INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP AS AT 30 SEPTEMBER 2018

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Corporate details

Piquadro S.p.A.

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

Authorised Share Capital as at the date of the approval of the Interim Financial Report as at 30 September 2018: Euro 1,093,998

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

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

Introduction

The consolidated interim financial report as at 30 September 2018 (the “Report”) was prepared in compliance with article 154-*ter* of Legislative Decree no. 58/1998, as amended, as well as with the Issuers’ Regulation issued by Consob (*Commissione Nazionale per le Società e la Borsa,* Italian Securities and Exchange Commission).
This Interim report on operations, prepared by the Directors, relates to the attached consolidated condensed interim financial statements of Piquadro S.p.A. (hereinafter also referred to as the “Company” or the “Parent Company”) and of its subsidiaries (“Piquadro Group” or the “Group”) relating to the half-year ended 30 September 2018. The financial statements were prepared in compliance with IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and were prepared according to the provisions under IAS 34, “Interim financial reporting”. The Interim report on operations must therefore be read together with the Financial Statements and the related Notes.

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

CORPORATE BODIES HOLDING OFFICE AT 30 SEPTEMBER 2018

- **BOARD OF DIRECTORS**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2019)

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

- **AUDIT AND RISK COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2019)

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

- **REMUNERATION COMMITTEE**
  (holding office for three years until the date of the Shareholders' Meeting called to approve the financial statements as at 31 March 2019)

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

- **LEAD INDEPENDENT DIRECTOR**
  Paola Bonomo

- **BOARD OF STATUTORY AUDITORS**
  (holding office for three years until the approval of the financial statements as at 31 March 2019)

  Regular members

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

  Substitute members
  Giacomo Passaniti
  Maria Stefania Sala

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

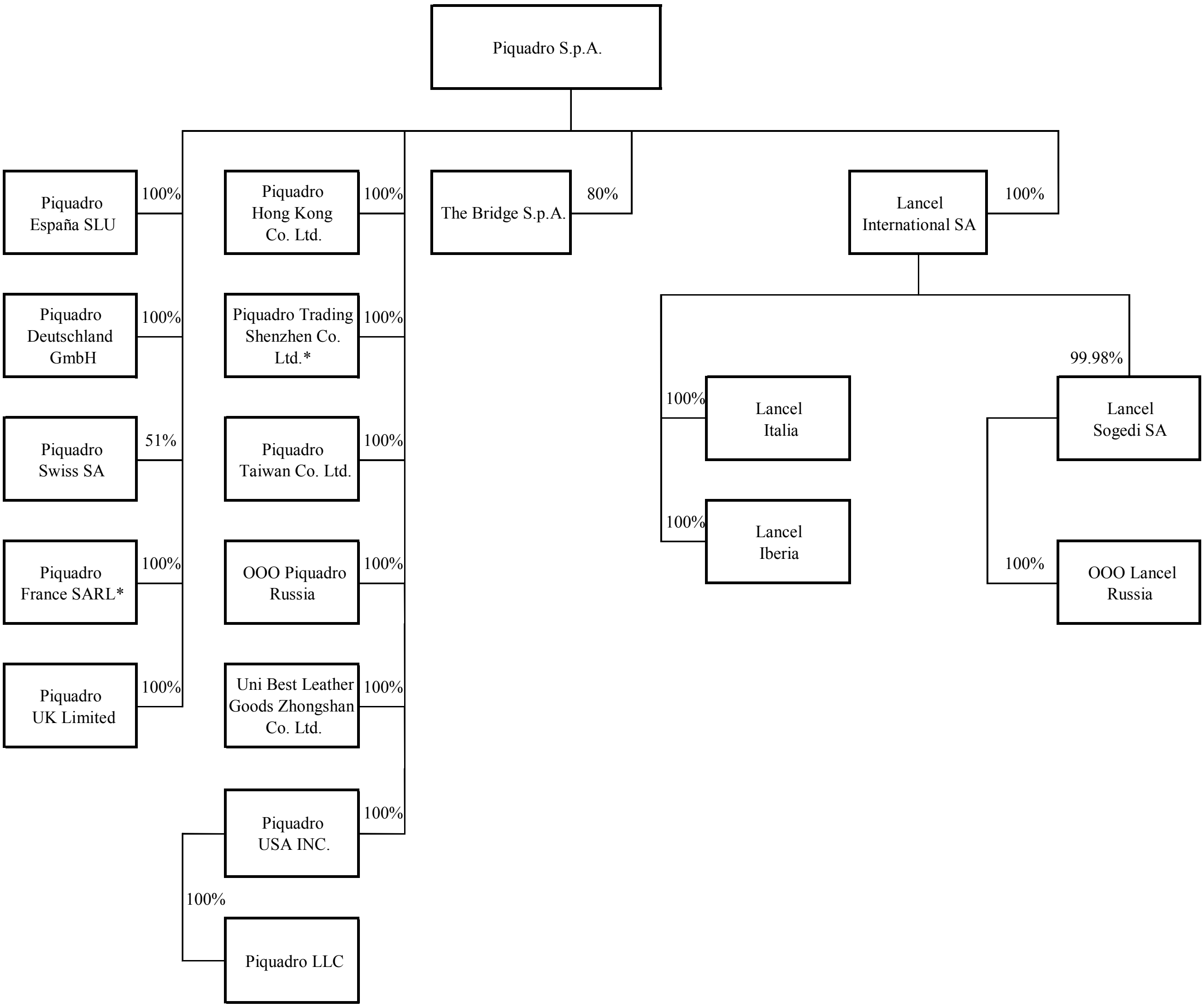
  Deloitte & Touche S.p.A.

- **FINANCIAL REPORTING MANAGER**
  Roberto Trotta

- **SUPERVISORY BOARD**
  Mario Panzeri

THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group as at 30 September 2018:



* in liquidation

Significant events for the half-year ended 30 September 2018

On 2 June 2018 Piquadro S.p.A. signed a contract of sale for the acquisition of Lancel International S.A. ("Lancel International") – a Swiss company that is wholly owned by the Richemont Group and is the owner of the "Lancel" brand, holding 99.9958% of the capital of the French company Lancel Sogedi S.A., as well as of the Spanish and Italian companies that operate Lancel's boutiques in their respective countries (Lancel International and its subsidiaries are hereinafter referred to as the "Lancel Group" or "Maison Lancel").

The Lancel Group was founded in 1876 and the head office of the operating company (Lancel Sogedi) is located in Paris. It has developed a network of 59 DOSs and 11 franchise shops and is active in 39 countries, including China, through its retail and wholesale sales network.

The sale transaction described above (hereinafter the "Transaction") falls within the scope of the growth and development plan of the Piquadro Group and is of significant strategic importance, with specific regard to the international expansion of the Group.

The price paid on the date of execution amounted to Euro 1 (one), plus an earn-out equal to 20% of profits realised by the Lancel Group on an annual basis ("Annual Earn-Out") during the ten years after the date of completion of the Transaction and to 50% of the price of any possible resale to third parties of the Lancel Group or of most of its assets ("Sale Earn-Out"), should it take place in the same period. However, the parties have agreed that in no case may the earn-out exceed an amount of Euro 35 million. Within the scope of the agreements reached in relation to this transfer, Richemont has undertaken to cover any and all losses suffered by the Lancel Group over a period of 10 years ("Loss Period"), with a maximum limit of no more than Euro 35 million. Therefore, according to these provisions, the commitment undertaken by Richemont will entail, for each financial year included in the Loss Period, Richemont's cash transfer (during the subsequent financial year) to the Lancel Group in an amount equal to the losses covered by the Lancel Group in that year. Therefore, under the contract of transfer, the Lancel Group is entitled to receive an amount equal to the losses suffered, on the one hand, and, on the other, is under an obligation to transfer to Richemont 20% of the profits achieved by Lancel during the Loss Period.

