thousand from Simest, including a non-repayable amount of Euro 100 thousand.

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

Since the beginning the Group has monitored - and will continue to monitor on an ongoing basis - the evolution of the emergency relating to the spread of the Covid-19 virus, in view of both the changing regulatory framework of

reference and the complex global economic scenario, in order to assess whether to adopt additional measures to protect the health and well-being of its employees, collaborators and customers and to protect its sources of revenue and assets. In this context, the Group has prepared new long-term plans which, as highlighted below in the description of the impairment tests carried out, provide for a multi-scenario approach, as suggested by the various regulators (CONSOB, ESMA, etc.)

Where Covid-19 should still spread and thus vaccination policies have no effect on mitigating COVID-19 infection, resulting in additional restrictions on public life, this situation is highly likely to have a significant impact on the Piquadro Group's business, although the scenario seems to have changed significantly with the progress of the vaccination campaign in Italy and in France, as well as in all the other countries in which the Group operates.

In light of the results relating to the financial year ended 31 March 2021, the Group will continue to take any and all possible measures to reduce costs, in order to mitigate any potential additional reduction in its profitability.

With reference to potential liquidity risks, the Directors do not believe that the impact of the aforesaid events could be such as to entail the risk for the Group not to be able to meet its payment obligations in view of the analyses carried out for the purpose of preparing new long-term plans, as well as of the currently available and unused lines of credit and the new loans obtained from the banking system during the financial year ended 31 March 2021.

On this basis, the Group's Management staff have assessed that, despite an economic and financial scenario that is still uncertain, there are no uncertainties as to the Group's ability to continue to operate as a going concern, considering the existing levels of capitalisation and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

The Group's business

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 Piquubo 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 Piquubo S.p.A., which is 100% owned. Piquubo 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 15 June 2021 and will be submitted to the Shareholders' Meeting called on first call for 27 July 2021.

Main events that occurred in the course of the financial year ended 31 March 2021 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 2021 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 2021 and 31 March 2020 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).

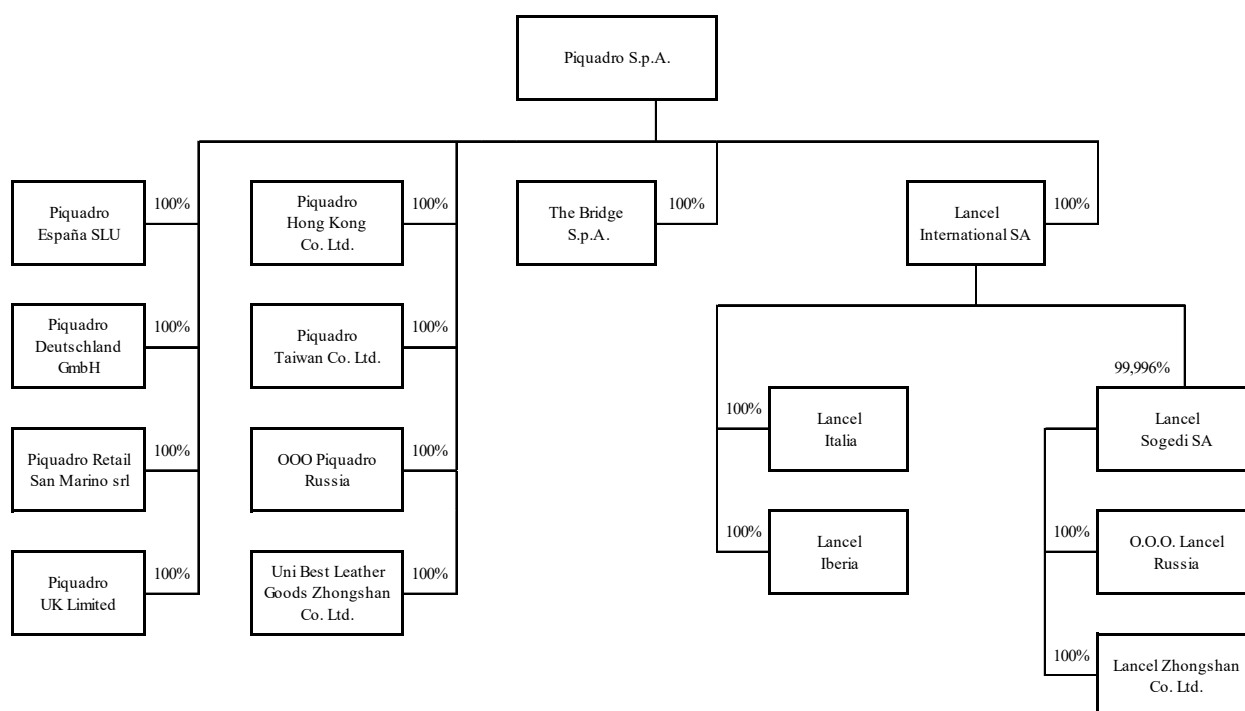
Specifically, it should be noted that IFRS were consistently applied to all periods presented in this document.

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 Group mainly operates.

All amounts included in the tables of the following notes, except as otherwise indicated, are expressed in thousands of Euro.

Chart of the Group structure

For the purpose of providing a clear representation, below is reported the chart of the Group structure at 31 March 2021:



Piquadro San Marino Retail S.r.l. was not consolidated, since the company was established in February 2021 and the retail outlet located in San Marino was not yet operating.

Consolidation area

The consolidated financial statements at 31 March 2021 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 2021, 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 2021 and 31 March 2020, 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 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%

(*) It should be noted that Piquadro UK Limited has made use of the right to exemption from audit for the 2020/2021 period in accordance with the provisions of Section 479A of the Companies Act 2006. For this purpose, it is hereby declared that Piquadro UK Limited is included in this Annual Financial Report.

Consolidation area at 31 March 2020

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

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

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 2020, while also taking account of the information provided below in relation to the new accounting standards, amendments and interpretations applicable from 1 April 2020.

The accounting policies used in preparing the consolidated financial statements at 31 March 2021 are indicated below.

Consolidation criteria and techniques

The consolidated financial statements include the financial statements of the Company and of the companies over which it exercises control, either directly or indirectly, starting from the date when the control was acquired up to the date when control ceases. In this case, control is exercised both by virtue of the direct or indirect possession of the majority of voting shares and as a result of the exercise of a dominant influence expressed by the power to affect, also indirectly by virtue of contractual or legal agreements, the financial and operational decisions of the entities,

obtaining the relative benefits thereof, also regardless of shareholding relations. The existence of potential voting rights exercisable as at the reporting date is taken into account for the purposes of determining control.

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

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

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

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

- assets and liabilities are translated using the exchange rates prevailing at the reporting date of the consolidated financial statements;
- costs and revenues are translated at the average exchange rate of the financial year;
- 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;
- 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 2020/2021 (foreign currency corresponding to 1 Euro):

Foreign Currency	Average exchange rate (*)		Closing exchange rate (*)	
	2021	2020	2021	2020
Hong Kong Dollar (HKD)	9.05	8.69	9.12	8.49
Renminbi (RMB)	7.90	7.74	7.68	7.78
Taiwan Dollar (TWD)	33.77	34.15	33.42	33.15
Swiss Franc (CHF)	1.08	1.10	1.11	1.06
Great Britain Pound (GBP)	0.89	0.87	0.85	0.89
US Dollar (USD)	1.17	1.11	1.17	1.10
Russian Rouble (RUB)	86.65	72.16	88.32	85.95

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

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.

Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

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

The rates applied are:

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

(i) *Research and Development costs*

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

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

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

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

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

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

(iii) *Trademarks*

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

(iv) *Goodwill*

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

Right-of-use assets

The asset for the right to use leased assets is initially valued at cost, and subsequently amortised or depreciated over the lease term. The cost includes:

- the initial amount of lease liabilities;
- incentives received under the lease agreement;
- initial direct costs incurred by the lessee;
- any estimated costs that will be incurred by the lessee to restore the leased asset to the conditions existing prior to the lease inception date, in accordance with the provisions of the lease agreement.

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

Property, plant and equipment

Property, plant and equipment are entered at their purchase price or production cost, including any directly-attributable additional charges required to make the assets available for use.

Costs incurred subsequent to the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer.

The assets whose sale is highly probable as at the reporting date of the financial statements are classified under current assets under item "Current assets available for sale" and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the Management has defined, by a formal resolution, a plan for the disposal of the asset (or of the disposal group) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the disposal group) has been offered for sale at a reasonable price compared to its current fair value. The sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

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

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

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

The rates applied are:

Land	Unlimited useful life
Buildings	3%
Leasehold improvements (shops)	17.5%*
Machinery and moulds	17.5%
General systems	17.5%
Industrial and business equipment	25%
Office electronic machines	20%

Fittings	12%
Motor vehicles and means of internal transport	20%
Cars	25%

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

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

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

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

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

Business combinations

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

The consideration (if any) subject to condition resulting from the business combination agreement is measured at fair value on the acquisition date and are included in the value of the consideration transferred for the 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 Group in the acquiree is measured at fair value on the date of acquisition of control and the resulting profit or loss (if any) is recognised in the income statement.

Business combinations of entities under common control

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

Equity investments in Associated companies and other companies

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

Equity investments in other companies are measured at fair value; if the fair value cannot be estimated reliably, the investment is valued at cost. After initial recognition, these investments are measured at fair value through other comprehensive income. This approach does not include any interest that is held for sale only, whose fair value changes are recognised through profit (or loss) for the period. The risk arising from any possible losses exceeding

the carrying amount of the investment is recognised in a specific provision to the extent in which the investing company is committed to fulfilling legal or constructive obligations to the investee or in any case to covering its losses.

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

Receivables and other non-current and current assets

Financial assets

Financial assets, as required by IFRS 9, are classified, according to the management methods applied by the Group and based on the related features of contract cash flows, into the following categories:

- Amortised Cost: this category includes financial assets that are held for the sole purpose of collecting contract cash flows. They are measured at amortised cost, with proceeds recognised through profit or loss based on the effective interest rate method.

- Fair value through other comprehensive income (“FVOCI”): this category includes financial assets the contract cash flows of which exclusively consist of the payment of principal and interest and that are held in order to collect contract cash flows, as well as flows deriving from their sale. They are measured at fair value. Interest income, foreign exchange gains and losses, impairment losses (and related value write-backs) of financial assets classified as assets at FVOCI, are accounted for through profit or loss; other changes in the fair value of assets are accounted for among OCI. Upon the sale or reclassification of these financial assets to other categories, because of a change in the business model, cumulative profits or losses recognised in OCI are reclassified to profit or loss.

- Fair value through profit or loss (“FVTPL”): this category includes residual items concerning financial assets that do not fall within the categories of Amortised Cost or FVOCI, such as, for example, financial assets acquired for trading purposes or derivatives, or assets designated at FVTPL on the part of the Management upon initial recognition. They are measured at fair value. Any profits or losses arising from this measurement are recognised through profit or loss.

FVOCI for equity instruments: financial assets consisting of equity instruments issued by other entities (i.e. interests in companies other than subsidiaries, associates and jointly-controlled companies), which are not held for trading purposes, can be classified in the category of FVOCI. This option can be applied on an instrument-by-instrument basis and provides for any change in the fair value of these instruments to be recognised in OCI, without being recycled to profit or loss, either upon their transfer or upon their impairment. Only the dividends arising from these instruments will be recognised through profit or loss.

The fair value of financial assets is determined on the basis of the listed offer prices or through the use of financial models. The fair value of unlisted financial assets is estimated by using appropriate valuation techniques adapted for the specific situation.

Measurements are carried out on a regular basis in order to establish whether there is any objective evidence that a financial asset or a group of assets may have reported an impairment loss. If there is objective evidence, the impairment loss is recognised as a cost in the income statement for the period.

Trade receivables

Upon initial recognition they are measured at fair value, while trade receivables without any significant financial component are valued at the transaction price. The measurement of their recoverable value is made on the basis of the Expected Credit Losses model required by IFRS 9.

They are measured at fair value upon initial recognition and then at amortised cost, using the effective interest method. They are stated net of a provision for bad debts, which is entered as a direct deduction from the receivables themselves to adjust their measurement at their presumed realisable value. Expected credit losses are estimated by using an allocation matrix broken down by maturities of overdue amounts, making reference to the entity’s past experience of credit losses, as well as to an analysis of the creditors’ financial position, as adjusted to include specific factors of the creditor and a valuation of the current and expected trend in these factors on the reporting date of the financial statements.

An accrual due to impairment losses on trade receivables is recognised when there is any objective evidence that the Group will not be able to collect any and all amounts according to the initial terms and conditions. The amount of the accrual is charged to profit or loss.

Inventories

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

Cash and cash equivalents

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

Impairment of assets

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

The evaluation requiring goodwill to be recognised at a value not exceeding its recoverable value (Impairment test) provides for the stability of the value of goodwill divided into Cash Generating Units (CGUs) to be tested as first step. The recoverable value is calculated in accordance with the criteria set out in IAS 36 and is determined as value in use by discounting the cash flows expected to arise from the use of the asset or of a CGU, as well as from the value that is expected from its disposal at the end of its useful life. This process entails the use of estimates and assumptions to determine both the amount of future cash flows and the corresponding discount rates. Future cash flows are based on the most recent economic and financial plans prepared by the Management of each CGU with reference to the operation of production assets and to the market context.

Shareholders' Equity

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

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

Entries are made in the translation reserve at the time of recognition of the exchange rate differences relating to the consolidation of the Companies which prepare the financial statements in a currency other than the Euro.

Entries are made in the legal reserve through provisions recognised pursuant to article 2430 of the Italian Civil Code, or the reserve is increased to an extent equal to the 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 Group carries out transactions in derivative financial instruments to hedge exposure to foreign exchange and interest rate risks. The Group does not hold financial instruments of a speculative nature, as required by the risk policy approved by the Board of Directors. Consistently with IFRS 9, hedging financial instruments are accounted for according to the procedures laid down for hedge accounting if all the following conditions are fulfilled:

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

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

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

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and which could have effects on the Income Statement, changes in fair value of the hedging instrument are taken to the Statement of Comprehensive Income, the ineffective portion (if any) is recognised in the Income Statement.

If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the Statement of Comprehensive Income up to that time, are recognised in the Income Statement at the time when the related transaction is carried out.

If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to Equity are immediately recognised in the Income Statement.

If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the Income Statement.

Earnings per share

Basic

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

Diluted

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

Financial liabilities

Financial liabilities are initially accounted for at fair value, net of transaction costs incurred. Subsequently they are stated at amortised cost; the differential between the amount collected, net of transaction costs, and the amount to be repaid is accounted for through profit or loss on the basis of the term of the loans, using the effective interest method. In the case of non-substantial amendments to the terms and conditions of a financial instrument, the difference between the present value of flows as changed (determined by using the effective interest rate of the instrument outstanding at the date of the change) and the book value of the instrument is stated through profit or loss.

The loans are classified among current liabilities if the Group has not any unconditional right to defer the repayment of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised from the balance sheet when the specific contract obligation is extinguished. This also occurs when the existing contract terms and conditions are amended, if the new terms and conditions have changed the initial arrangements significantly.

Lease liabilities

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

Financial instruments and IFRS 7

The category of financial instruments

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

Risk factors

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

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

Credit risk

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

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

The write-down necessary to bring the nominal value in line with the expected collectable value has been determined by analysing all of the expired loans in the accounts and using all the available information on individual debtors.

Loans which are the object of disputes and for which there is a legal or insolvency procedure have been fully written down, while fixed write-down percentages have been applied to all the other receivables, again taking account of both legal and actual situations. Below is reported the statement summarising changes in the Provision for bad debts.

<i>(in thousands of Euro)</i>	Provision at 31 March 2021	Provision at 31 March 2020
Balance at the beginning of the period	3,744	3,098
Accrual	656	969
Change in the consolidation area	0	0
Uses	(779)	(323)
Total Provision for bad debts	3,621	3,744

Breakdown of loans

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

<i>(in thousands of Euro)</i>		Loans falling due	Expired loans			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)

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

Liquidity risk

The financial requirements of the Group are affected by the dynamics of receipts from customers in the Wholesale channel, a segment which is mainly made up of points of sale/shops; as a consequence, credits are highly fragmented, with variable average payment times.

Nevertheless, the Group is able to finance the growing requirements of net working Capital with ease, through the cash flows generated by operations, including the short-term receipts generated by the DOS channel and, when necessary, through recourse to short-term loans.

In support of the above, below are reported the main ratios of financial management:

	31 March 2021	31 March 2020
Cash Ratio (*)	0.81	0.76
Quick Ratio (**)	1.28	1.24
Current Ratio (***)	1.80	1.24
Net financial debt/EBITDA	3.92	2.77
Interest coverage ratio (****)	(2.11)	(8.99)

(*)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
31/03/2021					
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 borrowings (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

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

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 2021, the Group relied on about Euro 56,140 thousand of credit lines (about Euro 58,188 thousand at 31 March 2020). 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 23,166 thousand at 31 March 2021 (Euro 26,471 thousand at 31 March 2020).

Market risk

Foreign exchange risk

The Group is subject to market risk arising from fluctuations in the exchange rates of the currencies, as it operates in an international context in which transactions, mainly those with suppliers, are settled in US Dollars (USD); furthermore, wages and salaries of the employees of the subsidiary Uni Best Leather Goods in Zhongshan Co. Ltd. are paid in Renminbi. It follows that the Group's net result is partially affected by the fluctuations in the USD/Euro exchange rate and, to a lower extent, the Renminbi/Euro exchange rate.

The necessity to manage and control financial risks has induced the Management to adopt a risk containment strategy, better defined as "hedge accounting policy". This consists in continuously hedging the risks relating to purchases over a time period of six months on the basis of the amount of the orders issued that shall be settled in US dollars. This conduct can be classified as a "Cash flow hedge" or the hedge of the risk of changes in the future cash flows; these flows can be related to assets or liabilities entered in the accounts or to highly probable future transactions. In compliance with IFRS 9, the portion of profit or loss accrued on the hedging instrument, which is considered effective for hedging purposes, has been recognised directly in the Statement of Comprehensive Income and classified under a special Equity reserve.

During the financial year ended 31 March 2021, the Parent Company executed forward currency contracts for USD 7,450 thousand, equal to an aggregate counter-value of Euro 6,408 thousand, with an average exchange rate of USD 1.162.

Furthermore, it should be noted that some Group Companies are located in Countries which do not belong to the European Monetary Union, i.e. China, Hong Kong, Taiwan, the United Kingdom 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	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						
Borrowings	40,085		0	0	0	0
Payables to other lenders for lease agreements	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

		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	57,550	2,482	(226)	0	276	0	
Trade receivables	26,471	19	(2)	0	2	0	
Derivative financial instruments	184		0	0	0	0	
			(227)	0	278	0	
Financial liabilities							
Borrowings	35,934		0	0	0	0	
Payables to other lenders for lease agreements	53,608		0	0	0	0	
Trade payables	38,681	718	(65)	0	80	0	
Derivative financial instruments	17		0	0	0	0	
			(65)	0	80	0	
Total effect at 31/03/2020			(293)	0	358	0	

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	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						
Borrowings	40,085	40,085	(200)	0	200	0
Trade payables	33,704	0	0	0	0	0
Other borrowings (leases)	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

		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	57,550	57,550	288	0	(288)	0
Trade receivables	26,471	0	0	0	0	0
Derivative financial instruments	184	0	0	0	0	0
			288	0	(288)	0
Financial liabilities						
Borrowings	35,934	35,934	(180)	0	180	0
Trade payables	38,681	0	0	0	0	0
Other borrowings (leases)	53,608	53,608	(268)		268	
Derivative financial instruments	17	0	0	0	0	0
			(448)	0	448	0
Total effect at 31/03/2020			(160)	0	160	0

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

Capital risk management

The Group manages the Capital with the objective of supporting the core business and optimising the value for Shareholders, while maintaining a correct structure of the Capital and reducing its cost.

The Group monitors the Capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and net Invested Capital.

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Net Financial Position	(41,181)	(36,082)
Equity	54,988	61,920
Net invested capital	96,169	98,002
Gearing ratio	57.17%	63.18%

Employee benefits

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

Law no. 296 of 27 December 2006, the 2007 Finance Law, introduced considerable amendments as regards the allocation of funds of the Provision for TFR. Until 31 December 2006, TFR was included within the scope of post-employment benefit plans, of the “defined benefit” type of plans and was measured according to IAS 19, using the Projected Unit Credit method made by independent actuaries. This calculation consists in estimating the amount of the benefit that an employee will receive on the alleged date of termination of the employment relationship using demographic and financial assumptions. The amount that is thus calculated is then discounted back and re-proportioned on the basis of the length of service built up against the total length of service and is a reasonable estimate of the benefits that each employee has already accrued with respect to the work performed. Actuarial gains and losses arising from changes in the actuarial assumptions used are recognised in the Income Statement.

As a result of the reform of supplementary pension schemes, the Provision for TFR, as regards the portion accrued from 1 January 2007, is to be considered as being substantially assimilated to a “defined contribution plan”. In particular, these amendments introduced the possibility for workers to choose where to allocate the TFR that is accruing. In companies with more than 50 employees, the new TFR flows may be allocated by the worker to selected pension schemes or kept in the company and transferred to INPS (*Istituto Nazionale di Previdenza Sociale*, National Social Security Institute).

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

Provisions for risks and charges

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

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

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

Income taxes

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

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

Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities entered in the accounts and the corresponding values recognised for tax purposes. Deferred tax assets are entered when it is probable that they will be recovered. Deferred tax assets and liabilities are classified under non-current assets and liabilities and are offset if they refer to taxes that can be offset.

The balance of the set-off is entered under item “Deferred tax assets” if positive and under item “Deferred tax liabilities” if negative”.

Both current and deferred taxes are recognised under item “Income tax expenses” in the Income Statement, except when these taxes are originated from transactions whose effects are recognised directly in Equity. In this case, the contra-entry of the recognition of the current tax debt, of deferred tax assets and liabilities is charged as a reduction in the Equity item from which the effect being recorded originated.

Deferred tax assets and liabilities are calculated on the basis of the tax rates which are expected to be applied in the tax year when these assets will be realised or these liabilities will be discharged.

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

Currency translation

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

Revenue recognition

Revenues are recognised at the time of the transfer of all the risks and charges arising from the ownership of the transferred assets.

Revenues and income are recognised net of returns, discounts, allowances and premiums, as well as of the taxes connected to the sale or performance of services.