On 19 July 2018 the Shareholders' Meeting of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2018 and the distribution of a unit dividend of Euro 0.06 to the Shareholders, for a total amount of Euro 3 million. The dividend was paid starting from 1 August 2018 (the record date falling on 31 July 2018) with coupon no. 11 being detached on 30 July 2018.

The Shareholders' Meeting also approved:

- the First Section of the Remuneration Report that describes the Company policy governing the fees payable to the Company's Executive Directors, non-executive Directors, Board of Statutory Auditors' members and any other Key Management member for the 2018/2019 financial year, as well as the procedures used for the adoption and implementation of this policy";
- the decision to authorise the purchase of the Company's ordinary shares, in one or more tranches, up to the maximum number permitted by law, having regard to treasury shares held directly and to those held by subsidiaries. The purchases may be made, according to Article 2357, paragraph 1, of the Italian Civil Code, within the limits of distributable profits and available reserves resulting from the most recent financial statements as duly approved, with a consequent reduction in equity, pursuant to Article 2357-*ter*, paragraph 3, of the Italian Civil Code, in the same amount, through the recognition of a specific item with s negative sign in the balance sheet liabilities. The purchase, sale, exchange or contribution of shares shall be accompanied by any appropriate accounting record in compliance with the provisions of law and applicable accounting standards. In cases of sale, exchange or contribution, the corresponding amount may be reused for additional purchases, until the expiry of the time limit set out for the authorisation given by the Shareholders' Meeting, without prejudice to any quantitative and expenditure limits, as well as to the terms and conditions laid down by the Shareholders' Meeting. The authorisation for the purchase of shares is given until the approval of the financial statements as at 31 March 2018, with effect from the date of this resolution. The purchase price of the shares shall be determined from time to time, having regard to the methods selected to carry out the transaction and in accordance with the legislative, regulatory or permitted market practices, within a minimum and maximum limits that can be determined according to the following criteria:

(i) in any case the minimum consideration for the purchase shall not be less, by 20%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction;
(ii) in any case, the maximum consideration for the purchase shall not be higher, by 10%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction
Should the purchase of treasury shares be made within the scope of any market practice referred to in CONSOB resolution no. 16839/2009, the purchase price set for any proposed trading shall not exceed the higher of the price set for the most recent independent transaction and the current purchase price of the highest independent proposed trading in the market in which proposed purchases are launched, without prejudice to any additional limit set out in the resolution itself.
The abovementioned transactions shall be carried out, on one or more occasions, by purchasing shares, pursuant to Article 144-*bis*, paragraph l, letter b, of the Issuers' Regulation, on regulated markets or multilateral trading systems, which do not allow any direct matching of proposed purchase trading with predetermined proposed sales trading, according to operating procedures set out in the regulations governing the organisation and operation of the markets themselves, in compliance with Article 2357 and ff. of the Italian Civil Code, the equality of treatment of shareholders and any applicable legislation, including regulatory provisions, in force, including the principles referred to in Article 132 of the TUF (*Testo Unico della Finanza*, Consolidated Act on Finance), as well as with Regulation (EU) no. 596/2014 of 16 April 2014 ad related implementing provisions, if applicable. The purchases may take place according to procedures other than those specified above pursuant to Article 132, paragraph 3, of Legislative Decree no. 58/1998 or any other provision applicable from time to time on the day of the transaction;
(a) the decision to authorise, pursuant to and for the purposes of Article 2357-*ter* of the Italian Civil Code, the disposition, on one or more occasions, of any share that has been purchased according to this resolution or that in any case is already held in the Company's portfolio even well before having reached the maximum amount of shares that can be purchased, and any possible repurchase of the shares themselves to the extent that the treasury shares held by the Company do not exceed the limit set out in the authorisation. The disposition of shares is authorised with effect from the date of this resolution, without any time limit. The consideration for any sale of treasury shares, which will be set by the Board of Directors, with the right of sub-delegating powers to one or more directors, may not be less by 20% at least, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction.
Should the sale of treasury shares be carried out within the scope of the permitted market practices referred to above, without prejudice to any additional limit set out in CONSOB resolution no. 16839/2009, the sales price of any proposed trading shall not be less than the lower of the price of the most recent independent transaction and the current sales price of the lowest independent proposed trading in the market in which proposed sales are launched.
Should the treasury shares be the object of trading, exchange, contribution or any other act of non-cash disposition, the financial terms and conditions of the transaction shall be laid down based on its nature and features, while taking account of the market performance of the Piquadro S.p.A. stock. The disposition of shares may take place according to such procedures as may be considered to be the most appropriate in the interest of the Company, and in any case in compliance with the applicable regulations and permitted market practices; and
(b) the decision to grant the Board of Directors and, through the same, any managing director, jointly and severally between them, the amplest powers required for the actual and full execution of the resolutions referred to in the points above in compliance with the provisions laid down in Article 132 of the TUF and the disclosure obligations referred to in Article 144-*bis*, paragraph 3, of the Issuers' Regulation and, if required, the disclosure obligations required by the abovementioned market practices and by Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable, with the right to proceed with the purchase and disposition of treasury shares, within the limits of the provisions laid down above, including through specialist intermediaries, also pursuant to and for the purposes of the abovementioned market practice governing operations in support of liquidity permitted by CONSOB under resolution no. 16839 of 19 March 2009 and pursuant to Regulation (EU) no. 596/2014 of 16 April 2014 and related implementing provisions, if applicable;

- an adjustment to the fees payable to the Independent Auditors throughout the 2018/2025 financial years. This adjustment became necessary due to a greater number of operations carried out as a result of the events that occurred during the 2017/2018 financial year – specifically following the amendments made to the "Statutory audit reform", which were transposed into our legal system under Legislative Decree no. 135/2016;

- the full revocation of the resolution concerning the increase in the Company's share capital serving the 2012-2017 Plan, which has been in place until today in a nominal amount of Euro 93,998.00; as well as (ii) the consequent amendments to article 6 of the Company's Articles of Association, in consideration of the fact that not even the third and last tranche of options awarded under the stock option plan named "2012-2017 Piquadro S.p.A. Stock Option Plan" (the "2012-2017 Plan") has been vested and that, therefore, the plan must be considered terminated.

In addition to the above provisions, no significant events must be reported which occurred at Group level from 1 April 2018 to the date of this Report.

The Group's results

In the first six months of the 2018/2019 financial year the Group reported a sales performance increasing by 42.3% compared to the same period in the 2017/2018 financial year.
In the half-year ended 30 September 2018, the Piquadro Group reported, in fact, net sales revenues equal to Euro 66,598 thousand (+42.3%) compared to Euro 46,814 thousand reported in the corresponding period in the 2017/2018 financial year.
The increase in revenues was mainly determined by the consolidation of Maison Lancel from June, which reported revenues of Euro 16.5 million, as well as by an increase of 4.0% in Piquadro-branded sales and by an increase of 17.2% in The Bridge-branded sales, as described below.

In the half-year ended 30 September 2018, the Piquadro Group reported, in terms of profitability, EBITDA of about Euro (0.26) million compared to Euro 5.8 million recorded in the first half-year of the 2017/2018 financial year. EBITDA includes the results achieved by Maison Lancel from June to September 2018, which posted losses of Euro 5.5 million, and costs of Euro 1.42 million incurred by the Piquadro Group for the acquisition of Maison Lancel. Adjusted EBITDA, which is defined as the sum of the results achieved by the Piquadro and The Bridge brands, came to Euro 6.66 million, up by 14.0% compared to the first half of the 2017/2018 financial year. The Piquadro brand's EBITDA amounted to Euro 5.52 million, up by 11.3%, during the half-year ended 30 September 2018, while The Bridge brand's EBITDA amounted to Euro 1.14 million, up by 29.6% during the half-year ended 30 September 2018.

The Group's EBIT posted a negative value of Euro 2.20 million and includes the results achieved by Maison Lancel from June to September 2018, which posted losses of Euro 5.57 million and acquisition costs of Euro 1.42 million incurred by the Piquadro Group. Adjusted EBIT, which is defined as the sum of the results achieved by the Piquadro and The Bridge brands, came to Euro 4.79 million, up by 8.9% compared to the first half of the 2017/2018 financial year. The Piquadro brand's EBIT amounted to Euro 3.93 million, up by 4.2%, during the half-year ended 30 September 2018, while The Bridge brand's EBIT amounted to Euro 0.86 million, up by 37.0% during the half-year ended 30 September 2018.

The Group's net profit at 30 September 2018 came to Euro 38.23 million, showing an improvement of Euro 35.4 million compared to the same period in the previous year (equal to Euro 2.78 million) and includes the results achieved by Maison Lancel from June to September 2018, which posted losses of Euro 6.0 million, acquisition costs of Euro 1.42 million incurred by the Piquadro Group and a non-recurring income of Euro 42.2 million arising from the acquisition of the Lancel Group, as more widely described below. Adjusted Net Profit, which is defined as the sum of the results achieved by the Piquadro and The Bridge brands, came to Euro 3.43 million, up by 23.2% compared to the first half of the 2017/2018.

Sales revenues

During the first half-year ended 30 September 2018, the Piquadro Group recorded sales of Euro 66.59 million, up by 42.3% compared to about Euro 46.81 million during the same period in the previous financial year. The increase in revenues was determined by the inclusion of Maison Lancel in the scope of consolidation from June, which reported revenues of Euro 16.05 million, as well as by an increase of 4.0% in Piquadro-branded sales and by an increase of 17.2% in The bridge-branded sales.

Sales volumes, net of Lancel-branded sales, in terms of quantities sold during the relevant period, showed an increase of 7.5% compared to the same period during the 2017/2018 financial year.

Following the acquisition of Maison Lancel, the Piquadro Group's top management has reviewed the results of operations obtained by each brand (Piquadro, The Bridge, Lancel) in operational terms; accordingly, the disclosures under IFRS 8 concerning the Group's sales revenues are now reported on a brand basis (Piquadro, The Bridge, Lancel) starting from the current financial year.

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

Breakdown of revenues by Brand

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

Brand *(in thousands of Euro)*	**Net revenues as at 30 September 2018**	**%**	**Net revenues as at 30 September 2017**	**%**	**% change 2018/2017**
PIQUADRO	37,165	55.8%	35,738	76.3%	4.0%
THE BRIDGE	12,983	19.5%	11,076	23.7%	17.2%
LANCEL	16,450	24.7%	0	0.0%	0.0%
Total	**66,598**	**100.0%**	**46,814**	**100.0%**	**42.3%**

Net sales revenues amounted to Euro 66.6 million during the first half of the financial year ended 30 September 2018, up by 42.3% compared to Euro 46.8 million during the same period in the previous financial year. As noted above, the increase in revenues was mainly due to the inclusion of Maison Lancel in the scope of consolidation from June, which recorded revenues of Euro 16.5 million, as well as to an increase of 4.0% in Piquadro-branded sales and an increase of 17.2% in The Bridge-branded sales.

With reference to the Piquadro brand, the revenues reported during the first half-year showed an increase of 4.0% compared to the same period ended 30 September 2017; this rise was mainly due to an increase in sales from the Wholesale channel, which came to about 6.2% and which accounts for 62.7% of Piquadro-branded sales.

With reference to The Bridge brand, the revenues reported during the first half-year showed an increase of 17.2% compared to the same period ended 30 September 2017; this rise was due both to an increase of 16.8% in sales from the Wholesale channel and to an increase of 18.0% in sales from the DOS channel, which also includes the e-commerce website of The Bridge, accounting for 28.9% of The Bridge-branded sales.

Maison Lancel's sales revenues achieved from June to September amounted to Euro 16.5 million (with a contribution of about 35.0% to growth), 81.1% of which was obtained by the DOS channel in which Maison Lancel operates through 56 stores in France, 2 in Italy and 1 in Spain.

Breakdown of revenues by geographical area

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

Geographical area *(in thousands of Euro)*	**Net revenues as at 30 September 2018**	**%**	**Net revenues as at 30 September 2017**	**%**	**% Change 2018/2017**
Italy	38,653	58.0%	36,357	77.7%	6.3%
Europe	25,676	38.6%	8,954	19.1%	186.8%
Rest of the world	2,270	3.4%	1,503	3.2%	51.0%
Total	**66,598**	**100.0%**	**46,814**	**100.0%**	**42.3%**

From a geographical point of view, at 30 September 2018, the Piquadro Group's revenues showed an increase of 6.3% on the Italian market, which accounts for 58.0% of the Group's total turnover (77.7% of consolidated sales at

30 September 2017), driven both by the growth of Piquadro and The Bridge and by the acquisition of Maison Lancel (with a contribution of about 2.6% to growth).

In the European market, the Group recorded a turnover of Euro 25.7 million, equal to 38.6% of consolidated sales (19.1% of consolidated sales at 30 September 2017), up by 187.0% compared to the same period in the 2017/2018 financial year. This growth was due both to the inclusion of Maison Lancel in the scope of consolidation from June (with a contribution of about 61%) and to the growth reported by both brands, Piquadro and The Bridge, and specifically in the markets of Germany, Benelux, Austria and Switzerland.

In the non-European geographical area (named "Rest of the World"), turnover increased by 51% compared to the same period in the 2017/2018 financial year, mainly due to the acquisition of Maison Lancel.