With reference to the main types of revenues achieved by the Group, they are recognised on the basis of the following criteria and as required by IFRS 15:

Sales of goods - Retail segment. The Group operates in the retail business through its own network of DOSs. Revenues are accounted for at the time of the delivery of the goods to the customers, when all the risks are substantially transferred. Sales are usually collected directly or through credit cards.

Sales of goods - Wholesale segment. The Group distributes products in the Wholesale market. The related revenues are accounted for at the time of the shipment of the goods, when all the risks are substantially transferred.

Performance of services. These revenues are accounted for proportionally to the state of completion of the service rendered as at the relevant date.

Sales based on repurchase commitments. Revenues and receivables from the buyer are recognised at the time of the delivery of the goods, while reversing the value of the sold goods from the assets. As at the reporting date, revenues and receivables are reversed on the basis of the sales made by the buyer in relation to the sold goods, with a consequent change in the item "Inventories".

Right of return. Some contracts allow the customer to return the goods within a certain period of time. The Group uses the expected value method to estimate the goods that will not be returned since this is the best method to forecast the amount of the variable consideration to which the Group will be entitled. IFRS 15's guidance on the restrictions on the recognition of variable consideration applies to the determination of the amount of variable consideration that can be included in the transaction price. The Group makes an adjustment to revenues and recognises a liability for reimbursements in the case of goods that are expected to be returned. The right to return an asset (and the corresponding adjustment to cost of sales) is also granted for the right to receive the goods from the customer.

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

Cost recognition

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

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

Financial income and costs

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

Interest income and expense are charged to profit or loss for the period in which they are realised or incurred, except for capitalised costs (IAS 23).

Use of estimates

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

Main estimates adopted by the Management

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

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

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 Group's fixed assets is determined by the Directors at the time when the fixed asset has been purchased; it is based on past experience for similar fixed assets, market conditions and expectations regarding future events which could have an impact on the useful life, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Group periodically evaluates technological and sector changes in order to update the residual useful life. This periodical update could involve a variation in the depreciation period and therefore also in the depreciation rate for future financial years.

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

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

Below are reported the critical accounting estimates of the process of drawing up the financial statements for which the Management has availed itself of the support and valuations of independent third-party experts (actuaries and financial advisors). Please note that future amendments (if any) to the conditions underlying the judgments, assumptions and estimates adopted could have an impact on the results of financial years after 2020/2021.

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

Annual rate of inflation	Probability of exit of the employee from the Group	Probability of advance payments of the TFR
1.0% for 2021 and 1.5% for 2020	Frequency of 1.0% for 2021 and 0.4% for 2020	2.70% for 2021 and 2.70% for 2020

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

Segment reporting – breakdown of segments by divisions

In order to provide disclosures regarding the economic, financial and equity position by segment (segment reporting), the Group has chosen the distinction by brands/distribution channels as the primary model for presenting segment data.

This method of representation reflects how the Group's business is organised and the structure of its internal reporting on the basis of the consideration that risks and rewards are influenced by the distribution channels used by the Group.

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

- (i) Piquadro Brand - DOS channel, 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 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 Group by franchise agreements and distributors, under both Piquadro, and The Bridge and Lancel brands.

All of the shops are, directly or indirectly, selected (through agents and importers) on the basis of their coherence with the positioning of the brands, their location, the level of service guaranteed to the end customer, the visibility that they are able to guarantee the Group's products and, finally, the soundness of their equity and financial position. These consolidated financial statements provide segment information 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 2020

The following IFRS accounting standards, amendments and interpretations were applied by the Group for the first time as from 1 April 2020:

- On 31 October 2018, the IASB published "*Definition of Material (Amendments to IAS 1 and IAS 8)*". The document introduced an amendment to the definition of "material" provided for in IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. This amendment is aimed at making the definition of "material" more specific and has added the concept of "obscured information" to the concepts of omitted or misstated information already provided for in the two standards subject to amendment. The amendment clarifies that information is obscured when it has been described so as to have, on the primary users of the financial statements, an effect similar to the effect that would have been produced had this information been omitted or misstated.
- The adoption of this amendment has had no impact on the Group's consolidated financial statements.
- On 29 March 2018, the IASB published an amendment to the "*References to the Conceptual Framework in IFRS Standards*". The amendment is effective for periods commencing on or after 1 January 2020, with early adoption permitted. The Conceptual Framework sets out the basic concepts for financial reporting and guides the Board in the development of IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same manner so as to provide useful information to investors, lenders and other creditors. The Conceptual Framework supports the entities in developing accounting standards when no IFRS is applicable to a particular transaction and, more generally, helps stakeholders understand and interpret the Standards.

The adoption of this amendment has had no impact on the Group's consolidated financial statements.

- On 26 September 2019, the IASB published "**Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform**". This document makes amendments to IFRS 9 - *Financial Instruments* and IAS 39 - *Financial Instruments: Recognition and Measurement*, as well as to IFRS 7 - *Financial Instruments: Disclosures*. Specifically, the document makes amendments to some of the requirements prescribed for the application of hedge accounting, providing for temporary exceptions applicable thereto,

in order to mitigate the impact arising from the uncertainty of the IBOR reform on future cash flows in the period prior to its completion. The amendments also require entities to provide, in their financial statements, additional information on their hedging relationships that are directly affected by uncertainties generated by the reform and to which the aforesaid exceptions apply.

The adoption of this amendment has had no impact on the Group's consolidated financial statements.

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

The amendment has also introduced an optional concentration test, which makes it possible to exclude the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of assets carried out after 1 January 2020, with early adoption permitted.

The adoption of this amendment has had no impact on the Group's consolidated financial statements .

On 27 August 2020 the IASB published a document on "Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform- Phase 2 (Regulation no. 25/2021), applicable from 1 January 2021, with early adoption permitted. The amendments provide for a specific accounting treatment to spread over time any changes in the value of financial instruments or leases due to the replacement of the interest rate benchmark, thus avoiding immediate repercussions on the profit (loss) for the financial period and the termination of hedging relationships.

The adoption of this amendment has had no impact on the Group's consolidated financial statements.

On 28 May 2020 the IASB published an amendment named "*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. These amendments came into force on 1 January 2021. The adoption of this amendment has had no impact on the Group's consolidated financial statements.

Accounting Standards, amendments and interpretations endorsed by the European Union but not yet applicable and not early adopted by the Piquadro Group at 31 March 2021.

- On 28 May 2020 the IASB published an amendment named "*Covid-19-Related Rent Concessions (Amendment to IFRS 16)*". The document provides lessees with the option to account for Covid-19-related rent concession without having to assess, through an analysis of contracts, whether the definition of lease modification is met under IFRS 16. Therefore, any lessees that apply this option may account for the effects of rent reductions directly in the income statement as at the effective date of the concession. This amendment shall apply to financial statements for periods commencing on 1 June 2020, with early adoption permitted.

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 become applicable as

from 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 Group's consolidated financial statements.

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 IFRS 3.

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 personnel costs and 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 as from 1 January 2022.

- On 12 February 2021 the IASB published an amendment to IAS 1 - Presentation of Financial Statements and to the IFRS Practice Statement 2: Disclosure of Accounting policies. The amendments shall apply to acquisitions that take place after 1 January 2023.
- On 12 February 2021 the IASB published an amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. The amendments shall apply to acquisitions that take in place after 1 January 2023.
- On 31 March 2021 the IASB published an amendment to IFRS 16 - Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, whereby it extended by one year the period of application of the amendment to IFRS 16, issued in 2020, concerning the method of accounting for concessions granted to lessees due to the Covid-19 emergency.

On the basis of the events and cases to which the new documents apply and taking account of the current accounting standards adopted by the Group, the Directors are assessing any possible effect of the first-time adoption of these amendments on the Group's consolidated financial statements. With reference to the amendment to IFRS 16 - Leases: Covid19-Related Rent Concessions beyond 30 June 2021, the impacts will be determined according to the agreements that might be signed with the lessors.

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 2019/2020 and FY 2020/2021 and the final balance of intangible assets:

<i>(in thousands of Euro)</i>	Develop ment costs	Industrial patent rights	Software, licenses, trademarks and other rights	Other fixed assets	Fixed assets under development	Total
Gross value	620	121	6,834	4,607	49	12,231
Amortisation fund	(620)	(69)	(5,119)	(3,141)	0	(8,948)
Net value at 31/03/2019	0	52	1,716	1,466	13	3,247
Increases for the period	0	32	630	0	692	1,354
Change from consolidation area	0	0	0	0	0	0
Decrease for the period	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0
Amortisation	0	(13)	(525)	0	0	(537)
Write-downs	0	0	0	0	0	0
Other reclassifications of historical cost	0	0	0	(4,607)	0	(4,607)
Other reclassifications of amortisation fund	0	0	0	3,141	0	3,141
Exchange differences on gross value	0	0	(61)	0	0	(61)
Exchange differences on amortisation fund	0	0	19	0	0	19
Gross value	620	153	7,403	0	741	8,917
Amortisation fund	(620)	(82)	(5,624)	0	0	(6,326)
Net value at 31/03/2020	0	71	1,779	0	741	2,591
Increases 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

<i>(in thousands of Euro)</i>	Develop- ment costs	Industrial patent rights	Software, licenses, trademarks and other rights	Other fixed assets	Fixed assets under development	Total
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 in intangible assets, equal to Euro 538 thousand in the financial year ended 31 March 2021 (Euro 1,354 thousand at 31 March 2020) related for Euro 533 thousand to the purchase or renewal of software, licenses and trademarks.

Note 2 – Goodwill

The goodwill item arises from the purchase and sale of the investment in The Bridge, which has been accounted for as required by IFRS 3 and, therefore, a measurement of fair values of acquired assets or liabilities has been carried out for the purposes of accounting for 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 value of goodwill also includes the measurement of third-party goodwill based on IFRS 3, which has been determined on the basis of the valuation of the put option relating to 20% of shares of The Bridge S.p.A. on the basis of future results of operations and cash flows. This option may be exercised between 15 June 2023 and 15 July 2023, since the condition was not fulfilled, which provided for the right to exercise the option between 1 April 2021 and 15 June 2021.

The Group verifies whether goodwill may be recovered at least once a year or more frequently if there is evidence of any impairment loss. This check is carried out by determining the recoverable value of the relevant Cash Generating Unit (CGU), i.e. “The Bridge”, through the “Discounted cash flow” method. The impairment test relating to goodwill stated at 31 March 2021 was approved by the Board of Directors on 15 June 2021.

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

The discount rate used corresponds to an estimate, net of tax, determined on the basis of the following main assumptions:

- risk-free rate equal to the average yield on the relevant 10-year government bonds;
- indebtedness depending on the financial structure of comparables.

For the purposes of conducting the impairment test on goodwill, the discounted cash flow has been calculated on the basis of the preparation of three plans relating to the period from 2022 to 2026, which were approved by the Directors of subsidiary The Bridge on 28 June 2021. The plans provide for three different scenarios (“Base”, “Worst” e “Best”) to which a different probability of occurrence has been assigned (70% for the "Base" scenario, 20% for the "Worst" scenario and 10% for the "Best" scenario), while also taking into account, for the purposes of both the design of the plans and the probability of occurrence of the scenarios to which they are associated, the effects arising from the

global spread of the COVID-19 virus. The plans are based on the Management's best estimate on the future operating performance of The Bridge.

The WACC used to discount future cash flows, equal to 8.5% (equal to the same value used in the previous financial year) has been determined on the basis of the following assumptions:

- the average cost of capital results from the weighted average cost of debt (prepared by considering the relevant rates plus a "spread");
- the cost of net worth is determined by using the levered beta value and the financial structure of a panel of comparables in the sector, only except for specific risk-free rate and risk premium per country;
- the terminal value has been determined on the basis of a long-term growth rate (g) that is prudentially equal to zero.

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

The impairment test conducted in accordance with IAS 36 and by applying criteria shared by the Board of Directors has not reported any impairment loss on the stated goodwill. The outcome of the test resulting from the weighted average of the three plans was positive, showing a cover of Euro 16,191 thousand. Furthermore, also on the basis of the instructions laid down in the document no. 4 that was prepared jointly by the Bank of Italy, CONSOB and ISVAP on 3 March 2010, the Group has taken steps to prepare the sensitivity analysis based on the results of the impairment test with respect to the changes in the basic assumptions that affect the value in use of the CGU. Likewise, the analyses did not report any impairment loss in the case of a positive change of 1% in the WACC and of 10% in cash flows.

Note 3 – Right-of-use assets

On 31 March 2021 the Group carried out an analysis aimed at assessing the recoverability of right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store (DOS), which showed evidence of impairment. For the purposes of conducting the impairment test, the discounted cash flow has been calculated on the basis of plans relating to the period from 2022 to 2026. The plans provide for a "Base" scenario, which has taken account of the effects arising from the global spread of the COVID-19 virus. The plans are based on the Management's best estimate on the future operational performance. The WACC used to discount future cash flows, is equal to 8.5% as detailed below. The outcome of the test carried out did not reveal any write-downs for impairment for any DOS, as the relative recovery through prospective cash flows is reasonably foreseeable at present.

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

<i>Right-of-use assets</i> <i>(in thousands of Euro)</i>	Land and Buildings	Key Money	Equipment	Other Assets	Total
First-time adoption of IFRS 16	68,382	0	12	764	69,158
Increases/Other changes	(5,718)	1,721	0	0	(3,997)
Decreases/write-downs	(3,323)	(437)	0	0	(3,760)
Amortisation and depreciation	(12,736)	(161)	(5)	(240)	(13,142)
Translation differences	70	29	0	0	99
Total at 31.03.2020	46,675	1,152	7	524	48,358
Increases/Other changes	11,439	115	0	0	11,554
Decreases/write-downs	0	0	0	0	0
Amortisation and depreciation	(11,347)	(182)	0	(213)	(11,742)
Total at 31.03.2021	46,767	1,085	7	311	48,170

Note 4 – Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2019/2020 and FY 2020/2021 and the final balance of property, plant and equipment :

<i>(in thousands of Euro)</i>	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
Gross value	878	6,331	3,722	20,714	374	56	32,075
Depreciation fund	0	(2,512)	(2,974)	(13,020)	(363)	0	(18,869)
Net value at 31/03/2019	878	3,819	748	7,694	11	56	13,206
Increases for the period	0	2	333	2,178	25	5	2,543
Change in consolidation area	0	0	0	0	0	0	0
Sales and derecognitions (gross value)	0	0	0	0	0	0	0
Sales and derecognitions (depreciation fund)	0	0	0	0	0	0	0
Depreciation (Write-down of gross value)	0	(188)	(239)	(2,042)	(6)	0	(2,474)
Write-down of depreciation fund	0	0	0	(138)	0	0	(138)
Write-down of depreciation fund	0	0	0	0	0	(56)	(56)
Reclassifications	0	0	0	3,157	0	0	3,157
Other reclassifications of historical cost	0	0	0	(2,677)	0	0	(2,677)
Other reclassifications of depreciation fund	0	0	0	0	0	0	0
Exchange differences on gross value	0	0	0	0	0	0	0
Exchange differences on depreciation fund	0	0	0	0	0	0	0
Gross value	878	6,333	4,055	25,911	399	5	37,581
Depreciation fund	0	(2,700)	(3,213)	(17,739)	(369)	0	(24,020)
Net value at 31/03/2020	878	3,633	842	8,172	31	5	13,562
Increases 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)

<i>(in thousands of Euro)</i>	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
(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 in property, plant and equipment, equal to Euro 1,526 thousand in the financial year ended 31 March 2021 (Euro 2,543 thousand at 31 March 2020) 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 947 thousand and to the purchases of workshop systems and machinery for Euro 513 thousand.

Note 5 – Non-current financial assets

Non-current financial assets, equal to Euro 27 thousand, make reference to interests held in minor companies outside the Group. The equity investment in Piquadro Retail San Marino was classified for Euro 25 thousand, since the company was established in February 2021 and the retail outlet was not yet operating.

Note 6 – Receivables from others

Receivables from others, equal to Euro 2,583 thousand at 31 March 2021 (Euro 2,204 thousand at 31 March 2020) 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

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Deferred tax assets:		
- within 12 months	0	77
- beyond 12 months	6,064	4,737
	6,064	4,814
Deferred tax liabilities		
- within 12 months	0	0
- beyond 12 months	0	223
	0	223

6,064 4,591

Net Position

Below are reported the relevant changes :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Opening Net Position	4,591	2,448
Credit (Debit) to the Income Statement	1,396	1,638
Credit (Debit) to Equity	77	(505)
Total	6,064	4,591

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 2021		31 March 2020	
<i>(in thousands of Euro)</i>	Temporary differences	Tax effect (IRES+IRAP)	Temporary differences	Tax effect (IRES+IRAP)
Deferred tax assets with effect through P&L:				
Provision for bad debts	3,408	818	3,355	805
Provision for obsolescence of inventories	7,089	1,616	6,873	1,564
Provisions for risks and charges	263	69	348	84
Amortisation and depreciation	1,645	395	1,456	552
Others	12,833	3,080	7,467	1,792
-Total	25,238	5,978	19,498	4,796
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	70	17	(27)	(8)
Discounting-back IAS 19	288	69	90	25
Total	358	86	63	17
Total tax effect	19,561	6,064	19,561	4,814

Deferred tax liabilities	31 March 2021		31 March 2020	
<i>(in thousands of Euro)</i>	Temporary differences	Tax effect (IRES+IRAP)	Temporary differences	Tax effect (IRES+IRAP)
Deferred tax liabilities with effect through P&L:				
Others	0	0	929	223
Change in consolidation area				
Total	0	0	929	223

Deferred tax liabilities with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	0	0	0	0

Defined-benefit plans

Total				
Total tax effect	0	0	929	223

The amount of the receivable for deferred tax assets (equal to Euro 6,064 thousand at 31 March 2021 against Euro 4,814 thousand at 31 March 2020) is mainly made up of temporary tax differences relating to Piquadro S.p.A. (Euro 3,071 thousand at 31 March 2021 against Euro 1,712 thousand at 31 March 2020), concerning the IRES and IRAP tax effect on taxed funds, as well as to subsidiary The Bridge (Euro 1,538 thousand at 31 March 2021 against Euro 1,368 thousand at 31 March 2020) and the effect of deferred tax assets set aside as a result of IFRS 16, which are expected to be recovered in the plans approved and also used for the purposes of impairment tests.

Furthermore, during the period 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 current financial year and is stated under item "Others" among deferred tax assets, together with the tax loss for the 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:

<i>(in thousands of Euro)</i>	Gross value at 31 March 2021	Provision for write-down	Net value at 31 March 2021	Net value at 31 March 2020
Raw materials	6,476	(1,817)	4,659	6,387
Semi-finished products	722	0	722	655
Finished products	39,122	(8,297)	30,825	30,917
Inventories	46,320	(10,114)	36,206	37,959

At 31 March 2021, a decrease of Euro 1,753 thousand was recognised in inventories compared to the corresponding values at 31 March 2020, mainly due to the effect of rationalization of purchases and production, as already mentioned above.

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

<i>(in thousands of Euro)</i>	Provision at 31 March 2020	Use	Accrual	Provision at 31 March 2021
Provision for write-down of raw materials	1,840	(23)	0	1,817
Provision for write-down of finished products	9,302	(1,499)	494	8,298
Total Provision for write-down of inventories	11,142	(1,522)	494	10,115

Note 9 - Trade receivables

Below is the breakdown of trade receivables:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Receivables from customers	26,788	30,216
Provision for bad debts	(3,621)	(3,744)
Current trade receivables	23,167	26,472

As at 31 March 2021 trade receivables amounted to Euro 23,166 thousand against Euro 26,471 thousand at 31 March 2020.

Trade receivables held by the Group, including the provision for bad debts, showed a reduction amounting to about Euro 3,428 thousand. This decrease was mainly due to a reduction in revenues as a result of the lockdown imposed by the governments for the Covid-19 emergency.

The adjustment to the face value of receivables from customers at their presumed realisable value has been obtained through a special Provision for bad debts, whose changes are reported in the table below:

<i>(in thousands of Euro)</i>	Provision at 31 March 2021	Provision at 31 March 2020
Balance at the beginning of the period	3,744	3,098
Accrual	656	969
Uses	(779)	(323)
Total Provision for bad debts	3,621	3,744

Note 10 – Other current assets

Below is the breakdown of other current assets:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Other assets	2,575	2,782
Accrued income and prepaid expenses	3,978	3,418
Other current assets	6,553	6,200

Other assets mainly related to advances to suppliers for Euro 842 thousand, INAIL advances of Euro 231 thousand and deferred receipts on credit cards for about Euro 442 thousand.

Accrued income and prepaid expenses mainly related to prepaid expenses on rents for which IFRS 16 has not been applied since they consist of variable lease payments (equal to Euro 24 thousand), as well as to costs relating to advertising, media and fairs (Euro 265 thousand), maintenance contracts, hiring and insurance costs (Euro 71 thousand), in addition to entry fees relating to subsidiary Lancel Sogedi amounting to about Euro 850 thousand.

Note 11 – Derivative assets

As at 31 March 2021 there were currency forward purchases (USD), the positive fair value of which was equal to Euro 47 thousand (compared to a positive value of Euro 184 thousand at 31 March 2020). The 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 .

Note 12 – Tax receivables

As at 31 March 2021 tax receivables were equal to Euro 3,096 thousand (Euro 3,853 thousand at 31 March 2020) 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.

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Income tax receivables	998	2,244
VAT credit	2,097	1,445
Other tax receivables	0	164
Tax receivables	3,095	3,853

Note 13 – Cash and cash equivalents

Below is the breakdown of cash and cash equivalents:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Available current bank accounts	56,948	57,348
Money, cash on hand and cheques	206	202
Cash and cash equivalents	57,154	57,550

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 2021, 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 967 thousand, and is made up of the treasury shares held in portfolio equal to 614,872 at 31 March 2021, while they were not reported at 31 March 2020.

d) Translation reserve

As at 31 March 2021 the translation reserve was positive for Euro 1,807 thousand (it reported a positive balance of Euro 1,689 thousand at 31 March 2020). 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 and Lancel Russia (the relevant currency being the Russian Rouble).

e) Fair value reserve - for cash flow hedge

This reserve was negative for Euro 53 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 219 thousand.

g) Profit/(Loss) attributable to the Group

This item relates to the recognition of the loss recorded by the Group, equal to Euro 6,115 thousand at 31 March 2021.