Summary economic-financial data and alternative performance indicators

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

a) EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation, or Gross Operating Margin) is an economic indicator that is not defined by the International Accounting Standards. EBITDA is a unit of measurement utilised by the Management to monitor and assess the Group's operational performance. The Management believes that EBITDA is an important parameter for the measurement of the Group's performance, as it is not affected by the volatility due to the effects of the various criteria for the determination of taxable income, by the amount and characteristics of the capital employed, as well as by the amortisation and depreciation policies. EBITDA is defined as the earnings for the period before depreciation and impairment of property, plant and equipment and amortisation of intangible assets, financial income and charges and the income taxes for the period.
b) Adjusted EBITDA, for the current period, is defined as EBITDA achieved by the business units relating to the Piquadro and The Bridge brands and does not include the result achieved by Maison Lancel, as well as non-recurring income and costs.
c) EBIT – Earnings Before Interest and Taxes - is the Earnings for the period before financial income and charges and income taxes.
d) Adjusted EBIT, for the current period, is defined as EBIT achieved by the business units relating to the Piquadro and The Bridge brands and does not include the result achieved by Maison Lancel, as well as non-recurring income and costs.
e) The Net Financial Position ("NFP") utilised as a financial indicator of borrowing, is represented as the sum of the following positive and negative components of the Statement of Financial Position, as required by CONSOB Notice no. 6064293 of 28 July 2006. Positive components: cash and cash equivalents, liquid securities under current assets, short-term financial receivables. Negative components: payables to banks, payables to other lenders, leasing and factoring Companies.
f) The 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.
g) 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.

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

Below are reported the Group's main economic-financial indicators at 30 September 2018 and at 30 September 2017:

I Economic and financial indicators *(in thousands of Euro)*	**30/09/2018**	**30/09/2017**
Revenues from sales	66,598	46,814
EBITDA	(256)	5,844
EBIT	(2,203)	4,398
Result before tax	39,589	4,050
Group's profit for the period	38,231	2,784
Amortisation and depreciation, provisions and write-downs	2,367	1,832
Cash generation (Group net profit, net of amortisation and depreciation, write-downs)	40,598	4,616
Net Financial Position	24,843	(13,615)
Equity	76,567	38,567

EBITDA for the period came to Euro (256) thousand, against Euro 5,844 thousand recorded in the same period ended 30 September 2017 and as at 30 September 2018 it accounted for (0.4%) of consolidated revenues (12.5% in the half-year ended 30 September 2017).
Below is a restatement of the income statement data aimed at showing the performance of the operating profitability ratio of EBITDA:

Financial indicators *(in thousands of Euro)*	**30/09/2018**	**30/09/2017**
Operating result	(2,203)	4,398
Amortisation, depreciation and write-downs	1,948	1,446
EBITDA	**(256)**	**5,844**
Adjusted EBITDA	**6,664**	**5,844**

EBITDA includes the results achieved by Maison Lancel from June to September 2018, which posted losses of Euro 5,498 thousand and costs of Euro 1,423 thousand incurred by the Piquadro Group for the acquisition of Maison Lancel. Adjusted EBITDA, which is defined as the sum of results achieved by the Piquadro and The Bridge brands, amounted to Euro 6,664 thousand, up by 14.0% compared to the first half of the 2017/2018 financial year. The Piquadro brand's EBITDA amounted to Euro 5,521 thousand, up by 11.3%, during the half-year ended 30 September 2018, while The Bridge brand's EBITDA amounted to Euro 1,143 thousand, up by 29.6%, during the half-year ended at 30 September 2018.

Financial indicators *(in thousands of Euro)*	**30/09/2018**	**30/09/2017**
EBIT	**(2,203)**	**4,398**
Adjusted EBIT	**4,791**	**4,398**

The Group's EBIT came to Euro (2,203) thousand and includes the results achieved by Maison Lancel from June to September 2018, which posted losses of Euro 5,572 thousand and acquisition costs of Euro 1,423 thousand incurred by the Piquadro Group.

Adjusted EBIT, which is defined as the sum of results achieved by the Piquadro and The Bridge brands, amounted to Euro 4,791 thousand, up by 8.9% compared to the first half of the 2017/2018 financial year. The Piquadro brand's EBIT amounted to Euro 3,926 thousand, up by 4.2%, during the half-year ended 30 September 2018, while The Bridge brand's EBIT amounted to Euro 865 thousand, up by 37.0%, during the half-year ended 30 September 2018.

Below is a restatement of the income statement data aimed at representing the performance of the Group's net result indicator:

Financial indicators *(in thousands of Euro)*	**30/09/2018**	**30/09/2017**
Net Result for the year	**38,231**	**2,784**
Adjusted net result	**3,431**	**2,784**

The Group's net result at 30 September 2018 amounted to Euro 38,231 thousand, showing an improvement of Euro 35,447 thousand compared to the same period in the previous financial year (equal to Euro 2,784 thousand), and includes the results achieved by Maison Lancel from June to September 2018, which posted losses of Euro 6,042 thousand, acquisition costs of Euro 1,423 thousand incurred by the Piquadro Group and a non-recurring income of Euro 42,265 thousand arising from the acquisition of the Lancel Group.

Adjusted Net Profit, which is defined as the sum of results achieved by the Piquadro and The Bridge brands, amounted to Euro 3,430 thousand, up by 23.2% compared to the first half of the 2017/2018 financial year.

Investments

Investments in intangible assets, property, plant and equipment and financial assets in the half-years ended 30 September 2018 and 30 September 2017 were equal to Euro 1,741 thousand and to Euro 633 thousand, respectively, as reported below:

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
Investments		
Intangible assets	163	163
Property, plant and equipment	1,578	468
Non-current financial assets	0	2
Total	**1,741**	**633**

Increases in intangible assets came to Euro 163 thousand in the half-year ended 30 September 2018 and mainly related to the renewal of software and IT products.
Increases in property, plant and equipment came to Euro 1,578 thousand in the in the half-year ended 30 September 2018 and were mainly attributable to the purchase of workshop systems and machinery for Euro 280 thousand and to furniture and furnishings purchased for the refurbishment of already existing DOSs and the opening of new ones (Italy, Taiwan and Russia) for Euro 1,298 thousand.

With respect to the above developments, the increases relating to the Lancel Group amounted to Euro 667 thousand for the consolidation period from June to September and were mainly attributable to the refurbishment of Marne-la-Vallée outlet and of Galeries Lafayette Toulouse and Galeries Lafayette Rosny DOSs, as well as to the purchase of furniture and fittings for subsidiary Lancel Russia for the future opening of a DOS in Moscow.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is summarised the Group's consolidated statement of financial position as at 30 September 2018 (compared to the corresponding statement as at 31 March 2018 and 30 September 2017):

(in thousands of Euro)	**30 September 2018**	**31 March 2018**	**30 September 2017**
Trade receivables	40,940	27,618	34,575
Inventories	38,242	22,027	21,906
(Trade payables)	(38,644)	(22,149)	(22,244)
Total net current trade assets	*40,538*	*27,496*	*34,237*
Other current assets	6,610	3,326	3,137
Tax receivables	473	275	724
(Other current liabilities)	(10,094)	(3,233)	(3,909)
(Tax payables)	(3,492)	(2,433)	(1,247)
A) Working capital	***34,035***	***25,431***	***32,942***
Intangible assets	8,034	8,545	8,232
Property, plant and equipment	12,083	11,115	11,894
Non-current financial assets	2	2	2
Receivables from others beyond 12 months	2,313	707	696
Deferred tax assets	2,334	2,318	2,238
B) Fixed assets	***24,766***	***22,687***	***23,062***
C) Non-current provisions and non-financial liabilities	***(7,077)***	***(4,082)***	***(3,822)***
Net invested capital (A+B+C)	**51,724**	**44,036**	**52,182**
FINANCED BY:			
D) Net financial debt	***(24,843)***	***3,653***	***13,615***
E) Equity attributable to Minority interests	***(235)***	***(191)***	***(165)***
F) Equity attributable to the Group	***76,802***	***40,574***	***38,732***
Total borrowings and Shareholders' Equity (D+E+F)	***51,724***	**44,036**	**52,182**

CONSOLIDATED NET FINANCIAL POSITION

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

(in thousands of Euro)	**30/09/2018**	**31/03/2018**	**30/09/2017**
(A) Cash	402	182	154
(B) Other cash and cash equivalents (available current bank accounts)	53,899	23,370	11,424
(C) Liquidity (A) + (B)	**54,301**	**23,552**	**11,578**
(D) Finance leases	(36)	(904)	(1,226)
(E) Current bank debt	0	0	0
(F) Current portion of current debt	(15,119)	(12,504)	(8,148)
(G) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(70)	(820)	(820)
(H) Current financial debt (D) + (E) + (F) + (G)	**(15,225)**	**(14,222)**	**(10,194)**
(I) Short-term net financial position (C) + (H)	**39,076**	**9,327**	**1,384**
(L) Non-current bank debt	(8,532)	(11,128)	(13,221)
(M) Finance leases	(2)	(12)	(45)
(N) Payables to Il Ponte S.p.A. for the acquisition of The Bridge	(1,837)	(1,843)	(1,733)
(O) Payables to the Richemont Group for the acquisition of Maison Lancel	(3,863)	0	0
(P) Non-current financial debt (L) + (M) + (N)+(O)	**(14,233)**	**(12,983)**	**(14,999)**
(Q) Net Financial Position (I) + (P)	**24,843**	**(3,653)**	**(13,615)**

The net financial position posted a positive value of about Euro 24.8 million, showing an improvement of Euro 38.5 million compared to a negative value of Euro 13.6 million at 30 September 2017 and showing an improvement of Euro 28.5 million compared to a negative value of Euro 3.7 million at 31 March 2018.

The net financial position at 30 September 2018, compared to that recorded as at 30 September 2017, showed an improvement which was mainly due to the consolidation of Maison Lancel and specifically to Maison Lancel's liquid assets of Euro 43.9 million received upon acquisition, including a contribution of Euro 35 million paid by the Richemont Group into Lancel in order to cover any possible future loss of the Lancel Group (for more details, reference should be made to the information provided in the paragraph on "Significant events for the half-year ended 30 September 2018").

Furthermore, the change in the Net Financial Position was affected by the payment of dividends of Euro 3 million, investments of Euro 2.5 million made by the Group, free cash flows of Euro 7.7 million for the period, an increase of Euro 3.7 million in working capital, as well as by an earn-out of Euro 3.8 million envisaged in favour of the Richemont Group as per contract (for more details, reference should be made to what is detailed in the paragraph on "Business combinations").

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

Below is the statement of reconciliation of the Parent Company's equity and profit (loss) for the period resulting from its financial statements and the corresponding consolidated values at 30 September 2018:

(in thousands of Euro)	**Profit (loss) at 30 September 2018**	**Equity at 30 September 2018**	**Profit (loss) at 31 March 2018**	**Equity at 31 March 2018**
Equity and profit (loss) for the period as reported in the financial statements of Piquadro S.p.A.	**2,523**	**39,930**	**5,278**	**40,107**
Derecognition of the carrying amount of consolidated equity investments	(5,135)	(3,704)	(8)	767
Non-recurring income arising from the acquisition of the Lancel Group, net of transaction costs	40,842	40,842		
Dividends	0	0	(365)	0
Derecognition of the effects of transactions carried out between consolidated Companies:				
- Profits included among closing inventories	(53)	(556)	(54)	(503)
- Other minor effects	89	290	(11)	203
Group's equity and profit (loss) for the period	**38,266**	**76,802**	**4,840**	**40,574**
Minority interests' profit (loss) and Equity	(35)	(235)	(67)	(191)
Consolidated Equity and profit (loss)	**38,231**	**76,567**	**4,773**	**40,383**

OTHER INFORMATION

Human Resources

The products that the Group offers are conceived, manufactured and distributed according to the guidelines of an organisational model whose feature is that it monitors all the most critical phases of the chain, from conception and manufacturing to subsequent distribution. This entails great care with the correct management of human resources, which, while respecting the different local environments in which the Group operates, must necessarily lead to intense personal involvement, above all in what the Group considers the strategic phases for the success of the brand.
As at 30 September 2018 the Group had 1,122 units, compared to 781 units as at 30 September 2017.
The change was mainly due to the inclusion of Maison Lancel in the scope of consolidation, which employed 331 people on 30 September 2018.
Below is reported the breakdown of staff by Country:

Country	30 September 2018	30 September 2017
Italy	388	361
China	331	346
Hong Kong	5	2
Germany	1	1
Spain	22	19
Taiwan	23	15
France	313	0
Switzerland	4	4
United Kingdom	4	5
USA	0	4
Russia	31	24
Total	**1,122**	**781**

With reference to the Group's organisational structure, as at 30 September 2018, 22.6% of staff operated in the production area, 45.4% in the retail area, 20.1% in the support functions (Administration, IT Systems, Purchasing, Quality, Human Resources, etc.), 7.8% in the Research and Development area and 4.2% in the Wholesale area.

Research and development activity

The R&D work for the Piquadro brand is carried out in house by the Parent Company through a dedicated team that currently consists of 11 persons, mainly engaged in the product Research and Development department and the style office at the head office of the Company.
The plants of the Chinese subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. employ a staff of 33 people dedicated to prototyping and the production of new models according to the instructions defined by the central organisation.

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

The R&D work for the Lancel brand is carried out at the plant of the French subsidiary Lancel Sogedi S.A. through a team of 24 people.

Transactions with related parties

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

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

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

Specifically, the Parent Company certifies that, with regard to said subsidiary:

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

Significant events after the half-year end

No significant events must be reported which occurred at Group level from 1 October 2018 to the date of preparation of this Report.

Outlook

The results achieved during the first half-year support the Piquadro Group's Management in its path to growth and internationalisation.

Therefore, the Management expects that a turnover of Euro 150 million may be achieved during the 2018/2019 financial year as a result of the acquisition and consolidation of Maison Lancel, while continuing its path to growth which it embarked on as early as during the first 2018/2019 half-year.

In terms of profitability, the Management expects, net of the effects of the consolidation of Maison Lancel, to continue to be able to record increasing producers' profits provided that the Euro-Dollar exchange rate remains in line with the first half-year.

As regards Maison Lancel, the Management believes that, in terms of operating profits and net of non-recurring effects, the evaluations it made upon acquisition will not be significantly different.

In this context the Management will continue to monitor operating profit margins, compliance with the development plans of each brand and costs, in order to increase the Group's commitments in the field of Marketing and R&D with a view to enhance the visibility of its brands.