During the financial year ended 31 March 2021, the Parent Company's profit (loss) for the year, as resulting from the separate financial statements at 31 March 2020, was allocated as follows :

- (i) Euro 3,373 thousand to profits carried forward, as the legal reserve had reached one fifth of the Share Capital and without distribution of any dividend to shareholders

h) Profits and reserves attributable to minority interests

The item refers to the portions of reserves and profits, equal to Euro 0 thousand as in March 2021 there was the deconsolidation of Piquadro Swiss to which almost all of the profits and negative reserves attributable to minority interests were attributed (profits and negative reserves attributable to minority interests were negative for Euro 323 thousand at 31 March 2020).

Non-current liabilities

Note 15 – Borrowings

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

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Borrowings from 1 to 5 years	30,211	20,501
Borrowings beyond 5 years		
Medium/long-term borrowings	30,211	20,501

On 27 July 2020 there was the repayment of the short-term loan into with Intesa San Paolo for an amount of Euro 5 million, and, at the same time, a loan was taken out for an amount of Euro 6.25 million, due 27 July 2025.

On 11 September 2020 a loan was taken out with Unicredit in an amount of Euro 5 million, due 30 September 2024.

On 20 January 2021 a loan was taken out with SACE Simest (Cassa Depositi e Prestiti Group) in an amount of Euro 700 thousand.

As at 31 March 2021, borrowings related to non-current liabilities for Euro 30,211 thousand and current liabilities for Euro 9,874 thousand (Note 21) and included the following loans granted to the parent company:

- Euro 126 thousand relating to the unsecured loan granted by BPER Banca on 10 June 2016 (for an initial amount of Euro 2,000 thousand), relating to the current portion only ;
- Euro 3,677 thousand relating to the unsecured loan granted by BPER Banca on 16 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 742 thousand and a non-current portion of Euro 2,935 thousand;
- Euro 631 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 504 thousand and a non-current portion of Euro 126 thousand;
- Euro 566 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 7 December 2016 (for an initial amount of Euro 3,000 thousand), relating to the current portion only ;
- Euro 377 thousand relating to the unsecured loan granted by UniCredit on 10 January 2017 (for an initial amount of Euro 3,000 thousand), relating to the current portion only ;
- Euro 1,199 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 30 January 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 599 thousand and a non-current portion of Euro 600 thousand;
- Euro 3,493 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 27 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 997 thousand and a non-current portion of 2,496 thousand;

- Euro 375 thousand relating to the 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), relating to the current portion only ;
- Euro 1,356 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 602 thousand and a non-current portion of Euro 454 thousand;
- Euro 4,245 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 989 thousand and a non-current portion of Euro 3,257 thousand;
- Euro 3,000 thousand relating to the unsecured loan granted by Unicredit on 11 March 2020 (for an initial amount of Euro 3,000 thousand), relating to the current portion only;
- Euro 5,000 thousand relating to the unsecured loan granted by Intesa Sanpaolo on 24 January 2020 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,000 thousand and a non-current portion of Euro 3,750 thousand;
- Euro 6,240 thousand relating to the loan granted by Intesa Sanpaolo on 27 July 2020 (for an initial amount of Euro 6,250 thousand), entirely relating to the non-current portion;
- 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), entirely relating to the non-current portion;

and the following loan granted to The Bridge S.p.A:

- Euro 4,650 thousand granted in September 2020, making recourse to the Guarantee Fund under Law no. 662 of 1996, with a term of 60 months, with a pre-amortisation period of 18 months. A derivative instrument (IRS – Interest Rate Swap) was entered into to hedge fluctuations in interest rates against this loan.

Below is the breakdown of loans:

<i>(in thousands of Euro)</i>	Interest rate	Date of granting of the loan	Initial amount	Currency	Current borrowings	Amort. cost (S/T)	Non-current borrowings	Amort. Cost (L/T)	Total
BPER Loan	0.73% p.a.	10 June 2016	2,000	Euro	126	(0.1)	0	0	126
BPER Loan	0.125% quarterly	16 November 2018	5,000	Euro	746	(3.7)	2,939	(4.1)	3,677
Carisbo Loan	0.38% six-monthly	30 November 2016	2,500	Euro	504	(0.2)	126	(0.0)	631
Credem Loan	0.4% six-monthly	7 December 2016	3,000	Euro	566	0	0	0	566
Unicredit Loan	0.51% six-monthly	10 January 2017	3,000	Euro	377	0	0	0	377
MPS Loan	0.7% p.a.	30 January 2017	3,000	Euro	600	(1.0)	600	(0.4)	1,199
MPS Loan	3m Euribor +1.1 spread	27 November 2018	5,000	Euro	1,000	(3.4)	2,500	(4.0)	3,493
Mediocredito Loan	0.43% + spread 2	22 November 2017	4,500	Euro	375	(0.2)	0	0	375
UBI Loan 04/01025637	0.73% p.a.	22 May 2017	3,000	Euro	603	(0.8)	454	(0.2)	1,056
Unicredit Loan	0.50% p.a.	18 October 2019	5,000	Euro	994	(5.1)	3,264	(7.5)	4,245
Unicredit Loan	0.70% p.a.	11 March 2020	3,000	Euro	3,000	0	0	0	3,000
Mutuo Intesa San Paolo	3m Euribor +0.60 spread	24 January 2020	5,000	Euro	1,000	0	3,750	0	4,750
Mutuo Intesa San Paolo	0.10% p.a.	27 July 2020	6,250	Euro	0	(3.5)	6,250	(6.7)	6,240
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	0	0	5,000	0	5,000
Intesa Loan	0.75% p.a.	9 September 2020	4,650	Euro	0	0	4,650	0	4,650

	9,892	(18)	30,234	(23)	40,085
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No covenants are applicable to these loans.

Note 16 – Payables to other lenders for lease agreements

Below is the related breakdown :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Non-current:		
Lease liabilities	36,288	39,243
Current:		
Lease liabilities	17,202	14,365
Payables to other lenders for lease agreements	53,490	53,608

Below is the following additional breakdown :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Payables to other lenders for lease agreements:		
Due within 1 year	17,202	14,365
Due from 1 to 5 years	24,169	25,823
Due beyond 5 years	12,119	13,420
Present value of payables to other lenders for lease agreements	53,491	53,608

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 2021 this item amounted to Euro 36,288 thousand (Euro 39,243 thousand at 31 March 2020) classified among Non-current lease liabilities and to Euro 17,202 thousand (Euro 14,365 thousand at 31 March 2020) among current lease liabilities .

Note 17 – Other non-current liabilities

Below is the related breakdown:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Other payables	4,599	4,003
Other non-current liabilities	4,599	4,003

As at 31 March 2021 Other payables”, totalling Euro 4,599 thousand, included the present value of the purchase option of the remaining stakes of The Bridge S.p.A. for Euro 598 thousand and the fair value of the Annual Earn-Out to be paid to Richemont Holdings S.A. against the purchase of the stake representing the entire capital of Lancel International S.A., for Euro 4,001 thousand. These amounts have been calculated by an independent expert on the basis of the Plans that have been prepared by the Management staff and that have also been used for the purposes of the impairment test, as already mentioned above. The increase compared to the previous year, equal to Euro 596 thousand, was due to the adjustment to the earn-out value of subsidiary Lancel International.

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:

<i>(in thousands of Euro)</i>	Provision for TFR
Balance at 31 March 2019	3,977
Change in consolidation area	0
Financial costs	(70)
Net actuarial Losses (Gains) accounted for in the year	3
Indemnities paid in the year/Others	(159)
Balance at 31 March 2020	3,751
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

As at 31 March 2021 the value of provision, equal to Euro 3,839 thousand (Euro 3,751 thousand at 31 March 2020), 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:

<i>(in thousands of Euro)</i>	Provision at 31 March 2020	Use	Accrual	Provision at 31 March 2021
Provision for supplementary clientele indemnity	1,234	(160)	185	1,258
Other Provisions for risks	1,674	(275)	275	1,674
Total	2,908	(435)	460	2,932

The “Provision for supplementary clientele indemnity” represents the potential liability with respect to agents in the event of Group Companies’ terminating agreements or agents retiring.

As at 31 March 2021 the balance of this provision was equal to Euro 1,258 thousand, up by Euro 24 thousand compared to 31 March 2020 (Euro 1,234 thousand).

As at 31 March 2021 “Other provisions for risk” amounted to Euro 1,674 thousand and were broken down as follows:

- *Provision for returns*, Euro 623 thousand (Euro 350 thousand at 31 March 2020): increase was generated by higher provisions set aside by the parent company and the French subsidiary Lancel Sogedi.
- *Provision for taxes*, Euro 130 thousand (Euro 130 thousand at 31 March 2020): this provision did not record any change during the year .
- *Provision for product warranty and repair*, Euro 31 thousand (Euro 31 thousand at 31 March 2020): this provision did not record any change during the year.
- *Provision for Legal Disputes/Employees*, Euro 911 thousand (Euro 1,076 thousand at 31 March 2020): the provision mainly related to the amount set aside for legal risks and disputes with employees.

Note 20 – Deferred tax liabilities

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

Current liabilities

Note 21 – Borrowings

As at 31 March 2021 current borrowings were equal to Euro 9,874 thousand compared to Euro 15,433 thousand at 31 March 2020. The balance related to a current portion of short-term loans for Euro 9,874 thousand. For more details reference is made to Note 15 above.

Note 22 - Payables to other lenders for lease agreements

As at 31 March 2021 the amount of Euro 17,202 thousand (Euro 14,365 thousand at 31 March 2020) 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 2021 derivative liabilities, equal to Euro 118 thousand (Euro 17 thousand at 31 March 2020), related 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 and another IRS signed by The Bridge on the loan of Euro 4,650 thousand obtained during the current financial year.

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 24 – Trade payables

Below is the breakdown of current trade liabilities:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Payables to suppliers	33,704	38,681

As at 31 March 2021 payables to suppliers showed a decrease of about Euro 4,977 thousand compared to 31 March 2020 (equal to Euro 38,681 thousand), mainly due to a decrease in the volume of purchases linked to the effects generated by the COVID 19 pandemic.

Note 25 – Other current liabilities

Below is the breakdown of other current liabilities:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Payables to social security institutions	3,212	1,725
Payables to Pension funds	339	192
Other payables	762	1,218
Payables to employees	3,632	3,524
Advances from customers	87	176
Accrued expenses and deferred income	405	201
Other current liabilities	8,376	7,036

“Other current liabilities”, for a total amount of Euro 8,436 thousand (Euro 7,036 thousand at 31 March 2020) included: payables to social security institutions that mainly relate to payables to INPS for Lancel Sogedi and that increased during the year as a result of the deferral of the terms of payment granted following the Covid-19 pandemic, and payables to employees equal to Euro 3,632 thousand (Euro 3,524 thousand at 31 March 2020) which mainly included payables for remuneration to be paid and deferred charges with respect to employees.

Note 26 – Tax payables

Tax payables, equal to Euro 865 thousand (Euro 343 thousand at 31 March 2020) included the debt for IRPEF (Personal Income) tax withholdings to employees.

COMMENTS ON THE INCOME STATEMENT ITEMS

Note 27 – Revenues from sales

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

The Group's revenues are mainly realised in Euro.

<i>(in thousands of Euro)</i>	Revenues from sales 31 March 2021	%^(*)	Revenues from sales 31 March 2020	%^(*)	% Change 2021-220
PIQUADRO	46,603	41.1%	71,954	47.3%	(35.2%)
THE BRIDGE	19,318	17.0%	26,674	17.5%	(27.6%)
LANCEL	47,556	41.9%	53,599	35.2%	(11.3%)
Total	113,477	100.0%	152,227	100.0%	(25.5%)

(*) Percentage impact compared to revenues from sales

The consolidated turnover recorded by the Piquadro Group in the financial year ended 31 March 2021 amounted to Euro 113,477 thousand, down by 25.5% compared to Euro 152,227 thousand in the same period of the previous year. Results from sales for the period were hardly hit by the measures put in place by public and government authorities in the countries affected by the emergency aimed at containing the spread of the "Covid-19" virus, which led to the closure of stores in the distribution network for the Group brands.

Breakdown of revenues by geographical area

Below is the breakdown of revenues by geographical area:

<i>(in thousands of Euro)</i>	Revenues from sales 31 March 2021	%^(*)	Revenues from sales 31 March 2020	%^(*)	% Change 2021-2020
Italy	49,853	43.9%	76,165	50.0%	(34.5%)
Europe	57,706	50.9%	71,975	47.3%	(19.8%)
Rest of the World	5,918	5.2%	4,087	2.7%	44.8%
Total	113,477	100.0%	152,227	100.0%	(25.5%)

(*) Percentage impact compared to revenues from sales

From a geographical point of view, at 31 March 2021 the Piquadro Group recorded a turnover of Euro 49.9 million on the Italian market, equal to 43.9% of the Group's total sales (50.0% of consolidated sales at 31 March 2020), down by 34.5% compared to the same period of FY 2019/2020.

As at 31 March 2021, in the European market, the Group recorded a turnover of Euro 57.7 million, equal to 50.9% of consolidated sales (47.3% of consolidated sales at 31 March 2020), down by 19.8% compared to the same period of FY 2019/2020.

As at 31 March 2021, in the non-European geographical area (named “Rest of the World”), the Piquadro Group recorded a turnover of Euro 5.9 million, equal to 5.2% of consolidated sales (2.7% of consolidated sales at 31 March 2020), up by 44.8% compared to the same period of FY 2019/2020.

Note 28 – Other income

In the financial year ended 31 March 2021, other income amounted to Euro 2,642 thousand (Euro 2,993 thousand in the financial year ended 31 March 2020) and were broken down as follows:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Charge-backs of transport and collection costs	112	129
Insurance and legal refunds	233	32
Other sundry income	2,297	2,832
Other income	2,642	2,993

In the financial year ended 31 March 2021, other income amounted to Euro 2,642 thousand, of which Euro 965 thousand related to the Piquadro brand, Euro 132 thousand related to The Bridge brand and Euro 1,545 thousand related to the Lancel brand.

Note 29 – Change in inventories

The change in inventories of raw materials was negative for Euro 1,816 thousand (positive for Euro 1.4 million at 31 March 2020); the change in semi-finished and finished products was positive for Euro 123 thousand (positive for Euro 2,372 thousand in the financial year ended 31 March 2020), with a net difference between the two periods equal to Euro 4,078 thousand.

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

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

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Piquadro brand	4,557	14,724
Uni Best Leather Goods Zhongshan Co. Ltd.	990	3,389
The Bridge	10,913	13,507
Lancel brand	5,846	4,999
Costs for purchases	22,306	36,619

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

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

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

	Currency amount	Average exchange rate	Amount (in thousands of Euro)	(Currency) Amount	Average exchange rate	Amount (in thousands of Euro)
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	31 March 2021			31 March 2020		
Renminbi	7,764,720	7.90	990	14,056,457	7.74	1,816
US Dollars	13,205,739	1.17	11,315	19,682,074	1.11	17,732
Total operating costs incurred in foreign currency			12,305			19,548

Overall, the Piquadro Group incurred, in the FY 2020/2021, operating costs denominated in a currency other than the Euro for an equivalent amount of about Euro 12.3 million, equal to 10.01% of total operating costs, while in the financial year ended 31 March 2020 corresponding costs were borne for about Euro 19.5 million equal to 10.57% of operating costs.

During the financial year ended 31 March 2021, the Group reported net foreign exchange losses of Euro 374 thousand (against net foreign exchange losses of Euro 363 thousand at 31 March 2020), as a result of the dynamics of the foreign exchange market.

In the FY 2020/2021, the Parent Company made forward purchases of US Dollars for an overall amount of USD 7.5 million (USD 14.8 million in the FY 2019/2020) 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 6.41 million at the average exchange rate prevailing in the FY 2020/2021 (about Euro 13.0 million at the average exchange rate for the FY 2019/2020); therefore 57% of the purchases in US Dollars made by the Parent Company was covered (in relation to the FY 2019/2020, 73% of the purchases in US Dollars made by the Parent Company was covered).

Note 31 - Costs for services and leases and rentals

Below is reported the breakdown of these costs:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Third-party manufacturing	16,304	18,335
Advertising and marketing	10,827	12,257
Transport services	5,945	7,121
Business services	4,000	6,424
Administrative services	2,624	2,925
General services	3,772	4,248
Production services	3,734	4,901
Total Costs for services	47,206	56,211
Costs for leases and rentals	3,716	9,748
Costs for services and leases and rentals	50,922	65,960

The decrease in costs for services and for leases and rentals was mainly due to the conclusion of lease agreements with fully variable fees, excluded from the adoption of IFRS 16.

Lease payments stated among costs for leases and rentals also related to contracts under which the Group made use of the exemption granted in relation to short-term leases (i.e. agreements with a term equal to or less than 12 months) and for lease agreements under which the underlying asset is described as a low-value asset.

Note 32 - Personnel costs

Below is the breakdown of personnel costs :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
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Wages and salaries	21,707	30,014
Social security contributions	5,614	7,973
TFR	1,954	2,248
Personnel costs	29,275	40,235

The table below reports the exact number of the staff members employed by the Group at 31 March 2021 and 31 March 2020:

<i>Units</i>	31 March 2021	31 March 2020
Executives	9	10
Office workers	710	789
Manual workers	237	309
Total Group employees	956	1,158

In the financial year ended 31 March 2021, personnel costs reported a decrease of 27.2%, from Euro 40,234 thousand in the financial year ended 31 March 2020 to Euro 29,276 thousand in the financial year ended 31 March 2021.

As already reported above, the decrease in personnel cost was due to the Covid-19 pandemic, in relation to both the reduction in the number of staff members and hours worked, and to the effects arising from the application of redundancy schemes for the Group's Italian companies and temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi. The application of redundancy schemes achieving 33.8% of hours worked at Group level, is therefore reflected in the consolidated financial statements for the financial year ended 31 March 2021 and has led to a reduction in personnel costs for approximately Euro 6,631 thousand.

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

<i>Average unit</i>	31 March 2021	31 March 2020
Executives	10	10
Office workers	738	796
Manual workers	268	352
Total Group employees	1,016	1,157

Note 33 – Amortisation, depreciation and write-downs

In the financial year ended 31 March 2021 amortisation and depreciation were equal to Euro 15,107 thousand (Euro 15,740 thousand in the financial year ended 31 March 2020). The decrease mainly arose from a decrease in the amortisation of rights of use entered as required by IFRS 16, which came to Euro 11,561 thousand (Euro 13,142 thousand at 31 March 2020).

The write-downs, equal to Euro 54 thousand, are related to the closure of some points of sale that are no longer strategic for the Piquadro Group. It should be noted that they were equal to Euro 4,061 thousand at 31 March 2020 and mainly related to write-downs carried out under IAS 36, according to which the Group had carried out an analysis aimed at assessing the recoverability of right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store – DOS -, which showed evidence of impairment.

In this tax year too, this analysis was carried out on the Piquadro Group's directly-operated stores which showed evidence of impairment. The outcome of the tests carried out did not reveal any situation in which it was required to make write-downs for impairment.

The accrual to the provision for bad debts amounted to Euro 657 thousand at 31 March 2021 (Euro 969 thousand at 31 March 2020).

Note 34 - Other operating costs

In the financial year ended 31 March 2021, other operating costs were equal to Euro 763 thousand (Euro 777 thousand at 31 March 2020).

Note 35 - Financial income

In the financial year ended 31 March 2021 financial income was equal to Euro 788 thousand (Euro 1,453 thousand at 31 March 2020).

The amount of Euro 788 thousand in the FY 2020/2021 mainly related to bank interest income of Euro 10 thousand, interest income from customers of Euro 50 thousand and foreign exchange gains, either realised or estimated, for Euro 718 thousand. In the previous year, financial income includes proceeds of Euro 893 thousand relating to the adjustment to the value of the Parent Company's purchase option on the subsidiary The Bridge S.p.A. for Euro 365 thousand and on the subsidiary Lancel International for Euro 528 thousand. These estimates were made by an independent appraiser.

Note 36 - Financial costs

Below is the breakdown of financial costs:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Interest payable on current accounts	92	58
Interest and expense subject to final payment	3	12
Financial costs on loans	296	257
Other charges	533	40
Charges on right-of-use assets	970	911
Net financial costs on defined-benefit plans	9	25
Foreign exchange losses (either realised or estimated)	1,092	901
Financial costs	2,995	2,204

The increase in financial costs, equal to Euro 2,995 thousand in the FY 2020/2021, was mainly attributable to the foreign exchange losses, either realised or estimated, equal to Euro 1,092 thousand (Euro 901 thousand in the financial year ended 31 March 2020), as well as to the adjustment to the earn-out value of subsidiary Lancel International (equal to Euro 666 thousand). This last valuation was made by an independent appraiser.

Note 37 – Income taxes

Below is the breakdown of income taxes :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
IRES tax (and income taxes of foreign subsidiaries)	(224)	1,491
IRAP tax	37	399
Deferred tax liabilities	330	(1,098)
Deferred tax assets	(16)	(540)
Taxes related to the previous years	(1,201)	0
Total income taxes	(1,074)	251

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

It should be noted that in October 2020 a preliminary agreement was entered into with the Emilia-Romagna Regional Head Office of the Italian Revenue Agency in order to set out the methods and criteria for calculating the economic contribution for the direct use of intangible assets with reference to the tax period in progress at the time the application was submitted (01/04/2015-31/03/2016) and the four subsequent periods. The Parent Company Piquadro

S.p.A. has therefore proceeded with the recognition of the positive effect of Euro 1,201 thousand, which it will use to offset positive income in future tax years.

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

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Profit (loss) before tax	(6,866)	(7,504)
Taxes calculated at the tax rate applicable in the individual Countries	(224)	1,491
Tax effect of income not subject to taxation	0	(528)
Tax effect of non-deductible costs	(887)	(1,110)
IRAP tax	37	399
Total	(1,074)	251

Note 38 – Earnings/(Loss) per share

As at 31 March 2021 basic losses per share posted a negative value of Euro 0.117 and were calculated on the basis of the consolidated net result for the year attributable to the Group, equal to a negative value of Euro 5,792 thousand, divided by the weighted average number of ordinary shares outstanding in the year, excluding treasury shares.

	31 March 2021	31 March 2020
Group Net Profit <i>(in thousands of Euro)</i>	(5,792)	(7,755)
Average number of outstanding ordinary shares (in thousands of shares)	49,285	50,000
Basic earnings per share (in Euro)	(0.117)	(0.155)

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) starting from the current financial year.