Silla di Gaggio Montano (BO), 22 November 2018

FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
Marco Palmieri

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2018

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of Euro)	**Notes**	**30 September 2018**	**31 March 2018**
ASSETS			
NON-CURRENT ASSETS			
Intangible assets	(1)	3,376	3,887
Goodwill	(2)	4,658	4,658
Property, plant and equipment	(3)	12,083	11,115
Non-current financial assets	(4)	2	2
Receivables from others	(5)	2,313	707
Deferred tax assets	(6)	2,334	2,318
TOTAL NON-CURRENT ASSETS		**24,766**	**22,687**
CURRENT ASSETS			
Inventories	(7)	38,242	22,027
Trade receivables	(8)	40,940	27,618
Other current assets	(9)	6,334	3,326
Derivative assets	(10)	277	0
Tax receivables	(11)	473	275
Cash and cash equivalents	(12)	54,301	23,552
TOTAL CURRENT ASSETS		**140,567**	**76,798**
TOTAL ASSETS		**165,333**	**99,485**

(in thousands of Euro)	**Notes**	**30 September 2018**	**31 March 2018**
LIABILITIES			
EQUITY			
Share Capital		1,000	1,000
Share premium reserve		1,000	1,000
Other reserves		1,317	415
Retained earnings		35,219	33,319
Group profit for the period		38,266	4,840
TOTAL EQUITY ATTRIBUTABLE TO THE GROUP		**76,802**	**40,574**
Capital and reserves attributable to minority interests		(200)	(124)
Profit/(loss) for the period attributable to minority interests		(35)	(67)
TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS		**(235)**	**(191)**
TOTAL EQUITY	(13)	**76,567**	**40,383**
NON-CURRENT LIABILITIES			
Borrowings	(14)	8,532	11,128
Payables to other lenders for lease agreements	(15)	2	12
Other non-current liabilities	(16)	7,662	1,838
Provision for employee benefits	(17)	3,907	1,885
Provisions for risks and charges	(18)	3,170	2,197
Deferred tax liabilities	(19)	0	0
TOTAL NON-CURRENT LIABILITIES		**23,273**	**17,060**
CURRENT LIABILITIES			
Borrowings	(20)	15,113	12,345
Payables to other lenders for lease agreements	(21)	36	904
Derivative liabilities	(22)	6	159
Trade payables	(23)	38,644	22,149
Other current liabilities	(24)	8,202	4,052
Tax payables	(25)	3,492	2,433
TOTAL CURRENT LIABILITIES		**65,493**	**42,042**
TOTAL LIABILITIES		**88,766**	**59,102**
TOTAL EQUITY AND LIABILITIES		**165,333**	**99,485**

CONSOLIDATED INCOME STATEMENT

(*in thousands of Euro*)	Notes	30 September 2018			30 September 2017
		Current Operations	Non-recurring items	Total	
REVENUES					
Revenues from sales	(26)	66,598		66,598	46,814
Other income	(27)	691		691	600
TOTAL REVENUES (A)		**67,289**		**67,289**	**47,414**
OPERATING COSTS					
Change in inventories	(28)	(3,215)		(3,215)	(3,111)
Costs for purchases	(29)	21,062		21,062	14,102
Costs for services and leases and rentals	(30)	30,185	1,423	31,608	20,073
Personnel costs	(31)	17,312		17,312	9,794
Amortisation, depreciation and write-downs	(32)	2,367		2,367	1,832
Other operating costs	(33)	357		357	326
TOTAL OPERATING COSTS (B)		**68,068**	**1,423**	**69,491**	**43,016**
OPERATING PROFIT (A-B)		**(779)**	**(1,423)**	**(2,202)**	**4,398**
FINANCIAL INCOME AND COSTS					
Financial income	(34)	2,627		2,627	603
Non-recurring income arising from the acquisition of the Lancel Group			42,265	42,265	
Financial costs	(35)	(3,101)		(3,101)	(951)
TOTAL FINANCIAL INCOME AND COSTS		**(474)**	**42,265**	**41,791**	**(348)**
RESULT BEFORE TAX		**(1,253)**	**40,842**	**39,589**	**4,050**
Income tax	(36)	(1,358)		(1,358)	(1,266)
PROFIT FOR THE PERIOD		**(2,611)**	**40,842**	**38,231**	**2,784**
attributable to:					
EQUITY HOLDERS OF THE COMPANY				38,266	2,815
MINORITY INTERESTS				(35)	(31)
(Basic) Earnings per share in Euro	(37)			0.765	0.056

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
Profit for the period (A)	**38,231**	**2,784**
Components that can be reclassified through profit or loss		
Profit/(Loss) arising from the translation of financial statements of foreign companies	635	(417)
Profit/(Loss) on cash flow hedge instruments	310	(109)
Components that cannot be reclassified through profit or loss		
Actuarial gain (losses) on defined-benefit plans	8	(11)
Total Profits recognised in equity (B)	**953**	**(537)**
Total comprehensive Income for the period (A) + (B)	**39,184**	**2,247**
Attributable to		
- Group	39,229	2,269
- Minority interests	(45)	(22)

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

(in thousands of Euro)

Description			Other reserves										
	Share capital	Share premium reserve	Translation reserve	Fair value reserve	Reserve for Employee Benefits	Other reserves	Total Other Reserves	Retained earnings	Group profit	Equity attributable to the Group	Capital and Reserves attributable to minority interests	Profit/ (Loss) attributable to minority interests	Total Equity attributable to the Group and minority interests
Balances as at 31.03.2017	**1,000**	**1,000**	**598**	**(8)**	**(45)**	**497**	**826**	**31,942**	**3,435**	**38,420**	**(105)**	**(31)**	**(38,824)**
Profit for the period									2,815	**2,815**		(31)	**2,784**
<u>Other comprehensive result as at 31 March 2017:</u>													
- Exchange differences from translation of financial statements in foreign currency			(426)				**(426)**			**(426)**	9		**(417)**
- Reserve for actuarial gains (losses) on defined-benefit plans					(11)		**(11)**			**(11)**			**(22)**
- Other changes							**0**	37		**37**			**37**
- Fair value of financial instruments				(109)			**(109)**			**(109)**			**(12)**
Comprehensive Income for the period	**0**	**0**	**(426)**	**(109)**	**(11)**	**0**	**(546)**	**37**	**2,815**	**2,306**	**9**	**(31)**	**2,284**
- Distribution of dividends to shareholders									(2,000)	**(2,000)**			**(2,000)**
- Allocation of the result for the year at 31 March 2017 to reserves								1,435	(1,435)	**0**	(31)	31	**0**
Fair value of Stock Option Plans							**0**			**0**			**0**
Balances as at 30.09.2017	**1,000**	**1,000**	**172**	**(117)**	**(56)**	**497**	**280**	**33,414**	**2,815**	**38,725**	**(127)**	**(31)**	**38,567**
Balances as at 31.03.2018	**1,000**	**1,000**	**88**	**(115)**	**(114)**	**497**	**356**	**33,378**	**4,840**	**40,574**	**(123)**	**(67)**	**40,383**
Profit for the period									38,266	**38,266**		(35)	38,231
<u>Other comprehensive result as at 31 March 2018:</u>													
- Exchange differences from translation of financial statements in foreign currency			645				**645**			**645**	(10)		635
- Reserve for actuarial gains (losses) on defined-benefit plans					8		**8**			**8**			8
- Other changes (consolidation area)							**0**			**0**			0
- Fair value of financial instruments				310			**310**			**310**			310
Comprehensive Income for the period	**0**	**0**	**645**	**310**	**8**	**0**	**963**	**0**	**38,266**	**39,229**	**(10)**	**(35)**	**39,184**
- Distribution of dividends to shareholders									(3,000)	**(3,000)**			(3,000)
- Allocation of the result for the year at 31 March 2018 to reserves								1,840	(1,840)	**0**	(67)	67	0
Fair value of Stock Option Plans							**0**			**0**			0
Balances as at 30.09.2018	**1,000**	**1,000**	**733**	**195**	**(106)**	**497**	**1,319**	**35,219**	**38,266**	**76,802**	**(200)**	**(35)**	**76,567**

CONSOLIDATED CASH FLOW STATEMENT

(*in thousands of Euro*)	30 September 2018	30 September 2017
Profit before tax	**39,589**	**4,050**
Adjustments for:		
Depreciation of property, plant and equipment/Amortisation of intangible assets	1,428	1,359
Write-downs of property, plant and equipment and intangible assets	519	57
Provision for bad debts	420	386
Non-recurring income arising from the acquisition of the Lancel Group	(42,265)	0
Net financial costs/(income), including foreign exchange differences	474	348
Cash flow from operating activities before changes in working capital	**165**	**6,200**
Change in trade receivables (including the provision)	(11,314)	(7,214)
Change in inventories	(3,172)	(2,915)
Change in other current assets	(130)	351
Change in trade payables	4,824	2,000
Change in provisions for risks and charges	478	63
Change in other current liabilities	651	(90)
Change in tax receivables/payables	3,451	(496)
Cash flow from operating activities after changes in working capital	**(5,047)**	**(2,101)**
Taxes paid	(2,049)	(1,266)
Interest paid	(474)	(348)
Cash flow generated from operating activities (A)	**(7,570)**	**(3,715)**
Cash and cash equivalents acquired, net of the price for the acquisition of the Lancel Group	43,906	0
Investments in intangible assets	(991)	(163)
Disinvestments from intangible assets	748	0
Investments in property, plant and equipment	(2,161)	(468)
Disinvestments from property, plant and equipment	-	35
Changes generated from investing activities (B)	**41,501**	**(596)**
Financing activities		
Change in short- and medium/long-term borrowings	172	3,542
- New loans	8,000	5,000
- Repayments and other net changes in Borrowings	(7,828)	(1,458)
Changes in financial instruments	(119)	(152)
Lease instalments paid	(878)	(336)
Change in the translation reserve	648	(417)
Other minor changes	(6)	(37)
Dividends paid	(3,000)	(2,000)
Cash flow generated from/(used in) financing activities (C)	**(3,183)**	**601**
Net increase (decrease) in cash and cash equivalents (A+B+C)	30,749	(3,710)
Cash and cash equivalents at the beginning of the period	**23,552**	**15,288**
Cash and cash equivalents at the end of the period	**54,301**	**11,578**

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2018

GENERAL INFORMATION

The Group's business

Piquadro S.p.A. (hereinafter also referred to as "Piquadro", "the Company" or "the Parent Company") and its subsidiaries ("the Piquadro Group" or "the Group") design, produce and market leather goods - bags, suitcases and accessories - characterised by attention to design and functional and technical innovation.

The Company was established on 26 April 2005. The Share Capital has been subscribed through the contribution of the branch of business relating to operating activities on the part of the former Piquadro S.p.A (now Piqubo S.p.A., the ultimate company controlling the Company), which became effective for legal, accounting and tax purposes on 2 May 2005.

Effective from 14 June 2007, the registered office of Piquadro S.p.A. was moved from Riola di Vergato (Bologna), via Canova no. 123/O-P-Q-R to Località Sassuriano 246, Silla di Gaggio Montano (Bologna).

As of today's date, the Company is owned by Marco Palmieri through Piqubo S.p.A., which is 100% owned. Piqubo S.p.A., in fact, holds 93.34% of the Share Capital of Piquadro Holding S.p.A., which in its turn, holds 68.37% of the Share Capital of Piquadro S.p.A., a Company which is listed on the Milan Stock Exchange since 25 October 2007.

It should be noted that for a better understanding of the Company's economic performance, reference is made to the extensive information reported in the Interim Report on operations prepared by the Directors.

These consolidated condensed interim financial statements were approved by the Board of Directors on 22 November 2018.

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

Accounting standards and policies

This half-year financial report, which includes the Piquadro Group's consolidated condensed interim financial statements as at 30 September 2018, was prepared pursuant to Article 154-*ter* of Legislative Decree no. 58/98 and in accordance with International Accounting Standards (IAS/IFRS) adopted by the European Union and in particular with the accounting standard applicable to interim financial reporting (IAS 34).
IAS 34 allows interim financial statements to be prepared in a "condensed" form, i.e. on the basis of minimum disclosures substantially less detailed than required by IFRS as a whole, provided that a complete set of financial statements prepared on the basis of IFRS has been previously made available to the public.
These consolidated condensed interim financial statements have been prepared in a "condensed" form and they must therefore be read together with the Group's consolidated financial statements ended 31 March 2018 prepared in accordance with IFRS adopted by the European Union, to which reference is made for a better understanding of the Group's business and structure and of the accounting standards and criteria adopted.
The preparation of interim financial statements in accordance with IAS 34 – Interim Financial Reporting requires judgments, estimates and assumptions that impact on the value of the assets, liabilities, costs and revenues. It should be noted that the final results may prove different from those obtained as a result of these estimates.

The Accounting statements of financial position, income statement, statement of comprehensive income, statement of changes in equity and cash flow statement are prepared in an extended form and are the same as those adopted for the consolidated financial statements ended 31 March 2018.

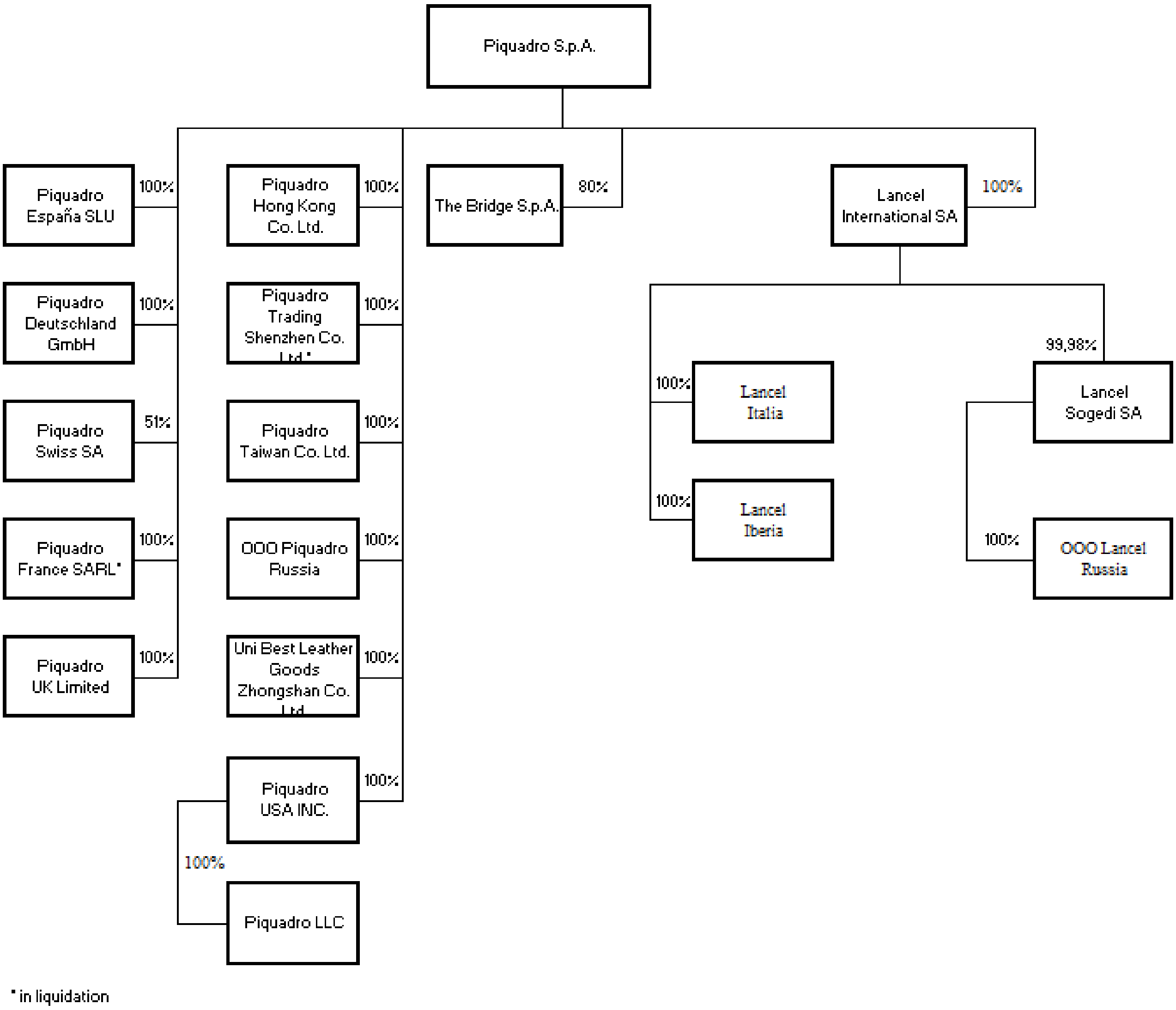
The accounting standards and policies adopted in preparing consolidated condensed interim financial statements are the same as those used in preparing the consolidated financial statements of Piquadro S.p.A. at 31 March 2018, to which reference is made for a description of the same.