The table below illustrates the segment data of the Piquadro Group broken down by brand (Piquadro, The Bridge and Lancel), in relation to the financial years ended 31 March 2021 and 31 March 2020. The economic segment data are monitored by the company's Management until EBITDA level.

<i>(in thousands of Euro)</i>	31 March 2021					31 March 2020				
	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)	Piquadro	The Bridge	Lancel	Total for the Group	% Impact (*)
Revenues from sales	46,603	19,318	47,556	113,477	100.0%	71,954	26,674	53,599	152,227	100.0%
Other income	965	132	1,545	2,642	2.3%	848	200	1,945	2,993	2.0%
Costs for purchases of materials	(7,023)	(1,613)	(15,363)	(23,998)	(21.1%)	(12,990)	(3,923)	(17,320)	(34,233)	(22.5%)
Costs for services and leases and rentals	(23,939)	(11,199)	(15,785)	(50,922)	(44.9%)	(30,565)	(13,661)	(21,734)	(65,960)	(43.3%)
Personnel costs	(11,249)	(5,105)	(12,922)	(29,276)	(25.8%)	(16,003)	(6,336)	(17,895)	(40,234)	(26.4%)
Provisions and write-downs	(551)	(200)	94	(657)	(0.6%)	(600)	(263)	(106)	(969)	(0.6%)
Other operating costs	(316)	(37)	(410)	(762)	(0.7%)	(444)	(75)	(258)	(777)	(0.5%)

EBITDA	4,491	1,297	4,716	10,504	9.3%	12,200	2,616	(1,769)	13,047	8.6%
Amortisation, depreciation and write-downs of fixed assets				(15,162)	(13.4%)				(19,800)	(13.0%)
Operating profit (loss)				(4,658)	(4.1%)				(6,753)	(4.4%)
Financial income and costs				(2,207)	(1.9%)				(751)	(0.5%)
Profit (loss) before tax				(6,866)	(6.1%)				(7,504)	(4.9%)
Income taxes				1,074	0.9%				(251)	(0.2%)
Profit for the year				(5,792)	(5.1%)				(7,755)	(5.1%)
Group Net Profit (Loss)				(5,792)	(5.1%)				(7,755)	(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 2021 and 31 March 2020:

<i>(in thousands of Euro)</i>	31 March 2021				31 March 2020			
	Piquadro	The Bridge	Lancel	Total	Piquadro	The Bridge	Lancel	Total
Assets	101,408	34,896	66,724	203,027	103,805	33,579	73,334	210,718
Liabilities	78,237	24,483	45,321	148,041	79,610	22,312	46,876	148,798
Fixed assets	38,559	9,515	28,732	76,806	32,716	8,582	30,030	71,328

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 2021, the Group had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2021/2022.

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 Piquadro 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 2021 Piquadro 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.

Piquadro 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 2020/2021 no transactions were effected with the Palmieri Family Foundation, which is a non-profit foundation, whose founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.

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

	Receivables		Payables	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<i>(in thousands of Euro)</i>				
Financial relations with Piquadro S.p.A.	0	0	21	74
Financial relations with Piquadro Holding S.p.A.	0	0	25	26
Financial relations with Palmieri Family Foundation	0	0	0	0
Total Receivables from and Payables to Controlling Companies	0	0	46	100

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

	Revenues		Costs	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
<i>(in thousands of Euro)</i>				
Economic relations with Piquadro S.p.A.	0	0	258	357
Economic relations with Piquadro Holding S.p.A.	0	0	295	249
Economic relations with Palmieri Family Foundation	0	0	-	-
Total Revenues from and Costs to Controlling Companies	0	0	553	606

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 2019/2020 Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 2,734,800 relating to the profit for the FY 2018/2019.

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 2020/2021 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 2021 Directors had not identified Key Executives):

(in thousands of Euro)

First and last name	Position held	Period in which the position was held	Term of office	Fees for the position	Non-cash benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/20-31/03/21	2022	417	7	-	46	470
Pierpaolo Palmieri	Vice-Chairman –Executive Director	01/04/20-31/03/21	2022	231	4	-	6	241
Marcello Piccioli	Executive Director	01/04/20-31/03/21	2022	126	3	-	10	139
Roberto Trotta (1)	Executive Director	01/04/20-31/03/21	2022	1)	3	-	208	211
Paola Bonomo	Independent Director	01/04/20-31/03/21	2022	14	0	0	2	16
Catia Cesari	Independent Director	01/04/20-31/03/21	2022	14	0	0	2	16
Barbara Falcomer	Independent Director	01/04/20-31/03/21	2022	14	0	0	2	16
				816	17	-	276	1,009

1) He waived the emolument for the period from 01/04/20 to 31/03/21.

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	Totale
Patrizia Riva	Chairman	01/04/20 - 31/03/21	2022	24	0	24
Pietro Michele Villa	Standing auditor	01/04/20 - 25/11/20	2022	11	0	11
Maria Stefania Sala	Standing auditor	25/11/20 - 31/03/21	2022	6	0	6
Giuseppe Fredella	Standing auditor	01/04/20 - 31/03/21	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 2021 of Lancel International SA and its subsidiaries ("Lancel Group") prepared according to paragraph 4.4 of the contract of sale signed between Piquadro S.p.A. and Richemont Holdings AG.;
- (3) The item "Audit of accounts of Subsidiaries" relates to the fees due for Unibest and other Group companies;
- (4) the item "Certification services" relates to the Disclosure of non-Financial Information.

Note 42 – Events after the reporting date

No 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 Piquadro 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 2021, the Group had no sale transactions in place subject to an obligation of reconveyance or repurchase of its own assets sold to third-party customers .

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

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

d) Shareholder loans to the Company

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

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

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

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

The regulations governing the transparency of government grants under Article 1, paragraphs from 125 to 129, of Law no. 124/2017 falls within the scope of a broader set of provisions aimed at ensuring transparency in financial relationships between public entities and other persons or entities, but the lack of clarity of the wording has immediately raised problems of interpretation and application in relation to companies. In this regard, ANAC (Italian Anti-corruption Authority) passed resolution no. 1134 of 8 November 2017, appointing each administration to implement and control said grants, in addition to be responsible for the proper performance of any consequent obligation. By opinion no. 1149 of 1 June 2018, the Council of State then clarified that the first year of application is that relating to the 2019 financial period for the sums received from 1 January to 31 December 2018.

More recently, under Law no. 12 of 11 February 2019 (Decree Law no. 135 of 14 December 2018), the grants that fall within the scope of the regulations governing the National register of state aids established by the Ministry for Economic Development (MISE) (Law no. 115/2015) are not required to be declared for the purposes of Law no. 124. Finally, note that both the Assonime (Italian Association of Joint-stock Companies= Circular no. 5 “Business activity and competition”, published on 22 February 2019, and the Circular issued by the Italian accounting Profession (*Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*) in March 2019, confirm that the operations carried out as part of the entity’s business do not fall within the scope of the purpose of the request and from the scope of disclosures, where bilateral relationships exist which are managed according to market rules and the concessionary measures aimed at companies in general rather than to a specific business entity (for example, tax concession measures). In light of the above provisions it is believed that there are no amounts to be reported for Piquadro S.p.A. and its subsidiaries with reference to this provision of law.

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 2020 to 31 March 2021.

It is also certified that the consolidated financial statements at 31 March 2021:

- 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), 15 June 2021

Marco Palmieri
Chief Executive Officer

Signed: Marco Palmieri

Roberto Trotta
Financial Reporting Officer

Signed: Roberto Trotta

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

**To the Shareholders of
Piquadro S.p.A.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Piquadro S.p.A. and its subsidiaries ("Piquadro Group" or "Group"), which comprise the consolidated statement of financial position as of March 31, 2021, and the consolidated income statement, the consolidated statement of comprehensive income, statement of changes in consolidated equity and 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 the Piquadro Group as of March 31, 2021, 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

Sede Legale: Via Tortona, 25 – 20144 Milano | Capitale Sociale: Euro 10.328.220.00 i.v.

Codice Fiscale/Registro delle Imprese Milano Monza Brianza Lodi n. 03049560166 – R.E.A. n. MI 172039 | Partita IVA IT 03049560166

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COVID-19 and related effects on the impairment tests**Description of the key audit matter**

As reported in the relevant paragraph of the notes to the consolidated financial statements, the COVID-19 pandemic has had a significant impact on the Group's performance in terms of sales and results for the year ended March 31, 2021 and also in the following months. The measures to contain and combat the spread of the COVID-19 virus, adopted by the public authorities in the various countries in which the Group operates, have led to a general slowdown in consumption in the reference business sector of the Group companies, which was exacerbated by the temporary closure of stores to the public during the lockdown period.

The most relevant impact on the Group's consolidated financial statements as of March 31, 2021 entailed: i) a fall in revenues, with a consequent substantial reduction in profitability; during the current year the Piquadro Group's revenues recorded a decrease of approximately Euro 38.8 million, equal to a reduction of 25.5% of sales compared to previous year, and ii) the evidence of impairment indicators that led to the need to subject to impairment tests certain Key money and Right-of-use assets of the sales outlets. As reported in Note 3 - Right-of-use assets, the evaluation carried out by the Directors did not reveal the need to recognize, in the consolidated financial statements as of March 31, 2021, a reduction in the value of these assets.

As reported by the Directors, the continuing spread of the COVID-19 virus and related restrictions on public life have had and are highly likely to have a significant impact on business of the Group, depending on what will be the progress of the pandemic. Moreover, the Directors report that the Group will continue to take any and all possible measures to reduce costs, in order to mitigate the reduction in its profitability.

The Management has developed a forecasting model based on its best estimate of the impact of COVID-19 on the future plans of the Group companies, which have been used both for the purposes of the impairment tests and the assessment on the going concern.

On this basis, the Management have assessed that, despite the difficult economic and financial scenario, there are no uncertainties as to the Group's ability to continue to operate as a going concern, considering the existing levels of capitalization and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Group's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

In view of the significance of the effects of COVID-19 in the consolidated financial statements as of March 31, 2021 and of the subjective nature of the estimates made to determine the cash flows of the Cash Generating Units (“CGUs”) and the key variables of the impairment model, in particular in the described pandemic context, as well as the many unpredictable factors that might influence the performance of the markets in which the Group operates, we considered the COVID-19 and related effects on the impairment tests to be a key audit matter of the audit of the consolidated financial statements of the Group.

Audit procedures performed

In the context of our audit work we performed the following procedures, among others, also through the involvement of experts from our network:

- understanding the process carried out by the Group to manage the COVID-19 emergency situation;
- understanding any measures issued by the Authorities according to COVID-19 emergency;
- reading the meeting of Board of Directors;
- analysis of the main assumptions carried out by the Directors underlying the multi-annual plans;
- discussions with the Directors in order to obtain information deemed useful in the circumstances;
- analysis of the available lines of credit and discussing with the Directors regarding the ongoing negotiation to manage the Group cash requirement for the period of 12 months following the date of preparation of the consolidated financial statements;
- examination of the approach adopted by Management to determine the value in use of the CGUs, and analysis of the methods and assumptions applied by management to carry out the impairment tests;
- understanding and testing the operating effectiveness of the relevant controls implemented by the Piquadro Group over the impairment testing process;
- analysis of the reasonableness of the principal assumptions made in order to forecast cash flows, partly by analyzing external data and obtaining information from Management that we deemed to be significant;
- analysis of actual values in comparison with the original plans, in order to assess the nature of variances and the reliability of the multi-annual planning process;
- assessment of the reasonableness of the discount rates (WACC) and the long-term growth rate (g-rate), partly via the appropriate identification of and reference to external sources that are normally used in professional practice and to key data for main comparables;
- verification of the mathematical accuracy of the model used to determine the value in use of the CGUs;
- examination of the adequacy of the information disclosed about the effects of COVID-19 and the impairment tests and its consistency with the requirements of IAS 36.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Opinion pursuant to art. 14 paragraph 2 (e) of Legislative Decree 39/10 and art. 123-bis, paragraph 4, of Legislative Decree 58/98**

The Directors of Piquadro S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and the ownership structure of Piquadro Group as of March 31, 2021, 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, 2021 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, 2021 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
Domenico Farioli
Partner

Bologna, Italy
July 5, 2021



STATEMENT OF FINANCIAL POSITION

<i>(in Euro)</i>	Notes	31 March 2021	31 March 2020
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	639,667	699,045
Right-of-use assets	(2)	15,230,259	14,817,122
Property, plant and equipment	(3)	7,732,930	8,486,869
Equity investments	(4)	13,111,930	13,946,609
Receivables from others	(5)	449,171	426,427
Receivables from subsidiaries	(6)	7,200,000	9,800,000
Deferred tax assets	(7)	3,071,749	1,597,154
TOTAL NON-CURRENT ASSETS		47,435,706	49,773,226
CURRENT ASSETS			
Inventories	(8)	14,507,358	15,838,815
Trade receivables	(9)	14,361,654	18,375,137
Receivables from subsidiaries	(10)	10,076,795	7,999,264
Other current assets	(11)	1,481,567	2,414,915
Derivative assets	(12)	46,747	184,472
Tax receivables	(13)	930,206	1,051,363
Cash and cash equivalents	(14)	27,189,962	26,073,282
TOTAL CURRENT ASSETS		68,594,289	71,937,248
TOTAL ASSETS		116,029,995	121,710,474

STATEMENT OF FINANCIAL POSITION

<i>(in Euro)</i>	Notes	31 March 2021	31 March 2020
LIABILITIES			
EQUITY			
Share Capital		1,000,000	1,000,000
Share premium reserve		1,000,000	1,000,000
Other reserves		244,656	1,395,833
Retained earnings		38,780,803	35,407,054
Profit /(Loss) for the year		(1,789,191)	3,373,749
TOTAL EQUITY	(15)	39,236,268	42,176,636
NON-CURRENT LIABILITIES			
Borrowings	(16)	25,560,712	20,467,738
Payables to other lenders for lease agreements	(17)	11,601,524	11,114,923
Other non-current liabilities	(18)	4,605,000	3,938,599
Provision for employee benefits	(19)	255,786	239,651
Provisions for risks and charges	(20)	1,040,134	1,463,288
TOTAL NON-CURRENT LIABILITIES		43,063,156	37,224,199
CURRENT LIABILITIES			
Borrowings	(21)	9,873,956	15,242,964
Payables to other lenders for lease agreements	(22)	4,069,839	3,495,722
Trade payables	(23)	12,314,383	16,488,812
Payables to subsidiaries	(24)	4,908,951	4,561,951
Derivative liabilities	(25)	90,606	16,575
Other current liabilities	(26)	1,996,356	2,161,400
Tax payables	(27)	476,480	342,215
TOTAL CURRENT LIABILITIES		33,730,571	42,309,639
TOTAL LIABILITIES		76,793,727	79,533,838
TOTAL EQUITY AND LIABILITIES		116,029,995	121,710,474

INCOME STATEMENT

<i>(in Euro)</i>	Notes	31 March 2021	31 March 2020
REVENUES			
Revenues from sales	(28)	46,125,859	69,717,198
Other income	(29)	2,810,359	4,496,402
TOTAL REVENUES (A)		48,936,218	74,213,600
OPERATING COSTS			
Change in inventories	(30)	1,331,457	(2,348,271)
Costs for purchases	(31)	14,015,099	26,178,873
Costs for services and leases and rentals	(32)	20,107,946	26,139,602
Personnel costs	(33)	9,388,046	12,925,681
Amortisation, depreciation and write-downs	(34)	5,444,990	6,898,257
Other operating costs	(35)	244,841	330,306
TOTAL OPERATING COSTS (B)		50,532,379	70,124,448
OPERATING PROFIT (LOSS) (A-B)		(1,596,161)	4,089,152
FINANCIAL INCOME AND COSTS			
Shares of profits (losses) of investee Companies	(36)	(291,819)	(167,068)
Financial income	(37)	483,160	1,463,211
Financial costs	(38)	(1,954,478)	(791,978)
TOTAL FINANCIAL INCOME AND COSTS		(1,763,137)	504,165
PROFIT (LOSS) BEFORE TAX		(3,359,298)	4,593,317
Income taxes	(39)	1,570,107	(1,219,568)
PROFIT / (LOSS) FOR THE YEAR		(1,789,191)	3,373,749

STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Profit / (Loss) for the year (A)	(1,789)	3,374
Components that can be reclassified to profit or loss		
Profit/ (Loss) on cash flow hedge instruments	(153)	69
Components that cannot be reclassified to profit or loss:		
Actuarial gains (losses) on defined-benefit plans	(31)	37
Total Profits / (Losses) recognised in equity (B)	(184)	106
Total Comprehensive Income /(Loss) for the year (A) + (B)	(1,973)	3,480

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						Retained earnings	Profit/(loss) for the period	Equity
	Share capital	Share premium reserve	Fair value reserve	Reserve for Employee Benefits	Other reserves	Total Other Reserves			
Balances as at 31.03.2019	1,000	1,000	52	(50)	1,288	1,290	33,979	5,428	42,697
Profit/(Loss) for the year								3,374	3,374
<u>Other comprehensive result at 31 March 2020:</u>							0		0
- Reserve for actuarial gains (losses) on defined-benefit plans				37			37		37
- Fair value of financial instruments			69				69		69
Comprehensive Income/(Loss) for the year	0	0	69	37	0	106		3,374	3,480
- Distribution of dividends to shareholders								(4,000)	(4,000)
-Allocation of the result for the year ended 31.03.2020 to reserves							1,428	(1,428)	0
Balances as at 31.03.2020	1,000	1,000	121	(13)	1,288	1,396	35,407	3,374	42,177
Profit/(Loss) for the year								(1,789)	(1,789)
<u>Other comprehensive result at 31 March 2021:</u>									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 31.03.2021 to reserves							3,374	(3,374)	0
Balances as at 31.03.2021	1,000	1,000	(32)	(44)	321	245	38,781	(1,789)	39,237

STATEMENT OF CASH FLOWS

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Profit/ (Loss) before tax	(3,359)	4,593
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,395	1,485
Write-downs of property, plant and equipment and intangible assets	45	66
Amortisation and depreciation of right-of-use assets	3,455	3,896
Write-downs of right-of-use assets	0	853
Other accruals	785	111
Accrual to the provision for bad debts	550	600
Revaluation/Write-downs of equity investments	292	167
Adjustment to the provision for employee benefits	555	618
Net financial costs/(income), including exchange rate differences	1,471	(671)
Cash flows from operating activities before changes in working capital	5,189	11,719
Change in trade receivables (gross of the provision)	3,463	3,781
Change in receivables from subsidiaries	522	(2,167)
Change in inventories	1,271	(2,348)
Change in other current assets	911	(1,249)
Change in trade payables	(4,174)	3,793
Change in payables to subsidiaries	347	519
Change in provisions for risks and charges	(495)	(904)
Change in other current liabilities	(95)	(1,537)
Change in tax receivables/payables	351	(2,759)
Cash flows from operating activities after changes in working capital	7,290	8,847
Payment of taxes	0	(1,628)
Interest collected / (paid)	(1,471)	(53)
Cash flow generated from operating activities (A)	5,819	7,167
Investments in intangible assets	(319)	(714)
Disinvestments from intangible assets	131	0
Investments in property, plant and equipment	(543)	(1,355)
Disinvestments from property, plant and equipment	104	0
Investments in non-current financial assets	(25)	0
Disinvestments from non-current financial assets	0	0
Changes generated from investing activities (B)	(652)	(2,069)
Financing activities		
Change in short- and medium/long-term borrowings	(276)	14,939
- new issues of long-term borrowings	11,950	22,000
- repayments and other net changes in borrowings	(12,226)	(7,062)
Changes in financial instruments	0	11
Changes in treasury shares in portfolio	(967)	0
Lease instalments paid	(2,808)	(4,015)
Payment of dividends	0	(4,000)

Cash flow generated from/(absorbed by) financing activities (C)	(4,051)	6,934
Net increase (decrease) in cash and cash equivalents (A+B+C)	1,117	12,032
Cash and cash equivalents at the beginning of the period	26,073	14,041
Cash and cash equivalents at the end of the period	27,190	26,073

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

Statement of financial position

<i>(in thousands of Euro)</i>	Notes	31 March 2021	Related parties	31 March 2020
Assets				
NON-CURRENT ASSETS				
Intangible assets	(1)	640		699
Right-use assets	(2)	15,230	3,420	14,817
Property, plant and equipment	(3)	7,733		8,487
Equity investments	(4)	13,112	13,112	13,947
Receivables from others	(5)	449		426
Receivables from subsidiaries	(6)	7,200	7,200	9,800
Deferred tax assets	(7)	3,072		1,597
TOTAL NON-CURRENT ASSETS		47,436	23,731	49,773
CURRENT ASSETS				
Inventories	(8)	14,507		15,839
Trade receivables	(9)	14,362		18,375
Receivables from subsidiaries	(10)	10,077	10,077	7,999
Other current assets	(11)	1,482		2,415
Derivative assets	(12)	47		184
Tax receivables	(13)	930		1,051
Cash and cash equivalents	(14)	27,190		26,073
TOTAL CURRENT ASSETS		68,594	10,077	71,937
TOTAL ASSETS		116,030	33,308	121,710

Statement of financial position

<i>(in thousands of Euro)</i>	Notes	31 March 2021	Related parties	31 March 2020
LIABILITIES				
EQUITY				
Share Capital		1,000		1,000
Share premium reserve		1,000		1,000
Other reserves		245		1,396
Retained earnings		38,781		35,407
Profit/(Loss) for the year		(1,789)		3,374
TOTAL EQUITY	(15)	39,236	0	42,177
NON-CURRENT LIABILITIES				
Borrowings	(16)	25,561		20,468
Payables to other lenders for lease agreements	(17)	11,602		11,115
Other non-current liabilities	(18)	4,605		3,939
Provision for employee benefits	(19)	256		240
Provisions for risks and charges	(20)	1,040		1,463
TOTAL NON-CURRENT LIABILITIES		43,063	0	37,224
CURRENT LIABILITIES				
Borrowings	(21)	9,874		15,243
Payables to other lenders for lease agreements	(22)	4,070		3,496
Trade payables	(23)	12,314		16,489
Payables to subsidiaries	(24)	4,909	4,909	4,562
Derivative liabilities	(25)	91		17
Other current liabilities	(26)	1,996		2,161
Tax payables	(27)	476		342
TOTAL CURRENT LIABILITIES		33,731	4,909	42,310
TOTAL LIABILITIES		76,794	4,909	79,534
TOTAL EQUITY AND LIABILITIES		116,030	4,909	121,710

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

Income Statement

<i>(in thousands of Euro)</i>	Notes	31 March 2021	Related parties	31 March 2020
REVENUES				
Revenues from sales	(28)	46,126	4,390	69,717
Other income	(29)	2,810	1,918	4,496
TOTAL REVENUES (A)		48,936	6,308	74,214
OPERATING COSTS				
Change in inventories	(30)	1,331		(2,348.)
Costs for purchases	(31)	14,015	5,160	26,179
Costs for services and leases and rentals	(32)	20,108	55	26,140
Personnel costs	(33)	9,388		12,926
Amortisation, depreciation and write-downs	(34)	5,445		6,898
Other operating costs	(35)	245		330
TOTAL OPERATING COSTS (B)		50,532	5,215	70,124
OPERATING PROFIT/(LOSS) (A-B)		(1,596)	1,093	4,089
FINANCIAL INCOME AND COSTS				
Shares of profits (losses) of investee Companies	(36)	(292)		(167)
Financial income	(37)	483	107	1,463
Financial costs	(38)	(1,954)		(792)
TOTAL FINANCIAL INCOME AND COSTS		(1,763)	107	504
PROFIT/ (LOSS) BEFORE TAX		(3,359)	1,200	4,593
Income taxes	(39)	1,570	0	(1,220)
PROFIT/(LOSS) FOR THE YEAR		(1,789)	1,200	3,374

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

<i>(in thousands of Euro)</i>	31 March 2021	Related parties	31 March 2020
Profit/(Loss) before tax	(3,359)		4,593
Adjustments for:			
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,395		1,485
Write-downs of property, plant and equipment and intangible assets	45		66
Amortisation and depreciation of right-of-use assets	3,455		3,896
Write-downs of right-of-use assets	0		853
Other accruals	785		111
Accrual to the provision for bad debts	550		600
Revaluation /Write-downs of equity investments	292		167
Adjustment to the provision for employee benefits	555		618
Net financial costs/(income), including exchange rate differences	1,471		(671)
Cash flows from operating activities before changes in working capital	5,189		11,719
Change in trade receivables (gross of the provision)	3,463		3,781
Change in receivables from subsidiaries	522	(2,167)	(2,167)
Change in inventories	1,271		(2,348)
Change in other current assets	911		(1,249)
Change in trade payables	(4,174)		3,793
Change in payables to subsidiaries	347	519	519
Change in provisions for risks and charges	(495)		(904)
Change in other current liabilities	(95)		(1,537)
Change in tax receivables/payables	351		(2,759)
Cash flows from operating activities after changes in working capital	7,290	(1,648)	8,847
Payment of taxes	0		(1,628)
Interest paid	(1,471)	74	(53)
Cash flow generated from operating activities (A)	5,819	(1,574)	7,167
Investments in intangible assets	(319)		(714)
Disinvestments from intangible assets	131		0
Investments in property, plant and equipment	(543)		(1,355)
Disinvestments from property, plant and equipment	104		0
Investments in non-current financial assets	(25)		0
Disinvestments from non-current financial assets	0		0
Dividends collected	0		0
Changes generated from investing activities (B)	(652)	0	(2,069)
Financing activities			
Change in short- and medium/long-term borrowings	(276)		14,939
- New loans	11,950		22,000
- Repayments and other net changes in Borrowings	(12,226)		(7,062)
Changes in financial instruments	0		11
Lease instalments paid	(2,808)		(4,015)
Changes in treasury shares in portfolio	(967)		(4,015)
Payment of dividends	0	(2,726)	(4,000)
Cash flow generated from/(absorbed by) financing activities (C)	(4,051)	(2,726)	6,934
Net increase (decrease) in cash and cash equivalents (A+B+C)	1,117	4,300	12,032
Cash and cash equivalents at the beginning of the period	26,073		14,041
Cash and cash equivalents at the end of the period	27,190		26,073



General information

These separate financial statements of Piquadro S.p.A. (hereinafter also referred to as the “Company”) relate to the financial year ended 31 March 2021 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 15 June 2021 and will be submitted for approval by the Shareholders’ Meeting called, on first call, for 27 July 2021.

COVID-19

Spread of the Covid-19 virus and general scenario

As from January 2020, in China and Asia firstly and then from February and March 2020 in Europe, America and the rest of the world, the national and international scenario was characterised by the spread of the Covid-19 virus, which was recognised and defined by the World Health Organization as a "pandemic" on 11 March 2020, due to the rate and spread of contagion, as well as by the resulting restrictive measures taken by the public authorities of the countries concerned in order to contain the virus. These measures involved, among other things, the prohibition and/or restriction on the mobility and movement of people and goods (lockdown), the closure of commercial activities and venues for sales to the public, with an exceptionally adverse impact on tourist flows all around the world. This circumstance led to the closure of most of the outlets in the Company's distribution network. The government authorities' intervention also entailed a series of restrictions on industrial and production activities, while encouraging employees to work remotely (smart working) and taking the already known measures regarding social distancing, personal hygiene and the use of medical devices aimed at containing the spread of the virus. The global emergency and uncertainty, as well as, consequently, the effects of the pandemic on Piquadro S.p.A.'s results of operations, were also felt during the last quarter of our financial period (January-March) 2021.

In fact, although the beginning of 2021 coincided not only with the continuation of the epidemiological emergency, but also with the start of the "anti-Covid-19" vaccination campaign, the vaccination procedure started slowly in most areas of the world, including the European Union - accelerating only as from April; consequently, during the first months of the year the Governments put in place additional stringent measures aimed at limiting the spread of the virus and inevitable repercussions on people's lives, as well as on market trends and commercial activities. The last quarter of the 2020/2021 financial period (January-March 2021) too, was, in fact, characterized by the intervention of the government authorities of the countries affected by the pandemic, which led to the issuing of new measures aimed at limiting mobility and movement of people and the closure of commercial activities and sales to the general public; this confirmed - as already occurred, and reported above, in relation to 2020 - the exceptionally adverse impact on tourism throughout the world and, consequently, on market trends, thus leading, once again, to the closure of most of the outlets in Piquadro S.p.A.'s distribution network. These included the introduction in Italy of a system of closures scheduled according to the Coronavirus infection risk level to which each Region belongs, creating an impact on the movement of people, prohibiting all movements in and out of its territory, as well as the suspension of any and all retail trade activities or the compulsory closure of medium- and large-sized sales outlets on holidays and in days on the eve of public holidays.

However, with respect to the measures adopted at the outbreak of the Covid-19 epidemic mentioned above, it should be noted that most Governments, including the Italian one, did not impose the closure of industrial and production activities, which, however, experienced inevitable complications in terms of structures, management and logistics, due to complying with emergency regulations and the application of guidelines aimed at protecting, among other things, occupational health and safety of employees.

Our Company's response to the epidemiological emergency

Since the outbreak of the pandemic Piquadro S.p.A. coped with this new scenario by conforming to all the guidelines issued by the Italian Government, as well as by the governments and public authorities of the countries in which IT operates, implementing extraordinary measures aimed at the maximum protection of the health of its employees and collaborators, as well as of its image. In particular, among others, measures were adopted in relation to distancing and sanitization at all the Group's offices and, as soon as authorised to reopen, inside its stores and points of sale, as well as to the organisation of work from remotely for office staff, in order to ensure the continuity of operations, in full compliance with the provisions of local regulations and the recommendations of national and international health authorities, since Piquadro S.p.A.'s primary objective has always been and will always be the safety and health of its employees and customers. All these precautions, of course, are still scrupulously complied with and fulfilled by Piquadro S.p.A. and inside its various plants and sales outlets.

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

As a result of the measures issued by the Authorities in the countries in which the Company operates, Piquadro S.p.A.'s revenues decreased by 33.8%, equal to about Euro 23.6 million, during the financial year ended 31 March 2021 compared to the financial year ended 31 March 2020.

The application of redundancy schemes is reflected in the separate financial statements for the financial year ended 31 March 2021 and has led to a reduction in personnel costs for approximately Euro 2,646 thousand.

In addition, the Company's Management staff took steps to request a reduction in rents from landlords and lessors of the Company's DOSs such as to mitigate the impact of lost sales at its sales outlets. Furthermore, the financial

statements at 31 March 2021 include a provision set aside for the tax credit relating to the rents of shops, as required by the decrees issued by the Italian Government. Even after the end of the financial year, the Company's Management staff still continued their work aimed at a reduction or suspension of rents for both full price shops and retail outlets. At present, some negotiations are still in progress regarding a reduction or suspension of rents for the stores operated by the Company, the possible effects of which will be reflected in the financial statements for the financial year that will end on 31 March 2022.

Since the outbreak of the health emergency, Piquadro S.p.A. gradually adopted a cost reduction plan, which commenced to produce its first effects at the end of the first quarter of FY 2020/2021, limiting the impact of production inefficiencies linked to the discontinuity of the business and lower sales volumes; operating expenses were reduced and discretionary investments were postponed, except for investments in R&D and strategic operations, and recourse was made to the redundancy fund.

Obviously, in this scenario, sales were strengthened in a significant manner in the online channel.

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

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

With regard to the information already provided in the Annual Financial Report at 31 March 2020, Piquadro S.p.A. obtained two 5-year loans, totalling Euro 11.25 million, with a pre-amortisation period of 18 months, making recourse to the Guarantee Fund under Law no. 662 of 1996, while repaying two short-term loans for Euro 9 million, in order to improve the Company's asset structure and to meet any possible cash requirements arising from the pandemic emergency. Furthermore, Piquadro S.p.A. obtained a five-year loan of Euro 800 thousand from Simest, including a non-repayable amount of Euro 100 thousand.

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

Since the beginning the Company has monitored - and will continue to monitor on an ongoing basis - the evolution of the emergency relating to the spread of the Covid-19 virus, in view of both the changing regulatory framework of reference and the complex global economic scenario, in order to assess whether to adopt additional measures to protect the health and well-being of its employees, collaborators and customers and to protect its sources of revenue and assets. In this context, the Company has prepared new long-term plans which, as highlighted below in the description of the impairment tests carried out, provide for a multi-scenario approach, as suggested by the various regulators (CONSOB, ESMA, etc.)

Where Covid-19 should still spread and thus vaccination policies have no effect on mitigating COVID-19 infection, resulting in additional restrictions on public life, this situation is highly likely to have a significant impact on Piquadro S.p.A.'s business, although the scenario seems to have changed significantly with the progress of the vaccination campaign in Italy and in France, as well as in all the other countries in which the Company operates.

In light of the results relating to the financial year ended 31 March 2021, the Company will continue to take any and all possible measures to reduce costs, in order to mitigate any potential additional reduction in its profitability.

With reference to potential liquidity risks, the Directors do not believe that the impact of the aforesaid events could be such as to entail the risk for the Company not to be able to meet its payment obligations in view of the analyses carried out for the purpose of preparing new long-term plans, as well as of the currently available and unused lines of credit and the new loans obtained from the banking system during the financial year ended 31 March 2021.

On this basis, the Company's Management staff have assessed that, despite an economic and financial scenario that is still uncertain, there are no uncertainties as to the Group's ability to continue to operate as a going concern, considering the existing levels of capitalisation and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

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 Piquibo

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 Piquubo S.p.A., which is 100% owned. Piquubo 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 within the Piquadro Group, at the Chinese plant of Zhongshan - Guangdong, while the residual part is outsourced. This model, in the opinion of the Management, ensures flexibility and efficiency of the production cycle, thus reducing fixed costs, while retaining control over the critical phases of the value chain, also for the purpose of ensuring product quality.

Main events that occurred in the course of the financial year ended 31 March 2021 and related significant accounting effects

The Covid-19 pandemic, which spread in China and Asia firstly from January 2020 and then in Europe and America from February and March 2020, and the consequent measures adopted by public and government authorities of the countries hit by the emergency, aimed at containing the virus have had a very serious impact on the personal and professional life of people and of course of companies.

These urgent regulatory measures also involved, in fact, the prohibition and/or restriction on the mobility and movement of people and goods and the closure of commercial activities and venues for sales to the public (lockdown), as well as restrictions on industrial and production activities, with an exceptionally adverse impact on tourist flows all around the world and, consequently, on the performance of the market, leading to the closure of most of the outlets in the distribution network of Piquadro S.p.A..

Piquadro immediately coped with this new difficult scenario by conforming to all the guidelines issued by the Italian Government, as well as by the governments and public authorities of the countries in which the Piquadro Group operates, implementing extraordinary measures aimed at the maximum protection of the health of its employees and collaborators, as well as of its image. The prevention, containment and adjustment measures taken by the Company concerned, among other things, (i) labour law issues concerning relations with employees and occupational safety, (ii) agreements with the Group companies' management staff, (iii) access to social shock absorber schemes provided for by government measures, (iv) the temporary closure of DOSs. The Company also took several actions in support of local areas, community and health system.

The paragraph on the "**COVID-19 Virus**" of this Annual Financial Report describes the impact of the pandemic and the measures taken by the Group to reduce its effects from an economic and financial point of view.

No events are reported in addition to those described above, which occurred during the financial year ended 31 March 2021 with a significant impact in terms of accounting.

Schedules of financial statements adopted and reporting currency

At the time of the preparation of the separate financial statements at 31 March 2020 and at 31 March 2021, 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 2021 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 2021, while also taking account of the information provided below in relation to the new accounting standards, amendments and interpretations applicable from 1 April 2020.

The accounting policies used in preparing the separate financial statements at 31 March 2021, which do not differ from those used in the previous financial year, are indicated below.

Intangible assets

Intangible assets purchased or internally produced are entered under assets when it is probable that the use of the asset will generate future economic benefits and when the cost of the asset may be determined reliably. These assets are valued at their purchase or production cost.

Intangible assets relate to assets without an identifiable physical substance, which are controlled by the company and are able to generate future economic benefits, as well as any possible goodwill.

Intangible assets with a definite useful life are systematically amortised over their useful life, to be intended as the estimated period in which assets will be used by the company. Goodwill and any other intangible asset, where existing, with an indefinite useful life are not amortised, but are tested for impairment at least on an annual basis, for

the purposes of verifying the existence of impairment losses (if any).
The rates applied are:

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

(i) *Research and Development costs*

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

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

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

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

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

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

Right-of-use assets

The asset for the right to use leased assets is initially valued at cost, and subsequently amortised or depreciated over the lease term. The cost includes:

- the initial amount of lease liabilities;
- incentives received under the lease agreement;
- initial direct costs incurred by the lessee;
- any estimated costs that will be incurred by the lessee to restore the leased asset to the conditions existing prior to the lease inception date, in accordance with the provisions of the lease agreement.

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

Property, plant and equipment

Property, plant and equipment are entered at their purchase price or production cost, including any directly-attributable additional charges required to make the assets available for use.

Costs incurred subsequent to the purchase are capitalised only if they increase the future economic benefits inherent in the asset to which they refer.

The assets whose sale is highly probable as at the reporting date of the financial statements are separated from property, plant and equipment and classified under current assets under item "Current assets available for sale" and measured at the lower of the book value and the related fair value, net of estimated selling costs. The sale of an asset classified under non-current assets is highly probable when the Management has defined, by a formal resolution, a

plan for the disposal of the asset (or of the disposal group) and activities have been started to identify a purchaser and to complete the plan. Furthermore, the asset (or the disposal group) has been offered for sale at a reasonable price compared to its current fair value. Furthermore, the sale is expected to be completed within a year of the date of classification and the actions required to complete the sale plan show that it is improbable that the plan can be significantly amended or cancelled.

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

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

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

The rates applied are:

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

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

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

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

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

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

Equity investments

Equity investments in subsidiaries are accounted for at cost, which is possibly reduced for lasting impairment losses as required by IAS 36. The original value is reinstated in the subsequent financial years if the reasons for the write-down no longer apply.

Equity investments in other companies are measured at fair value; if the fair value cannot be estimated reliably, the investment is valued at cost.

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

Receivables and other non-current and current assets

Financial assets

Financial assets, as required by the new IFRS 9, are classified, according to the management methods applied by the Group and based on the related features of contract cash flows, into the following categories:

- Amortised Cost: this category includes financial assets that are held for the sole purpose of collecting contract cash flows. They are measured at amortised cost, with proceeds recognised through profit or loss based on the effective interest rate method.

- Fair value through other comprehensive income (“FVOCI”): this category includes financial assets the contract cash flows of which exclusively consist of the payment of principal and interest and that are held in order to collect contract cash flows, as well as flows deriving from their sale. They are measured at fair value. Interest income, foreign exchange gains and losses, impairment losses (and related value write-backs) of financial assets classified as assets at FVOCI, are accounted for through profit or loss; other changes in the fair value of assets are accounted for among OCI. Upon the sale or reclassification of these financial assets to other categories, because of a change in the business model, cumulative profits or losses recognised in OCI are reclassified to profit or loss.

- Fair value through profit or loss (“FVTPL”): this category includes residual items concerning financial assets that do not fall within the categories of Amortised Cost or FVOCI, such as, for example, financial assets acquired for trading purposes or derivatives, or assets designated at FVTPL on the part of the Management upon initial recognition. They are measured at fair value. Any profits or losses arising from this measurement are recognised through profit or loss.

- FVOCI for equity instruments: financial assets consisting of equity instruments issued by other entities (i.e. interests in companies other than subsidiaries, associates and jointly-controlled companies), which are not held for trading purposes, can be classified in the category of FVOCI. This option can be applied on an instrument-by-instrument basis and provides for any change in the fair value of these instruments to be recognised in OCI, without being recycled to profit or loss, either upon their transfer or upon their impairment. Only the dividends arising from these instruments will be recognised through profit or loss.

The fair value of financial assets is determined on the basis of the listed offer prices or through the use of financial models. The fair value of unlisted financial assets is estimated by using appropriate valuation techniques adapted for the specific situation.

Measurements are carried out on a regular basis in order to establish whether there is any objective evidence that a financial asset or a group of assets may have reported an impairment loss. If there is objective evidence, the impairment loss is recognised as a cost in the income statement for the period.

Trade receivables

Upon initial recognition they are measured at fair value, while trade receivables without any significant financial component are valued at the transaction price. The measurement of their recoverable value is made on the basis of the Expected Credit Losses model required by IFRS 9.

They are measured at fair value upon initial recognition and then at amortised cost, using the effective interest method. They are stated net of a provision for bad debts, which is entered as a direct deduction from the receivables themselves to adjust their measurement at their presumed realisable value. Expected credit losses are estimated by using an allocation matrix broken down by maturities of overdue amounts, making reference to the entity’s past experience of credit losses, as well as to an analysis of the creditors’ financial position, as adjusted to include specific factors of the creditor and a valuation of the current and expected trend in these factors on the reporting date of the financial statements.

An accrual due to impairment losses on trade receivables is recognised when there is any objective evidence that the Group will not be able to collect any and all amounts according to the initial terms and conditions. The amount of the accrual is charged to profit or loss.

Inventories

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

Cash and cash equivalents

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

Impairment losses of assets

When events occur that make an impairment of an asset expected, its recoverability is checked by comparing its entry value with the related recoverable value, represented by the higher of the fair value, net of disposal charges, and the value in use.

In the absence of a binding sale agreement, the fair value is estimated on the basis of the values expressed by an active market, by recent transactions or on the basis of the best information available in order to reflect the amount that the business could obtain by selling the asset.

The value in use is determined by discounting back the expected cash flows deriving from the use of the asset and, if they are significant and if they can be determined reasonably, from its transfer at the end of its useful life. Cash flows are determined on the basis of reasonable assumptions that can be proved and that represent a best estimate of the future economic conditions that will arise during the residual useful life of the asset, giving greater importance to external factors. Valuation is carried out for individual assets or for the smallest identifiable group of assets that generate independent cash inflows deriving from their on-going use (the so-called cash generating unit). An impairment is recognised in the Income Statement should the entry value of the asset or of the cash generating unit to which it is allocated be higher than the recoverable value.

If the reasons for the write-downs previously made no longer apply, the assets, excluding goodwill, are reinstated and the adjustment is charged as a revaluation (reinstatement of value) in the Income Statement. The revaluation is made at the lower of the recoverable value and the entry value, including the write-downs previously made and reduced by the amortisation rates which would have been allocated had no write down been made.

Right-of-use assets have been tested for impairment according to IAS 36.

Equity

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

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

Reserve for financial assets/liabilities at fair value

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

Legal reserve

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

Hedging financial instruments

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

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

The criterion for measuring hedging instruments is represented by their fair value as at the designated date.

The fair value of foreign exchange derivatives is calculated in relation to their intrinsic value and time value.

On each closing date of the financial statements, hedging financial instruments are tested for effectiveness, in order to verify whether the hedge meets the requirements to be qualified as effective and to be accounted for according to hedge accounting.

When the financial instruments are eligible for hedge accounting, the following accounting treatments will be applied:

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

Cash flow hedge - If a derivative financial instrument is designated as a hedge of the exposure to changes in future cash flows of an asset or liability entered in the accounts or of a forecast transaction which is highly probable and which could have effects on the Income Statement, changes in fair value of the hedging instrument are taken to the Statement of comprehensive income, while the ineffective portion (if any) is recognised in the Income Statement.

If a hedging instrument or a hedging relationship are terminated, but the transaction being hedged has not yet been effected, the combined profits and losses, which have been entered under the Statement of Comprehensive Income up to that time, are recognised in the Income Statement at the time when the related transaction is carried out.

If the transaction being hedged is no longer deemed probable, the profits or losses not yet realised and deferred to Equity are immediately recognised in the Income Statement.

If the hedge accounting cannot be applied, the profits or losses arising from the measurement at fair value of the derivative financial instrument are immediately entered in the Income Statement.

Financial liabilities

Financial liabilities are initially accounted for at fair value, net of transaction costs incurred. Subsequently they are stated at amortised cost; the differential between the amount collected, net of transaction costs, and the amount to be repaid is accounted for through profit or loss on the basis of the term of the loans, using the effective interest method. In the case of non-substantial amendments to the terms and conditions of a financial instrument, the difference between the present value of flows as changed (determined by using the effective interest rate of the instrument outstanding at the date of the change) and the book value of the instrument is stated through profit or loss.

The loans are classified among current liabilities if the Group has not any unconditional right to defer the repayment of the liability for at least 12 months after the reporting date.

Financial liabilities are derecognised from the balance sheet when the specific contract obligation is extinguished. This also occurs when the existing contract terms and conditions are amended, if the new terms and conditions have changed the initial arrangements significantly.

Lease liabilities

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

Financial instruments and IFRS 7

The category of financial instruments

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

RISK FACTORS

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

- Credit risk arising from business transactions or financing activities;
- Liquidity risk relating to the availability of financial resources and to the access to the credit market;
- Market risk which is identified in detail as follows:
 - o Foreign exchange risk, relating to operations in currencies other than currencies of denomination;
 - o 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.

	Provision at 31 March 2020	Use	Accrual	Provision at 31 March 2021
<i>(in thousands of Euro)</i>				
Provision for bad debts	2,362	550	(554)	2,367
Total Provision	2,362	550	(554)	2,367

Breakdown of loans

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

<i>in thousands of Euro</i>		Loans falling due	Expired loans			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)

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

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
31/03/2021				
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
Other borrowings (lease)	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
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Type of instruments	Amount in the accounts	Within 1 year	From 1 to 5 years	Beyond 5 years
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31/03/2020

Payables to banks for Loans	35,711	15,243	20,468	0
Payables to banks for credit lines	0	0	0	0
Trade payables	16,489	16,489	0	0
Trade payables to Subsidiaries	4,562	4,562	0	0
Other borrowings (lease)	14,611	3,496	8,311	2,804
Derivative liabilities for IRS contract	17	17	0	0
Derivative liabilities for USD forward contracts	0	0	0	0

Total	71,390	39,807	28,779	2,804
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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 2021 the Company could rely on credit lines of about Euro 51,388 thousand (about Euro 58,188 thousand at 31 March 2020). As regards the balance of Current Assets, and specifically the coverage of payables to suppliers, it is also ensured by the amount of Net trade receivables, which totalled Euro 14,632 thousand at 31 March 2021 (Euro 18,375 thousand at 31 March 2020).

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 2021, the Parent Company executed forward currency contracts for USD 7,450 thousand, equal to an aggregate counter-value of Euro 6,408 thousand, with an average exchange rate of USD 1.162.

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

	Book value	Of which subject to FER	Foreign Exchange risk (FER)			
			+ 10% Euro/USD		- 10% Euro/USD	
			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:						
Borrowings	35,435					
Payables to other lenders for lease	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	-

	Book value	Of which subject to FER	Foreign Exchange risk (FER)			
			+ 10% Euro/USD		- 10% Euro/USD	
			Profit (Losses)	Other changes in Equity	Profit (Losses)	Other changes in Equity
Financial assets						
Cash and cash equivalents	26,073	2,477	(225)	0	275	0
Trade receivables	18,375	19	(2)	0	2	0
Receivables from subsidiaries	77,999	2,188	(199)	0	243	0

Derivative financial instruments	184					
			(426)	0	520	0
Financial liabilities:						
Borrowings	35,711		0	0	0	0
Payables to other lenders for lease	14,611		0	0	0	0
Trade payables	16,489	718	(65)	0	80	0
Payables to subsidiaries	4,562	2,255	(205)	0	251	0
Derivative financial instruments	17		0	0	0	0
			(270)	0	330	0
Total increases (decreases) at 31/03/2020			(696)	0	851	0

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

Interest rate risk

	Book value	Of which subject to IRR	Interest rate risk (IRR)			
			+ 50 bps on IRR		- 50 bps on IRR	
			Profits (Losses)	Other changes in Equity	Profits (Losses)	Other changes in Equity
Financial assets:						
Cash and cash equivalents	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	
Other borrowings (lease)	15,671	15,671	(78)		78	
Derivative financial instruments	91	0	0		0	
Total increases (decreases) at 31 March 2021			(120)	0	120	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	26,073	26,073	130	0	(130)	0
Trade receivables	18,375	0	0	0	0	0
Receivables from subsidiaries	7,999	0	0	0	0	0
Derivative financial instruments	184	0	0	0	0	0
			130		(130)	

Financial liabilities:

Payables to banks for Loans	35,711	35,711	(179)	0	179	0
Payables to banks for credit lines	0	0	0	0	0	0
Trade payables	16,489	0	0	0	0	0
Payables to subsidiaries	4,562	0	0	0	0	0
Other borrowings (lease)	14,611	14,611	(73)	0	73	0
Derivative financial instruments	17	0	0	0	0	0
			(252)	0	252	0
Total increases (decreases) at 31 March 2020			(121)	0	121	0

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

Capital risk management

The Company manages the Capital with the objective of supporting the core business and optimising the value for Shareholders, while maintaining a correct structure of the Capital and reducing its cost.

Piquadro S.p.A. monitors the Capital on the basis of the gearing ratio, which is calculated as the ratio between net debt and Net Invested Capital.

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Net financial debt	(28,612)	(28,203)
Equity	39,236	42,177
Net invested capital	67,848	70,380
Gearing ratio	(42.2%)	(40.1)%

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 Group, they are recognised on the basis of the following criteria:

I. Sales of goods - Retail segment. The Group operates in the retail business through its own network of DOSs. Revenues are accounted for at the time of the delivery of the goods to the customers. Sales are usually collected directly on a cash basis or through credit cards.

II. Sales of goods - Wholesale segment. The Group distributes products in the Wholesale market. Following the analysis carried out for the purposes of the first-time adoption of IFRS 15 (1 January 2018), it emerged that there is only one performance obligation for this type of transaction. In particular, the related revenues are accounted for when the customer obtains control of the goods shipped (at a point in time), while taking account of any estimated effect of period-end returns. The recognition of returns to be received in the consolidated statement of financial position includes a liability, under Other liabilities, consisting of the debt for the reimbursement of returns (contract liability) and an asset, under Inventories, consisting of the right to recover products for returns (contract assets).

III. Sales of goods - e-commerce. The Group also distributes products directly through the e-commerce channel. The related revenues are accounted for when the customer obtains control of the goods shipped, while taking account of any estimated effect of period-end returns, which are recorded by recognising separately a liability, under Other Liabilities, consisting of the debt for the reimbursement of returns (contract liability) and an asset, under Inventories, consisting of the right to recover products for returns (contract assets).

IV. Performance of services. These revenues are accounted for proportionally to the stage of completion of the service rendered as at the relevant date and in accordance with contract provisions.

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

Financial income and costs

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

Interest income and expense are charged to profit or loss for the period in which they are realised or incurred, except for capitalised costs (IAS 23).

Cost recognition

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

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

Use of estimates

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

Main estimates adopted by the Management

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

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

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

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

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

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

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

Annual rate of inflation	Probability of exit of the employee from the Group	Probability of advance payments of the TFR
1.0% for 2021 and 1.5% for 2020	Frequency of 1.0% for 2021 and 0.4% for 2020	2.70% for 2021 and 2.70% for 2020

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 2020

The following IFRS accounting standards, amendments and interpretations were applied by the Company for the first time as from 1 April 2020:

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

The adoption of this amendment has had no impact on the Company's financial statements.

- On 29 March 2018, the IASB published an amendment to the "*References to the Conceptual Framework in IFRS Standards*". The amendment is effective for periods commencing on or after 1 January 2020, with early adoption permitted. The Conceptual Framework sets out the basic concepts for financial reporting and guides the Board in the development of IFRS standards. The document helps to ensure that the Standards are conceptually consistent and that similar transactions are treated in the same manner so as to provide useful information to investors, lenders and other creditors. The Conceptual Framework supports the entities in developing accounting standards when no IFRS is applicable to a particular transaction and, more generally, helps stakeholders understand and interpret the Standards.

The adoption of this amendment has had no impact on the Company's financial statements.

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

The adoption of this amendment has had no impact on the Company's financial statements.

On 22 October 2018, the IASB published "*Definition of a Business (Amendments to IFRS 3)*". The document provides some clarifications as to the definition of business for the purposes of the correct application of IFRS 3. Specifically, the amendment clarifies that while a business usually produces an output, an output is not strictly required to identify a business in the presence of an acquired set of activities/processes and assets. However, in order to meet the definition of business, an acquired set of activities/processes and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. For this purpose the IASB has replaced the term

"ability to create outputs" with the "ability to contribute to the creation of outputs" to clarify that a business can exist even without the presence of all inputs and processes required to create an output.

The amendment has also introduced an optional concentration test, which makes it possible to exclude the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of assets carried out after 1 January 2020, with early adoption permitted.

The adoption of this amendment has had no impact on the Company's financial statements.

On 27 August 2020 the IASB published a document on "Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 – Interest Rate Benchmark Reform- Phase 2 (Regulation no. 25/2021), applicable from 1 January 2021, with early adoption permitted. The amendments provide for a specific accounting treatment to spread over time any changes in the value of financial instruments or leases due to the replacement of the interest rate benchmark, thus avoiding immediate repercussions on the profit (loss) for the financial period and the termination of hedging relationships.

The adoption of this amendment has had no impact on the Company's financial statements.

On 28 May 2020 the IASB published an amendment named "***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. These amendments came into force on 1 January 2021. The adoption of this amendment has had no impact on the Company's financial statements.

Accounting Standards, amendments and interpretations endorsed by the European Union but not yet applicable and not early adopted by Piquadro S.p.A. at 31 March 2021.

On 28 May 2020 the IASB published an amendment named "***Covid-19-Related Rent Concessions (Amendment to IFRS 16)***". The document provides lessees with the option to account for Covid-19-related rent concession without having to assess, through an analysis of contracts, whether the definition of lease modification is met under IFRS 16. Therefore, any lessees that apply this option may account for the effects of rent reductions directly in the income statement as at the effective date of the concession. This amendment shall apply to financial statements for periods commencing on 1 June 2020, with early adoption permitted.

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 become applicable as from 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 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 IFRS 3.

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 personnel costs and 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 as from 1 January 2022.

On 12 February 2021 the IASB published an amendment to IAS 1 - Presentation of Financial Statements and to the IFRS Practice Statement 2: Disclosure of Accounting policies. The amendments shall apply to acquisitions that take place after 1 January 2023.

On 12 February 2021 the IASB published an amendment to IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates. The amendments shall apply to acquisitions that take in place after 1 January 2023.

On 31 March 2021 the IASB published an amendment to IFRS 16 - Leases: Covid-19-Related Rent Concessions beyond 30 June 2021, whereby it extended by one year the period of application of the amendment to IFRS 16, issued in 2020, concerning the method of accounting for concessions granted to lessees due to the Covid-19 emergency.

On the basis of the events and cases to which the new documents apply and taking account of the current accounting standards adopted by the Company, the Directors are assessing any possible effect of the first-time adoption of these amendments on the Company's financial statements. With reference to the amendment to IFRS 16 - Leases: Covid19-Related Rent Concessions beyond 30 June 2021, the impacts will be determined according to the agreements that might be signed with the lessors.

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 2019/2020 and FY 2020/2021 and the final balance of intangible assets:

<i>(in thousands of Euro)</i>	Development costs	Industrial patent rights	Software, licenses, trademarks and other rights	Other fixed assets	Fixed assests under development	Total
Gross value	592	69	3,266	3,538	0	7,465
Amortisation fund	(592)	(62)	(2,880)	(2,597)	0	(6,131)
Net value at 31/03/2019	0	7	386	941	0	1,334
Increases for the period	0	6	344	0	202	552
Sales	0	0	0	0	0	0
Reclassifications	0	0	0	(941)	0	(941)
Write-downs	0	0	0	0	0	0
Amortisation	0	(4)	(241)	0	0	(246)
Gross value	592	75	3,610	0	202	4,479
Amortisation fund	(592)	(66)	(3,122)	0	0	(3,780)
Net value at 31/03/2020	0	9	488	0	202	699
Increases for the period	0	2	317	0	0	319
Sales	0	0	(131)	0	0	(131)
Reclassifications	0	0	202		(202)	-
Write-downs	0	0	0	0	0	-
Amortisation	0	(5)	(242)	0	0	(247)
Gross value	592	77	3,998	0	0	4,667
Amortisation fund	(592)	(71)	(3,364)	0	0	(4,027)
Net value at 31/03/2021	0	6	634	0	0	640

Increases in intangible assets under development, equal to Euro 319 thousand in the financial year ended 31 March 2021 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

On 31 March 2021 the Company carried out an analysis aimed at assessing the recoverability of right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store (DOS), which showed evidence of impairment. For the purposes of conducting the impairment test, the discounted cash flow has been calculated on the basis of plans relating to the period from 2022 to 2026. The plans provide for a “Base” scenario, which takes account of the effects arising from the global spread of the COVID-19 virus. The plans are based on the Management’s best estimate on the future operational performance. The WACC used to discount future cash flows is equal to 8.5% as detailed below. The outcome of the test carried out did not reveal any write-downs for impairment for any DOS, as the relative recovery through prospective cash flows is reasonably foreseeable at present.

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

<i>Right-of-use assets</i> <i>(in thousands of Euro)</i>	Land and Buildings	Key Money	Other Assets	Total
First-time adoption of IFRS 16	16,848	0	689	17,537
Increases/Other changes	648	3,705	0	4,353
Decreases/write-downs	(416)	(437)	0	(853)
Amortisation and depreciation	(3,530)	(161)	(205)	(3,896)
Gross value	17,080	3,268	689	21,037
Depreciation fund	(3,530)	(2,486)	(205)	(6,221)
Total at 31.03.2020	13,550	783	484	14,817
Increases/Other changes	3,870	0	0	3,870
Decreases/write-downs	(2,103)	0	0	(2,103)
Decreases in depreciation fund	2,103	0	0	2,103
Amortisation and depreciation	(3,164)	(91)	(201)	(3,456)
Gross value	18,847	3,268	689	22,804
Depreciation fund	(4,591)	(2,486)	(406)	(7,574)
Total at 31.03.2021	14,256	691	283	15,230

Right-of-use assets at 31 March 2021 amounted to Euro 15,230 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 3,870 thousand, were mainly due to extensions of the terms of existing lease agreements involving sales outlets.

Note 3 - Property, plant and equipment

The table below reports the opening balance, the changes that occurred in the FY 2020/2021 and FY 2019/2020 and the final balance of property, plant and equipment :

<i>(in thousands of Euro)</i>	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 31/03/2019	878	3,819	315	3,204	3	56	8,275

<i>(in thousands of Euro)</i>	Land	Buildings	Plant and equipment	Industrial and business equipment	Other assets	Fixed assets under construction and advances	Total
Increases for the period	0	2	331	1,152	25	5	1,515
Sales	0	0	0	0	0	0	0
Depreciation	0	(188)	(130)	(908)	(12)	0	(1,238)
Write-down of gross value	0	0	0	253		0	253
Write-down of depreciation fund	0	0	0	(317)	0	0	(317)
Other changes in historical cost	0	0	7	(503)	(8)	0	(504)
Other changes in depreciation fund	0	0	(10)	503	8	0	501
Reclassifications	0	0	0	56		(56)	0
Gross value	878	6,334	3,331	15,142	391	5	26,081
Depreciation fund	0	(2,701)	(2,817)	(11,702)	(375)	0	(17,594)
Net value at 31/03/2020	878	3,633	514	3,440	16	0	8,487
Increases 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
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 in property, plant and equipment, equal to Euro 543 thousand in the financial year ended 31 March 2021 (Euro 1,515 thousand at 31 March 2020) were mainly attributable for Euro 392 thousand to the miscellaneous equipment purchased for refurbishment and set-up of shops transformed into Bi-Brand (Barberino del Mugello and Vicolungo) boutiques and to costs for the new point of sale in Bologna Piazza Maggiore.

Note 4 – Equity investments

Below is the breakdown of the item:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Piquadro España SLU	824	824
Piquadro Deutschland GmbH	25	25
Piquadro Hong Kong Co. Ltd.	66	66
Uni Best Leather Goods Zhongshan Co. Ltd.	372	372

Piquadro Taiwan Co. Ltd.	601	601
Piquadro Swiss SA	0	0
Piquadro UK Limited	1,171	1,171
Piquadro USA INC.	0	802
OOO Piquadro Russia	526	564
The Bridge S.p.A.	4,208	4,208
Lancel International S.A.	5,292	5,292
Total equity investments in subsidiaries	13,085	13,925
Equity investments in other companies	27	22
Total equity investments	13,112	13,947

The statements below report the equity investments relating to subsidiaries, as well as any additional information required by Article 2427 of the Italian Civil Code. The values refer to the last financial statements, as adjusted by IFRS entries.

Company name	HQ	Ownership %	Book value	Equity	Provision for write-down of equity investments
Piquadro España SLU	Barcelona	100%	824	862	0
Piquadro Deutschland GmbH	Munich	100%	25	42	0
Piquadro Hong Kong Co. Ltd.	Hong Kong	100%	66	120	0
Uni Best Leather Goods Zhongshan Co. Ltd.	Zhongshan	100%	372	544	0
Piquadro Taiwan Co. Ltd.	Taipei	100%	601	911	0
Piquadro UK Limited	London	100%	1,171	1,172	0
OOO Piquadro Russia	Moscow	100%	672	564	0
The Bridge S.p.A.	Scandicci	100%	4,208	3,051	0
Piquadro Retail San Marino S.r.l.	Republic of San Marino	100%	25	25	0
Lancel International S.A.	Villar-Sur-Glane	99.9958%	5,292	44,194	0

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

(in thousands of Euro)	Book value 31/03/2020	Increases	Write-downs	Revaluation	Other changes	Book value 31/03/2021
Piquadro España SLU	824	0	0	0	0	824
Piquadro Deutschland GmbH	25	0	0	0	0	25
Piquadro Hong Kong Co. Ltd.	66	0	0	0	0	66
Uni Best Leather Goods Zhongshan Co. Ltd.	372	0	0	0	0	372
Piquadro Taiwan Co. Ltd.	601	0	0	0	0	601
Piquadro Swiss SA	0	0	0	0	0	-
Piquadro UK Limited	1,171	0	0	0	0	1,171
Piquadro USA INC	802	0	(34)	0	(768)	-
OOO Piquadro Russia	564	0	(38)	0	0	526
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.	0	25	0	0	0	25

Total equity investments in subsidiaries	13,925		(72)	-	(768)	13,110
Equity investments in other companies	22	0	(20)	-		2
Total equity investments	13,947	25	(92)	-	(768)	13,112

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 Piquadro Russia.

Among equity investments in other companies, the investment held in Vintag S.r.l. was written down in full.

The Company has conducted the impairment test of investee The Bridge, which shows a differential between the book value of the investee and the equity equal to Euro 1,233 thousand, in order to recognise losses and/or value reinstatements (if any) to be charged to Profit or Loss, following the procedure required by IAS 36 and thus comparing the book value of the investee and the value in use given by the present value of estimated cash flows that are expected to arise from the continuing use of the asset involved in the impairment test.

The Unlevered Discounted Cash Flow method has been used, which arises from the preparation of three plans relating to the period from 2022 to 2026, which were approved by the Directors of subsidiary The Bridge on 28 June 2021. The plans provide for three different scenarios ("Base", "Worst" e "Best") to which a different probability of occurrence has been assigned (70% for the "Base" scenario, 20% for the "Worst" scenario and 10% for the "Best" scenario), while also taking into account, for the purposes of both the design of the plans and the probability of occurrence of the scenarios to which they are associated, the effects arising from the global spread of the COVID-19 virus. The plans do not include any possible non-recurring operation and/or operations that had not yet been defined on the closing date of the financial year.

The impairment test was approved by the Company's Board of Directors' meeting held on 15 June 2021.

The terminal value has been calculated based on the "perpetual annuity" formula, assuming a "g-rate" growth rate equal to zero on a prudential basis and considering an operating cash flow based on the last year of explicit forecasts, as adjusted in order to project a stable situation "perpetually", specifically using the following main assumptions: - balancing between investments and amortisation and depreciation (with a view to considering an investment level required to maintain the business continuity); - change in working capital equal to zero. From the value obtained by adding discounted cash flows for the explicit period and of the terminal value ("Enterprise Value") must be deducted the net financial debt as at the date of valuation, i.e. 31 March 2021, in order to obtain the economic value of the equity investments in the process of being measured ("Equity Value").

The average cost of capital is the result of the weighted average cost of debt (prepared by considering the relevant rates, plus a "spread"). The cost of net worth is determined by using the levered beta value and the financial structure of a panel of comparables in the sector.

The WACC used has been equal to 8.5%.

The impairment test conducted on the investee The Bridge, by taking account of the weighting of the three scenarios, has not reported any impairment loss to be charged to profit or loss as at 31 March 2021.

Furthermore, also on the basis of the instructions laid down in the document no. 4 that was prepared jointly by the Bank of Italy, CONSOB and ISVAP on 3 March 2010, the Company has taken steps to prepare the sensitivity analysis based on the results of the impairment test with respect to the changes in the basic assumptions that may affect the value in use of the equity investment. Likewise, the analyses did not report any impairment loss in the case of a positive change of 1.0% in the WACC or of 10% in cash flows.

The Company has conducted the impairment test of investee Lancel International SA, in order to recognise losses and/or value reinstatements (if any) to be charged to Profit or Loss, following the procedure required by IAS 36 and thus comparing the book value of the investee and the value in use given by the present value of estimated cash flows that are expected to arise from the continuing use of the asset involved in the impairment test.

The Unlevered Discounted Cash Flow method has been used, which arises from the preparation of three plans relating to the period from 2022 to 2026, providing for three different scenarios (“Base”, “Worst” e “Best”) to which a different probability of occurrence has been assigned (70% for the "Base" scenario, 20% for the "Worst" scenario and 10% for the "Best" scenario), while also taking into account, for the purposes of both the design of the plans and the probability of occurrence of the scenarios to which they are associated, the effects arising from the global spread of the COVID-19 virus.

The plans and impairment tests were approved by the Company’s Board of Directors’ meeting held on 15 June 2021.

The terminal value has been calculated based on the “perpetual annuity” formula, assuming a “g-rate” growth rate equal to zero on a prudential basis and considering an operating cash flow based on the last year of explicit forecasts, as adjusted in order to project a stable situation “perpetually”, specifically using the following main assumptions: - balancing between investments and amortisation and depreciation (with a view to considering an investment level required to maintain the business continuity); - change in working capital equal to zero. From the value obtained by adding discounted cash flows for the explicit period and of the terminal value (“Enterprise Value”) must be deducted the net financial debt as at the date of valuation, i.e. 31 March 2021, in order to obtain the economic value of the equity investments in the process of being measured (“Equity Value”).

The average cost of capital is the result of the weighted average cost of debt (prepared by considering the relevant rates, plus a “spread”). The cost of net worth is determined by using the levered beta value and the financial structure of a panel of comparables in the sector.

The WACC used has been equal to 8.5%.

The impairment test conducted on the investee Lancel International SA, by taking account of the weighting of the three scenarios, has not reported any impairment loss to be charged to profit or loss as at 31 March 2021.

Note 5 - Receivables from others

Receivables from others (equal to Euro 449 thousand at 31 March 2021 against Euro 426 thousand at 31 March 2020) 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 7,200 thousand at 31 March 2021 against Euro 9,800 thousand at 31 March 2020, including the long-term portion of the loan granted to subsidiary The Bridge S.p.A. at arm’s length during the previous years.

Note 7 – Deferred tax assets

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Deferred tax assets:		
- within 12 months	0	0
- beyond 12 months	3,071	1,712
	3,071	1,712
Deferred tax liabilities		
- within 12 months	0	0
- beyond 12 months	0	115
	0	115
Net Position	3,071	1,597

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 2021 and 31 March 2020:

Deferred tax assets <i>(in thousands of Euro)</i>	31 March 2021		31 March 2020	
	Temporary differences	Tax effect (IRES+IRAP)	Temporary differences	Tax effect (IRES+IRAP)
Deferred tax assets with effect through P&L:				
Provision for bad debts	2,260	542	2,243	538
Provision for obsolescence of inventories	1,008	282	948	264
Provisions for risks and charges	142	40	385	107
Amortisation and depreciation	969	270	972	271
Others	6,969	1,913	1,928	538
Total	12,348	3,047	6,476	1,719
Deferred tax assets with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)	42	10	(27)	(8)
Defined-benefit plans	58	14		
Total	102	24	(27)	(8)
Total tax effect	12,450	3,071	6,449	1,712

Deferred tax liabilities <i>(in thousands of Euro)</i>	31 March 2021		31 March 2020	
	Temporary differences	Tax effect (IRES+IRAP)	Temporary differences	Tax effect (IRES+IRAP)
Deferred tax liabilities with effect through P&L:				
Others	0	0	143	115
Total				
Deferred tax liabilities with effect through Comprehensive Income:				
Hedging transactions (cash flow hedge)				
Defined-benefit plans				
Total				
Total tax effect	0	0	143	115

During the period 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 current financial year and is stated under item "Others" among deferred tax assets, together with the tax loss for the year.

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:

<i>(in thousands of Euro)</i>	Gross value at 31 March 2021	Provision for write-down	Net value at 31 March 2021	Net value at 31 March 2020
Raw materials	1,777	(174)	1,603	1,481
Semi-finished products	234	0	234	186
Finished products	13,504	(834)	12,670	14,171
Inventories	15,515	(1,008)	14,507	15,839

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

<i>(in thousands of Euro)</i>	Provision as at 31 March 2020	Use	Accrual	Provision as at 31 March 2021
Provision for write-down of raw materials	174	0	0	174
Provision for write-down of finished products	774	0	60	834
Total Provision for write-down of inventories	948	0	60	1,008

As at 31 March 2021, there was the recognition of a decrease of Euro 1,331 thousand in inventories compared to the corresponding values at 31 March 2020, mainly due to the rationalisation of the Company's strategic purchasing processes.

Note 9 - Trade receivables

Below is the breakdown of trade receivables:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Receivables from customers	16,729	20,737
Provision for bad debts	(2,367)	(2,361)
Current trade receivables	14,362	18,375

Gross trade receivables showed a balance of Euro 16,729 thousand at 31 March 2021, showing a decrease of Euro 4,008 thousand compared to the balance as at 31 March 2020. The decrease was mainly due to a reduction in turnover from wholesale customers equal to more than Euro 12 million generated by the effects of the COVID-19 pandemic.

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 :

<i>(in thousands of Euro)</i>	Provision at 31 March 2021	Provision at 31 March 2020
Balance at the beginning of the period	2,361	1,999
Accrual	550	600
Uses	(544)	(238)
Total Provision for bad debts	2,367	2,361

Note 10 – Receivables from subsidiaries

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

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Piquadro España SLU	154	446

Piquadro Deutschland GmbH	125	151
Piquadro Hong Kong Co. Ltd.	24	196
Uni Best Leather Goods Zhongshan Co. Ltd.	3,232	2,147
Piquadro Taiwan Co. Ltd.	12	0
Piquadro Swiss SA	0	629
Piquadro UK Limited	2	22
OOO Piquadro Russia	2,830	1,491
Piquadro LLC	0	0
Piquadro USA INC.	0	9
The Bridge S.p.A.	3,046	1,992
Lancel Sogedi SA	588	911
Lancel Zhongshan Co. Ltd.	31	-
Lancel Italia	32	5
Receivables from subsidiaries	10,077	7,999

The increase in receivables from Subsidiaries was mainly due to a higher number of intragroup transactions with Piquadro Russia and The Bridge S.p.A., which were partially offset by the waiver of the amount claimed from Piquadro Swiss. Two loans are recognised between the Parent Company and Piquadro Deutschland and The Bridge S.p.A., respectively, all disbursed at arm's length.

The receivable relating to The Bridge S.p.A. totalled Euro 9,845 thousand at 31 March 2021 (Euro 11,792 thousand at 31 March 2020). 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:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Other assets	1,021	1,596
Accrued income and prepaid expenses	461	819
Other current assets	1,482	2,415

Other assets were mainly made up of advances to suppliers for Euro 357 thousand and INAIL advances of Euro 209 thousand.

Accrued income and prepaid expenses mainly related to prepaid expenses on rents (Euro 86 thousand at 31 March 2021 against Euro 135 thousand at 31 March 2020) was not applied since they consisted of variable rents, and on advertising (Euro 205 thousand at 31 March 2021 against Euro 449 thousand at 31 March 2020).

Note 12 – Derivative assets

As at 31 March 2021 there were currency forward purchases (USD), the positive fair value of which was equal to Euro 47 thousand (compared to a positive value of Euro 184 thousand as at 31 March 2020). The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the related interest rate risk, trying to fix the exchange rate at a level that is in line with the budget forecasts.

Note 13 – Tax receivables

As at 31 March 2021 tax receivables were equal to Euro 930 thousand (Euro 1,051 thousand at 31 March 2020). These receivables mainly related to VAT receivables from the Tax Office, as well as to receivables for the withholding recorded on bank interest income.

Note 14 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents relating to Piquadro S.p.A.:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Available current bank accounts	27,102	26,001
Money, cash on hand and cheques	88	72
Cash and cash equivalents	27,190	26,073

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 2021, 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	(967)					
Other reserves						
<i>Fair value reserve</i>	(32)		0	0		
<i>Reserve for Employee Benefits</i>	(44)		0	0		
<i>Other reserves</i>	1,088	A,B,C	1,158	1,158		
Revenue reserves						
Undivided profits						
<i>Legal reserve</i>	200	B	200	0		
<i>Reserve of undivided profits</i>	38,781	A,B,C	38,781	38,781		
	41,026		40,101	39,901		

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 967 thousand, and is made up of the treasury shares held in portfolio equal to Euro 614,872 at 31 March 2021, while they were not reported at 31 March 2020.

c) Fair value reserve - for cash flow hedge

This reserve was negative for Euro 32 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 44 thousand.

e) Other reserves

This item includes the positive reserve which arose at the time of the contribution of the branch of business made on 2 May 2005 (equal to Euro 1,158 thousand) and the negative merger reserve (equal to Euro 92 thousand).

f) Profit for the year

This item relates to the recognition of the Company's loss for the year recorded, for Euro (1,789) thousand, as at 31 March 2021.

During the financial year ended 31 March 2021, the Company's profit for the period, as resulting from the separate financial statements as at 31 March 2020, was allocated as follows :

- Euro 3,374 thousand entirely to undivided profits without any distribution of dividends to shareholders.

Non-current liabilities

Note 16 – Borrowings

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

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Borrowings from 1 to 5 years	25,561	20,468
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	25,561	20,468

On 27 July 2020 there was the repayment of the short-term loan with Intesa Sanpaolo for an amount of Euro 5 million, and, at the same time, a loan was taken out for an amount of Euro 6.25 million, due 27 July 2025.

On 11 September 2020 a loan was taken out with Unicredit in an amount of Euro 5 million, due 30 September 2024.

On 20 January 2021 a loan was taken out with SACE Simest (Cassa Depositi e Prestiti Group) in an amount of Euro 700 thousand.

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

- Euro 126 thousand relating to the unsecured loan granted by BPER Banca on 10 June 2016 (for an initial amount of Euro 2,000 thousand), relating to the current portion only;

- Euro 3,677 thousand relating to the unsecured loan granted by BPER Banca on 16 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 742 thousand and a non-current portion of Euro 2,935 thousand;
- Euro 631 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 504 thousand and a non-current portion of Euro 126 thousand;
- Euro 566 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 7 December 2016 (for an initial amount of Euro 3,000 thousand), relating to the current portion only ;
- Euro 377 thousand relating to the unsecured loan granted by UniCredit on 10 January 2017 (for an initial amount of Euro 3,000 thousand), relating to the current portion only;
- Euro 1,199 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 30 January 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 599 thousand and a non-current portion of Euro 600 thousand;
- Euro 3,493 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 27 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 997 thousand and a non-current portion of Euro 2,496 thousand;
- Euro 375 thousand relating to the 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), relating to the current portion only ;
- Euro 1,356 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 602 thousand and a non-current portion of Euro 454 thousand;
- Euro 4,245 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 989 thousand and a non-current portion of Euro 3,257 thousand ;
- Euro 3,000 thousand relating to the unsecured loan granted by Unicredit on 11 March 2020 (for an initial amount of Euro 3,000 thousand), relating to the current portion only;
- Euro 5,000 thousand relating to the unsecured loan granted by Intesa Sanpaolo on 24 January 2020 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,000 thousand and a non-current portion of Euro 3,750 thousand;
- Euro 6,240 thousand relating to the loan granted by Intesa Sanpaolo on 27 July 2020 (for an initial amount of Euro 6,250 thousand), entirely relating to the non-current portion;
- 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), entirely relating to the non-current portion.

Below is reported the breakdown of loans:

<i>(in thousands of Euro)</i>	Interest rate	Date of granting of the loan	Initial amount	Currency	Current borrowings	Amort. cost (S/T)	Non-current borrowings	Amort. Cost (L/T)	Total
BPER Loan	0.73% p.a.	10 June 2016	2,000	Euro	126	(0.1)	0	0	126
BPER Loan	0.125% quarterly	16 November 2018	5,000	Euro	746	(3.7)	2,939	(4.1)	3,677
Carisbo Loan	0.38% six-monthly	30 November 2016	2,500	Euro	504	(0.2)	126	(0.0)	631
Credem Loan	0.4% six-monthly	7 December 2016	3,000	Euro	566	0	0	0	566
Unicredit Loan	0.51% six-monthly	10 January 2017	3,000	Euro	377	0	0	0	377
MPS Loan	0.7% p.a.	30 January 2017	3,000	Euro	600	(1.0)	600	(0.4)	1,199
MPS Loan	3m Euribor + 1.1 spread	27 November 2018	5,000	Euro	1,000	(3.4)	2,500	(4.0)	3,493
Mediocredito Loan	0.43% spread 2	+ 22 November 2017	4,500	Euro	375	(0.2)	0	0	375

UBI Loan 04/01025637	0.73% p.a.	22 May 2017	3,000	Euro	603	(0.8)	454	(0.2)	1,056
Unicredit Loan	0.50% p.a.	18 October 2019	5,000	Euro	994	(5.1)	3,264	(7.5)	4,245
Unicredit Loan	0.70% p.a.	11 March 2020	3,000	Euro	3,000	0	0	0	3,000
Intesa Sanpaolo Loan	Euribor 3m+0,60sprd	24 January 2020	5,000	Euro	1,000	0	3,750	0	4,750
Intesa Sanpaolo Loan	0,10% p.a.	27 July 2020	6,250	Euro	0	(3.5)	6,250	(6.7)	6,240
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	0	0	5,000	0	5,000
					9,892	(18)	25,584	(23)	35,435

Note 17 – Payables to other lenders for lease agreements

Below is reported the following breakdown :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Non-current:		
Lease liabilities	11,602	11,115
Current:		
Lease liabilities	4,070	3,496
Payables to other lenders for lease agreements	15,672	14,611

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 2021 this item amounted to Euro 11,602 thousand classified among Non-current lease liabilities (Euro 11,115 thousand at 31 March 2020) and to Euro 4,070 thousand among current lease liabilities (Euro 3,496 thousand at 31 March 2020).

Below is reported the following additional breakdown :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Payables to other lenders for lease agreements:		
Due within 1 year	4,070	3,496
Due from 1 to 5 years	10,986	8,311
Due beyond 5 years	615	2,804
Present value of payables to other lenders for lease agreements	15,671	14,611

Note 18 – Other non-current liabilities

Below is the related breakdown :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Other payables	4,605	3,939
Other non-current liabilities	4,605	3,939

“Other payables” include the value of the purchase option of The Bridge S.p.A. for Euro 598 thousand and the fair value of the Annual Earn-Out relating to the acquisition of the Lancel Group, equal to about Euro 4,007 thousand, the latter showing an increase of about Euro 666 thousand in the period. These amounts have been calculated by an independent expert.

Note 19 - Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit applied by an independent actuary according to IAS 19. Below are reported the changes that occurred in the course of the last two financial years in the Provision for TFR (which represents the entire value of the Provision for employee benefits), including the effects of the actuarial valuation:

<i>(in thousands of Euro)</i>	Provision for TFR
Balance at 31 March 2019	294
Financial costs	(33)
Net actuarial Losses (Gains) accounted for in the period	3
Indemnities paid in the financial year/Others	(22)
Balance at 31 March 2020	240
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

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:

<i>(in thousands of Euro)</i>	Provision at 31 March 2020	Use	Accrual	Reclassifications	Provision at 31 March 2021
Provision for clientele supplementary indemnity	743	(67)	92	0	768
Other Provisions for risks	385	(150)	37	0	272
Provision for write-downs of equity investments	335	(335)	0	0	0
Total	1,463	(552)	129	0	1,040

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 272 thousand mainly relate to the provision for risks on returns on sales equal to Euro 125 thousand, to provision for risks on repairs for Euro 10 thousand and to other provisions for risks on potential liabilities generated by current operations for Euro 137 thousand. Specifically, this item includes the provision for risks on legal disputes for Euro 7 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 used in full, following the disposal of the equity investment held in Piquadro Swiss, to which it related in full.

Current liabilities

Note 21 – Borrowings

As at 31 March 2021 borrowings were equal to Euro 9,874 thousand against Euro 15,243 thousand at 31 March 2020; 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 - Payables to other lenders for lease agreements

This item amounted to Euro 4,070 thousand at 31 March 2021 (Euro 3,496 thousand at 31 March 2020). 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):

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
(A) Cash	27,190	26,073
(B) Cash equivalents	0	0
(C) Other current financial assets	0	0
(D) Liquidity (A) + (B) + (C)	27,190	26,073
(E) Current financial debt (including debt instruments, but excluding the current portion of non-current financial debt)	(4,070)	(3,496)
(F) Current portion of non-current financial debt	(9,965)	(15,260)
(G) Current financial debt (E) + (F)	(14,034)	(18,755)
(H) Net current financial debt (G) - (D)	13,156	7,318
(I) Non-current financial debt (excluding the current portion and debt instruments)	(37,163)	(31,582)
(J) Debt instruments	0	0
(K) Trade payables and other non-current payables	(4,605)	(3,939)
(L) Non-current financial debt (I) + (J) + (K)	(41,768)	(35,521)
(M) Total Financial Debt (H) + (L)	(28,612)	(28,203)

“Financial debt”, equal to Euro 4,070 thousand (current portion) and Euro 37,163 thousand (non-current portion), included financial liabilities for short/long-term lease agreements equal to Euro 4,070 thousand and Euro 11,602 thousand, respectively.

“Trade payables and other non-current payables” included the present value of the purchase option of the remaining stakes of The Bridge S.p.A and 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 2021 Piquadro S.p.A.’s Net Financial Position posted a negative value of Euro 28.6 million, remaining substantially in line with the debt recorded at 31 March 2020, which posted a negative value of Euro 28.2 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 2021 posted a negative value of Euro 12.9 million, substantially in line with the value recorded at 31 March 2020 (negative for Euro 13.6 million).

Note 23 – Trade payables

Below is the breakdown of current trade liabilities (including invoices to be received from suppliers):

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Payables to suppliers	12,314	16,489

Payables to suppliers at 31 March 2021 showed a decrease of approximately Euro 4.2 million due to a reduction in the purchases mainly linked to lower business volumes as a result of the effects generated by the COVID-19 pandemic.

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):

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Piquadro España SLU	201	107
Piquadro Deutschland GmbH	19	26
Piquadro Hong Kong Co. Ltd.	0	103
Uni Best Leather Goods Zhongshan Co. Ltd.	2,706	2,228
Piquadro Taiwan Co. Ltd.	358	204
Piquadro UK Limited	431	425
OOO Piquadro Russia	1,031	378
Piquadro LLC	0	810
The Bridge S.p.A.	141	278
Lancel Sogedi	22	3
Payables to subsidiaries	4,909	4,562

The increase in payables to subsidiaries was mainly due to the increase in the balances payable to subsidiaries Uni Best Leather Goods Zhongshan Co. Ltd. and Piquadro Russia.

Note 25 – Derivative liabilities

As at 31 March 2021 derivative liabilities, equal to Euro 91 thousand (Euro 17 thousand at 31 March 2020), related to the measurement of the Interest Rate Swap (IRS) derivative contracts linked to the Intesa Sanpaolo loans, with an initial amount of Euro 11,250 thousand and the Unicredit loan, with an initial amount of Euro 5,000 thousand.

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 26 - Other current liabilities

Below is the breakdown of other current liabilities:

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Payables to social security institutions	487	522
Payables to Pension funds	29	34
Other payables	67	4
Payables to employees	1,174	1,281
Advances from customers	65	108
Accrued expenses and deferred income	175	212
Other current liabilities	1,996	2,161

Payables to social security institutions (Euro 487 thousand) mainly relate to the payables due to INPS (equal to Euro 289 thousand), while payables to employees (equal to Euro 1,174 thousand) mainly included payables for remuneration and to employees of the Company.

Note 27 – Tax payables

As at 31 March 2021, Tax payables were equal to Euro 476 thousand (Euro 342 thousand at 31 March 2020), mainly related to the IRPEF tax debt .

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Tax payables	476	342

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:

<i>(in thousands of Euro)</i>	Revenues from sales 31 March 2021	%	Revenues from sales 31 March 2020	%	% Change 2021-2020
Italy	36,171	78.4%	54,687	78.4%	(33.9%)
Europe	9,097	19.7%	13,945	20.0%	(34.9%)
Rest of the World	857	1.9%	1,084	1.6%	(18.2%)
Total	46,126	100.0%	69,717	100.0%	(33.8%)

Note 29 – Other income

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Charge-backs of transport and collection costs	112	126
Insurance and legal refunds	162	69
Other sundry income	2,536	4,301
Other income	2,810	4,496

Other income mainly related to chargebacks to subsidiaries relating to administrative services (administration, finance, control and IT) and strategic services (strategy, marketing and communication, design, product development, sales coordination) performed by the Parent Company.

Note 30 – Change in inventories

The change in inventories of raw materials was negative for Euro 62 thousand (negative for Euro 226 thousand at 31 March 2020), while the change in inventories of semi-finished and finished products was positive for Euro 1,393 thousand (positive for Euro 2,573 thousand at 31 March 2020).

Note 31 - Costs for purchases

The item essentially includes the cost of materials used for the production of the Company's goods and of consumables. As at 31 March 2021 costs for purchases were equal to Euro 14,015 thousand (Euro 26,179 thousand at 31 March 2020), showing a significant decrease compared to the FY 2019/2020, mainly due to a reduction in volumes linked to 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 2021			31 March 2020	

US Dollars	13,205,739	1.17	11,315	19,682,074	1.11	17,732
Total operating costs incurred in foreign currency			11,315			17,732

In the FY 2020/2021, the Parent Company made forward purchases of US Dollars for an overall amount of USD 7.5 million (USD 14.8 million in the FY 2019/2020), 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 6.41 million at the average exchange rate prevailing in the FY 2020/2021 (about Euro 13.0 million at the average exchange rate for the FY 2019/2020); therefore 57% of the purchases in US Dollars made by the Company was covered (in relation to the FY 2019/2020, 73.0% of the purchases in US Dollars made by the Company was covered).

Note 32 - Costs for services and leases and rentals

Below is reported the breakdown of these costs :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Third-party manufacturing	5,582	7,962
Advertising and marketing	4,011	4,123
Transport services	3,257	4,695
Business services	1,741	2,252
Administrative services	889	887
Production services	4,315	5,066
Costs for leases and rentals	314	1,153
Costs for services and leases and rentals	20,108	26,139

The reduction in costs for services for third-party production and manufacturing was also and above all due to a decrease in volumes generated by the effects of the COVID-19 pandemic.

The decrease in costs for leases and rentals was mainly due to the conclusion of lease agreements with fully variable fees, 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 :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Wages and salaries	6,935	9,568
Social security contributions	1,898	2,710
Employee Severance Pay	555	618
Other personnel costs	-	30
Personnel costs	9,388	12,926

As already reported above, the decrease in personnel cost was due to the Covid-19 pandemic, in relation to both the reduction in the number of staff members and hours worked, and to the effects arising from the application of redundancy schemes, which led to a reduction in personnel costs for approximately Euro 2,646 thousand.

The table below reports the exact number of the staff members employed by the Company as at 31 March 2021 and 31 March 2020:

<i>Units</i>	31 March 2021	31 March 2020
Executives	7	8
Office workers	211	249
Manual workers	32	44
Total	250	301

Note 34 - Amortisation, depreciation and write-downs

In the FY 2020/2021, amortisation and depreciation were equal to Euro 4,850 thousand (Euro 5,380 thousand in the FY 2019/2020). Write-downs related to the accrual to the Provision for bad debts from customers for about Euro 550 thousand and to the write-down of fixed assets for Euro 45 thousand.

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Amortisation of intangible assets	247	407
Depreciation of property, plant and equipment	1,148	1,077
Amortisation of right-of-use assets	3,455	3,896
Write-down of fixed assets	45	918
Provision for bad debts	550	600
Amortisation, depreciation and write-downs	5,445	6,898

Note 35 - Other operating costs

In the FY 2020/2021, other operating costs, equal to Euro 245 thousand (Euro 330 thousand in the FY 2019/2020), mainly related to charges generated from current operations.

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

Write-downs and revaluations were made for the realignment between the book value of the equity investments held by the Parent Company and the equity of subsidiaries.

The write-down concerned subsidiaries Piquadro Russia (Euro 38 thousand), Piquadro USA Inc. (Euro 34 thousand) and Piquadro Swiss SA. (Euro 220 thousand).

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Write-down of equity investments in subsidiaries	(292)	(108)
Revaluation of equity investments in subsidiaries	0	0
Accrual to the Provision for risks on equity investments	0	(59)
Shares of profits (losses) from investee companies	(292)	(167)

Note 37 - Financial income

The amount of Euro 483 thousand in the FY 2020/2021 (Euro 1,463 thousand at 31 March 2020) mainly related to bank interest income of Euro 9 thousand, interest receivable from customers for Euro 47 thousand, foreign exchange gains either realised or estimated for Euro 318 thousand (foreign exchange gains either realised or estimated at 31 March 2020 were equal to Euro 449 thousand).

The amount of Euro 1,463 thousand in the FY 2019/2020 mainly related to bank interest income of Euro 4 thousand, interest receivable from customers for Euro 8 thousand, foreign exchange gains either realised or estimated for Euro 449 thousand.

Financial income includes proceeds relating to the adjustment to the value of the Company's purchase option towards subsidiary The Bridge S.p.A. for Euro 365 thousand and to the value of the earn-out of subsidiary Lancel International for Euro 528 thousand. These valuations were made by an independent appraiser.

Note 38 - Financial costs

Below is the breakdown of financial costs :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Interest payable on current accounts	73	51
Interest and expenses subject to final payment	3	12
Financial costs on loans	180	121
Other charges	690	40
Net financial costs on defined-benefit plans	1	3
Foreign exchange losses (either realised or estimated)	555	163
Financial costs on lease IFRS16	454	402
Financial costs	1,954	792

The increase in financial costs, equal to Euro 1,954 thousand in FY 2020/2021, was mainly attributable to foreign exchange losses, either realised or estimated, equal to Euro 555 thousand (Euro 163 thousand in the financial year ended 31 March 2020), as well as to the earn-out value of the subsidiary Lancel International (equal to Euro 666 thousand). This last valuation was made by an independent appraiser.

Note 39 – Income taxes

Below is reported the breakdown of income tax :

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
IRES tax	(379)	1,302
IRAP tax	10	325
Taxes in the previous year	(1,201)	0
Total current taxes	(1,570)	1,627

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

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Deferred tax liabilities	0	(4)
Deferred tax assets	0	(404)
Total deferred tax liabilities and assets	0	(408)

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

<i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Profit (loss) before tax	(3,360)	4,593
Theoretical tax charge	24.0%	24.0%
Theoretical income taxes	(806)	1,102
Tax effect of permanent differences	338	(207)
Other changes	(1,108)	0
Total	(1,576)	895
IRAP tax	6	325
Current and deferred taxes in the accounts	1,570	1,220

During the period 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 current financial year.

Note 40 – Commitments

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

As at 31 March 2021, the Company had not executed contractual commitments that would entail significant investments in property, plant and equipment and intangible assets in the FY 2021/2022.

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 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 <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Controlling companies		
Piquadro S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	0	0
Piquadro Deutschland GmbH	125	126
Piquadro Taiwan Co. Ltd.	0	0
Piquadro Hong Kong Co. Ltd.	0	0
OOO Piquadro Russia	0	0
The Bridge S.p.A.	9,824	11,543
Lancel Sogedi S.A.	0	0
Lancel Italia S.r.l.	0	0
Provision for write-down of receivables from subsidiaries	0	0
Total financial receivables from subsidiaries	9,949	11,850
Total financial receivables	9,949	11,850
% Impact	100.0%	100.0%

The table below provides the breakdown of trade receivables from Subsidiaries, included in the items “Receivables from subsidiaries” as commented on in Note 9:

Trade receivables <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	154	446
Piquadro Deutschland GmbH	0	25
Piquadro Hong Kong Co. Ltd.	24	196
Piquadro Taiwan Co. Ltd.	11	0
Uni Best Leather Goods Zhongshan Co. Ltd.	3,233	2,147
Piquadro Swiss SA	0	457
Piquadro UK Limited	2	22
OOO Piquadro Russia	2,830	1,491
The Bridge S.p.A.	421	249
Lancel Sogedi S.A.	588	911
Lancel Italia S.r.l.	5	5
Lancel Zhonghan.	32	0
Total trade receivables from subsidiaries	7,300	5,949
Total trade receivables	24,438	24,324
% Impact	30.0%	24.5%

Trade receivables from Subsidiaries mainly relate to the sale of products for the subsequent distribution by directly-operated stores, and specifically of Uni Best Leather Goods Zhongshan Ltd, to the sale of raw materials (leather) purchased directly from the Company and then to be used in manufacturing processes or also to charge-back by the Parent Company of administrative and/or strategic services.

Below is the breakdown of borrowings from Subsidiaries:

Borrowings <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Total borrowings from subsidiaries	0	0
Total borrowings	35,435	35,711
% Impact	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 <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Controlling companies		
Piqubo S.p.A.	22	22
Piquadro Holding S.p.A.	25	26

Subsidiaries		
Piquadro España SLU	201	107
Piquadro Deutschland GmbH	19	26
Piquadro Hong Kong Co. Ltd.	0	103
Uni Best Leather Goods Zhongshan Co. Ltd.	2,706	2,228
Piquadro Taiwan Co. Ltd.	358	204
Piquadro UK Limited	431	425
OOO Piquadro Russia	1,032	378
Piquadro LLC	0	810
The Bridge S.p.A.	141	278
Lancel Sogedi	22	3
Total trade payables to Subsidiaries	4,909	4,562
Total trade payables	1,223	21,051
% Impact	28.5%	21.7%

I 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 and OOO Piquadro Russia carried out on the basis of market values, and partly from the purchase of finished products realised by the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd..

Below is the breakdown of revenues from (direct and indirect) controlling Companies and from Subsidiaries:

Revenues	31 March 2021	31 March 2020
<i>(in thousands of Euro)</i>		
Controlling companies		
Piquadro S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro España SLU	225	972
Piquadro Deutschland GmbH	22	26
Piquadro Hong Kong Co. Ltd.	1	100
Piquadro Taiwan Co. Ltd.	232	242
Uni Best Leather Goods Zhongshan Co. Ltd.	1,049	1,614
Piquadro Swiss SA	0	167
Piquadro UK Limited	4	190
OOO Piquadro Russia	1,484	1,445
The Bridge S.p.A.	859	874
Lancel Sogedi S.A.	2,411	2,373
Lancel Italia S.r.l.	22	20
Lancel Zhongshan	31	0
Total revenues from Subsidiaries	6,340	8,023
Total revenues	48,936	74,214
% Impact	13.0%	10.8%

Revenues from subsidiaries essentially relate to the sale of leather products by the Company, as well as to charge-backs by the Parent Company to subsidiaries in relation to administrative and strategic services. These transactions were carried out at arm's length.

Below are reported the operating costs towards Controlling companies and subsidiaries:

Costs <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Controlling companies		
Piqubo S.p.A.	258	217
Piquadro Holding S.p.A.	295	249
Subsidiaries		
Piquadro España SLU	646	277
Piquadro Deutschland GmbH	101	121
Piquadro Hong Kong Co. Ltd.	308	428
Piquadro Taiwan	375	507
Uni Best Leather Goods Zhongshan Co. Ltd.	4,570	7,263
Piquadro UK Limited	281	487
OOO Piquadro Russia	654	486
The Bridge S.p.A.	448	747
Lancel Sogedi S.A.	29	88
Total costs towards Controlling Companies and Subsidiaries	7,965	10,871
Total operating costs	50,532	70,124
% Impact	15.8%	15.5%

Operating costs towards subsidiaries mainly relate to the purchase of finished products made by the Company towards the subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. and to the services rendered in relation to the so-called Service Agreements executed with the subsidiaries Piquadro España SLU, Piquadro Deutschland GmbH, Piquadro UK Limited, Piquadro Hong Kong Co. Ltd., Piquadro Taiwan Co. Ltd. and OOO Piquadro Russia, carried out on the basis of market values. All transactions were carried out at arm's length.

Piqubo S.p.A., the ultimate parent company, charged Piquadro the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse and of the Milan Showroom for the Lancel Brand.

On 29 June 2012, a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property for office purposes located in Milan, Piazza San Babila no. 5, which is used as a Showroom of Piquadro S.p.A.. This lease agreement has been entered into at arm's length.

Below is reported the financial income from controlling companies and subsidiaries:

Financial income <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
Controlling companies		
Piqubo S.p.A.	0	0
Piquadro Holding S.p.A.	0	0
Subsidiaries		
Piquadro Deutschland GmbH	0	1
Piquadro Swiss SA	0	2
The Bridge S.p.A.	107	103
Total financial income from Subsidiaries	107	106
Total financial income	483	1,463

% Impact	22.2%	7.2%
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Below is the breakdown of financial costs to controlling companies and subsidiaries:

Financial costs <i>(in thousands of Euro)</i>	31 March 2021	31 March 2020
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		
% Impact	0.0%	0.0%

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

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

- in the FY 2020/2021 no dividends were distributed by Piquadro S.p.A. ;
- in the FY 2019/2020 Piquadro S.p.A. distributed to the majority shareholder Piquadro Holding S.p.A. dividends of Euro 2,734,800 relating to the profit for the 2018/2019;

In the FY 2020/2021 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 2020/2021 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 2021, 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	01/04/20-31/03/21	2022	417	7	-	46	470
Pierpaolo Palmieri	Vice-Chairman–Executive Director	01/04/20-31/03/21	2022	231	4	-	6	241
Marcello Piccioli	Executive Director	01/04/20-31/03/21	2022	126	3	-	10	139
Roberto Trotta (1)	Executive Director	01/04/20-31/03/21	2022	1)	3	-	208	211
Paola Bonomo	Independent Director	01/04/20-31/03/21	2022	14	0	0	2	16

Catia Cesari	Independent Director	01/04/20-31/03/21	2022	14	0	0	2	16
Barbara Falcomer	Independent Director	01/04/20-31/03/21	2022	14	0	0	2	16
				816	17	-	276	1,009

¹⁾ He waived the emolument for the period from 01/04/2020 to 31/03/2021.

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	01/04/20 - 31/03/21	2022	24	0	24
Pietro Michele Villa	Standing auditor	01/04/20 - 25/11/20	2022	11	0	11
Maria Stefania Sala	Standing auditor	25/11/20 - 31/03/21	2022	6	0	6
Giuseppe Fredella	Standing auditor	01/04/20 - 31/03/21	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 ^(a)	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	151
Other Services ^(b)	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	11
Audit of accounts of Subsidiaries ^(c)	Parent Company's Independent Auditors (Deloitte and Touche S.p.A) and Network of the Parent Company's Independent Auditors	35
Certification services ^(d)	Parent Company's Independent Auditors (Deloitte and Touche S.p.A)	33

The item "Statutory audit of annual and half-year accounts" relates to the fees due by Piquadro;

The item "Other services" mainly relates to the fees due for the voluntary audit of the pro-forma consolidated financial statements at 31 March 2021 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.;

The item "Audit of accounts of Subsidiaries" relates to the fees relating to Unibest;

"Certification services" relate to the Disclosure of non-Financial Information .

Note 42 – Significant events after the reporting date

No 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 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 Piquadro 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 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 2021, 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 Piquadro 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 2020 to 31 March 2021.

It is also certified that the separate financial statements as at 31 March 2021:

- 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), 15 June 2021

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 <i>(in thousands of Euro)</i>	Piquadro España SLU	Piquadro Deutschland GmbH	OOO Piquadro Russia
Revenues and other income	1,130	127	3,336
Operating costs	(1,124)	(129)	(3,312)
Operating profit (loss)	6	(2)	24
Financial income (costs)	0	0	(32)
Operating profit (loss) before tax	6	(2)	(8)
Income taxes	(3)	0	(15)
Profit (loss) for the period	3	(2)	(23)

Balance Sheet <i>(in thousands of Euro)</i>	Piquadro España SLU	Piquadro Deutschland GmbH	OOO Piquadro Russia
Assets			
Non-current assets	350	0	294
Current assets	669	195	3,134
Total assets	1,049	195	3,428
Equity and liabilities			
Equity	865	40	526
Non-current liabilities	0	0	0
Current liabilities	183	158	2,902
Total Equity and liabilities	1,049	222	3,428

Income Statement <i>(in thousands of Euro)</i>	Piquadro Swiss SA	Piquadro UK Limited	Piquadro Taiwan Co. Ltd.
Revenues and other income	42	337	919
Operating costs	520	(337)	(914)
Operating profit (loss)	562	0	4
Financial income (costs)	0	(4)	7
Profit (loss) before tax	562	(4)	11
Income taxes	0	(13)	(3)
Profit (loss) for the period	562	(0)	8

Balance Sheet <i>(in thousands of Euro)</i>	Piquadro Swiss SA	Piquadro UK Limited	Piquadro Taiwan Co. Ltd.
Assets			
Non-current assets	17	375	85
Current assets	13	1,087	889
Total assets	30	1,462	974
Equity and liabilities			
Equity	(82)	1,202	912
Non-current liabilities	0	0	0
Current liabilities	112	260	62

Total Equity and liabilities	30	1,462	972
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Income Statement <i>(in thousands of Euro)</i>	Piquadro Hong Kong Co. Ltd.
Revenues and other income	372
Operating costs	(381)
Operating profit (loss)	(9)
Financial income (costs)	(19)
Operating profit (loss) before tax	(28)
Income taxes	(0)
Profit (loss) for the period	(28)

Balance Sheet <i>(in thousands of Euro)</i>	Piquadro Hong Kong Co. Ltd.
Assets	
Non-current assets	1
Current assets	118
Total assets	119
Equity and liabilities	
Equity	84
Non-current liabilities	0
Current liabilities	36
Total Equity and liabilities	119

Lancel-brand distribution companies

Income Statement <i>(in thousands of Euro)</i>	Lancel International S.A.	Lancel Sogedi S.A.	Lancel Iberia
Revenues and other income	274	49,597	554
Operating costs	(40,012)	(53,552)	(551)
Operating profit (loss)	(39,738)	(3,924)	3
Financial income (costs)	38,640	(352)	0
Operating profit (loss) before tax	(1,097)	(4,276)	(3)
Income taxes	(124)	(183)	15
Profit (loss) for the period	(1,221)	(4,459)	18

Balance Sheet <i>(in thousands of Euro)</i>	Lancel International SA	Lancel Sogedi SA	Lancel Iberia
Assets			
Non-current assets	34,520	5,805	293
Current assets	6,902	39,609	322
Total assets	41,423	45,414	881
Equity and liabilities			
Equity	41,071	14,650	74
Non-current liabilities	0	5,542	6
Current liabilities	352	25,222	801
Total Equity and liabilities	41,423	45,414	881

Income Statement <i>(in thousands of Euro)</i>	Lancel Italia	Lancel Russia	Lancel Zhongshan
Revenues and other income	702	878	2,575
Operating costs	(700)	(872)	(2,594)
Operating profit (loss)	2	5	(18)
Financial income (costs)	(1)	(49)	28
Operating profit (loss) before tax	1	(43)	10
Income taxes	0	3	0
Profit (loss) for the period	1	(40)	10

Balance Sheet <i>(in thousands of Euro)</i>	Lancel Italia	Lancel Russia	Lancel Zhongshan
Assets			
Non-current assets	160	188	287
Current assets	722	1,147	2,083
Total assets	881	1,335	2,370
Equity and liabilities			
Equity	74	(252)	860
Non-current liabilities	6	0	0
Current liabilities	801	1,587	1,509
Total Equity and liabilities	881	1,335	2,370

Piquadro-brand production companies

Income Statement <i>(in thousands of Euro)</i>	<u>Uni Best Leather Goods Zhongshan Co. Ltd. (b)</u>
Revenues and other income	4,612
Operating costs	(4,710)
Operating profit (loss)	(98)
Financial income (costs)	(61)
Operating profit (loss) before tax	(159)
Income taxes	(15)
Profit (loss) for the period	(174)

Balance Sheet <i>(in thousands of Euro)</i>	<u>Uni Best Leather Goods Zhongshan Co. Ltd. (b)</u>
Assets	
Non-current assets	404
Current assets	3,897
Total assets	4,302
Equity and liabilities	
Equity	372
Non-current liabilities	0
Current liabilities	3,930
Total Equity and liabilities	4,302

The Bridge-brand management company

Income Statement <i>(in thousands of Euro)</i>	<u>The Bridge S.p.A.</u>
Revenues and other income	34,816
Operating costs	(34,633)
Operating profit (loss)	183
Financial income (costs)	(200)
Operating profit (loss) before tax	(17)
Income taxes	165
Profit (loss) for the period	149

Balance Sheet <i>(in thousands of Euro)</i>	<u>The Bridge S.p.A.</u>
Assets	
Non-current assets	3,972
Current assets	28,114
Total assets	32,086
Equity and liabilities	
Equity	3,088
Non-current liabilities	7,181
Current liabilities	21,818
Total Equity and liabilities	32,086

Currency	Average exchange rate (*)		Closing exchange rate (*)	
	2021	2020	2021	2020
Hong Kong Dollar (HKD)	9.05	8.69	9.12	8.49
Renminbi (RMB)	7.90	7.74	7.68	7.78
Taiwan Dollar (TWD)	33.77	34.15	33.42	33.15
Swiss Franc (CHF)	1.08	1.10	1.11	1.06
Great Britain Pound (GBP)	0.89	0.87	0.85	0.89
US Dollar (USD)	1.17	1.11	1.17	1.10
Russian Rouble (RUB)	86.65	72.16	88.32	85.95

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

**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, 2021, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of March 31, 2021, 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.

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova Parma Roma Torino Treviso Udine Verona

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Codice Fiscale/Registro delle Imprese Milano Monza Brianza Lodi n. 03049560166 – R.E.A. n. MI 172039 | Partita IVA IT 03049560166

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COVID-19 and related effects on the impairment tests

Description of the key audit matter As reported in the relevant paragraph of the notes to the financial statements, the COVID-19 pandemic has had a significant impact on the Company's performance in terms of sales and results for the year ended March 31, 2021 and also in the following months. The measures to contain and combat the spread of the COVID-19 virus, adopted by the public authorities in the various countries in which the Company operates, have led to a general slowdown in consumption in the reference business sector of the Company, which was exacerbated by the temporary closure of stores to the public during the lockdown period.

The most relevant impact on the Company's financial statements as of March 31, 2021 entailed: i) a fall in revenues, with a consequent substantial reduction in profitability; during the current year the revenues recorded a decrease of approximately Euro 23.6 million, equal to a reduction of 33.8% of sales compared to previous year, and ii) the evidence of impairment indicators that led to the need to subject to impairment tests certain Key money and Right-of-use assets of the sales outlets. As reported in Note 2 - Right-of-use assets, the evaluation carried out by the Directors did not reveal the need to recognize, in the financial statements as of March 31, 2021, a reduction in the value of these assets.

As reported by the Directors, the continuing spread of the COVID-19 virus and related restrictions on public life have had and are highly likely to have a significant impact on business of the Company, depending on what will be the progress of the pandemic. Moreover, the Directors report that the Company will continue to take any and all possible measures to reduce costs, in order to mitigate the reduction in its profitability.

The Management has developed a forecasting model based on its best estimate of the impact of COVID-19 on the future plans of the Company, which have been used both for the purposes of the impairment tests and the assessment on the going concern.

On this basis, the Management have assessed that, despite the difficult economic and financial scenario, there are no uncertainties as to the Company's ability to continue to operate as a going concern, considering the existing levels of capitalization and not noting any evidence of financial, management and operational indicators that could report critical issues regarding the Company's ability to meet its obligations in the foreseeable future and in particular in the next 12 months.

In view of the significance of the effects of COVID-19 in the financial statements as of March 31, 2021 and of the subjective nature of the estimates made to determine the cash flows of the Cash Generating Units (“CGUs”) and the key variables of the impairment model, in particular in the described pandemic context, as well as the many unpredictable factors that might influence the performance of the markets in which the Company operates, we considered the COVID-19 and related effects on the impairment tests to be a key audit matter of the audit of the financial statements of the Company.

Audit procedures performed

In the context of our audit work we performed the following procedures, among others, also through the involvement of experts from our network:

- understanding the process carried out by the Company to manage the COVID-19 emergency situation;
- understanding any measures issued by the Authorities according to COVID-19 emergency;
- reading the meeting of Board of Directors;
- analysis of the main assumptions carried out by the Directors underlying the multi-annual plans;
- discussions with the Directors in order to obtain information deemed useful in the circumstances;
- analysis of the available lines of credit and discussing with the Directors regarding the ongoing negotiation to manage the Company cash requirement for the period of 12 months following the date of preparation of the financial statements;
- examination of the approach adopted by Management to determine the value in use of the CGUs, and analysis of the methods and assumptions applied by management to carry out the impairment tests;
- understanding and testing the operating effectiveness of the relevant controls implemented by the Company over the impairment testing process;
- analysis of the reasonableness of the principal assumptions made in order to forecast cash flows, partly by analyzing external data and obtaining information from Management that we deemed to be significant;
- analysis of actual values in comparison with the original plans, in order to assess the nature of variances and the reliability of the multi-annual planning process;
- assessment of the reasonableness of the discount rates (WACC) and the long-term growth rate (g-rate), partly via the appropriate identification of and reference to external sources that are normally used in professional practice and to key data for main comparables;
- verification of the mathematical accuracy of the model used to determine the value in use of the CGUs;
- examination of the adequacy of the information disclosed about the effects of COVID-19 and the impairment tests and its consistency with the requirements of IAS 36.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Piquadro S.p.A. are responsible for the preparation of the report on operations and the report on corporate governance and ownership structure of Piquadro S.p.A. as of March 31, 2021, including its 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, 2021 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, 2021 and are prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Domenico Farioli
Partner

Bologna, Italy
July 5, 2021

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