The consolidated condensed interim financial statements are made up of the Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Cash Flow Statement, the Statement of Changes in Equity and these Explanatory Notes, in accordance with IFRS. Economic data, changes in equity and cash flows for the half-year ended 30 September 2018 are compared to the half-year ended 30 September 2017. Financial data as at 30 September 2018 are compared to the corresponding values as at 31 March 2018 (relating to the last consolidated annual accounts).
For a better description, accounting data are reported in thousands of Euro in both the accounting statements and these Notes, except as otherwise specified.
The reporting currency of these consolidated financial statements is the Euro, since this currency prevails in the economies of the countries where the Piquadro Group companies conduct their business.

Except as previously illustrated in the Interim report on operations and in the subsequent explanatory notes relating to the acquisition of the Lancel Group, the Management believes that no other significant non-recurring events or transactions occurred in the half-year ended 30 September 2018, nor did any atypical or unusual transactions significantly affect the operating result.

The Group structure

For the purpose of providing a clear representation, below is reported the chart of the Group structure as at 30 September 2018:



Principles of consolidation

Subsidiaries

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

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

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

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

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

Scope of consolidation

The consolidated condensed interim financial statements at 30 September 2018 and 30 September 2017 include the interim financial statements of the Parent Company Piquadro S.p.A. and of all companies over which it exercises control, either directly or indirectly.

The complete list of the companies included in the scope of consolidation as at 30 September 2018, with the related shareholders' equity and share capital recognised according to local accounting standards (as the Group companies have prepared their interim financial statements according to the local regulations and accounting standards, and have only prepared the consolidation file according to IFRS functionally to the consolidation into Piquadro) are reported in the tables below:

Scope of consolidation as at 30 September 2018

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	39,929	Parent Company
Piquadro España SLU	Barcelona	Spain	EUR	898	835	100%
Piquadro Deutschland GmbH	Munich	Germany	EUR	25	36	100%
Uni Best Leather Goods Zhongshan Co. Ltd.	Guangdong	People's Republi	CNY	22,090	1,988	100%

		c of China				
Piquadro Hong Kong Co. Ltd.	Hong Kong	Hong Kong	HKD	2,000	827	100%
Piquadro Trading Shenzhen Co. Ltd.	Shenzhen	People's Republic of China	CNY	13,799	6,318	100%
Piquadro Taiwan Co. Ltd.	Taipei	Taiwan	TWD	25,000	30,026	100%
Piquadro France SARL	Paris	France	EUR	100	0.2	100%
Piquadro Swiss SA	Mendrisio	Switzerland	CHF	100	(554)	51%
Piquadro UK Limited(*)	London	United Kingdom	GBP	1,000	1,032	100%
Piquadro USA INC.	Delaware	USA	USD	1,000	981	100%
Piquadro LLC	Delaware	USA	USD	995	995	100%
OOO Piquadro Russia	Moscow	Russia	RUB	10	60,747	100%
The Bridge S.p.A.	Scandicci	Italy	EUR	50	1,638	100%
Lancel International SA	Villar–Sur-Glane	Switzerland	CHF	35,090	51,891	99.98%
Lancel Sogedi	Paris	France	EUR	20,000	23,401	100%
Lancel Italia	Gaggio Montano (BO)	Italy	EUR	100	1,525	100%
Lancel Iberia	Barcelona	Spain	EUR	3	283	100%
Lancel Russia	Moscow	Russia	RUB	10	(1,613)	100%

It should be noted that the consolidation perimeter at 30 September 2018 included five new companies, compared to the half-year ended 30 September 2017 and as at 31 March 2018, i.e. Lancel International SA, Lancel Sogedi, Lancel Iberia, Lancel Italia and Lancel Russia (Lancel Group), following the acquisition of Maison Lancel as commented on below. It should be noted that Lancel Russia was established in July 2018, i.e. after the acquisition of Maison Lancel.

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

The financial statements expressed in a foreign currency other than the Euro are translated into Euro by applying the exchange rates applied below for the half-years ended 30 September 2018 and 30 September 2017 (foreign currency corresponding to Euro 1). Furthermore, the financial statements also report the closing exchange rates at 31 March 2018 for comparison purposes.

Foreign currency	**Average**		**Closing**		
	30/09/2018	**30/09/2017**	**30/09/2018**	**31/03/2018**	**30/09/2017**
Hong Kong Dollar (HKD)	9.24	8.71	9.06	9.67	9.22
Renminbi (CNY)	7.76	7.41	7.97	7.75	7.85
Taiwan Dollar (NTD)	35.58	36.00	35.34	35.93	35.82
Swiss Franc (CHF)	1.16	1.09	1.13	1.18	1.15
Great Britain Pound (GBP)	0.88	0.82	0.89	0.87	0.88
US Dollar (USD)	1.18	1.12	1.16	1.23	1.18
Russian Rouble (RUB)	75.16	73.22	76.14	70.89	68.25

Main events that occurred during the financial year ended 30 September 2018 and related significant accounting effects

On 2 June 2018 Piquadro S.p.A. signed a contract of sale for the acquisition of Lancel International S.A. ("Lancel International") – a Swiss company that is wholly owned by the Richemont Group and is the owner of the "Lancel" brand, holding 99.9958% of the capital of the French company Lancel Sogedi S.A., as well as of the Spanish and Italian companies that operate Lancel's boutiques in their respective countries (Lancel International and its subsidiaries are hereinafter referred to as the "Lancel Group" or "Maison Lancel").

The Lancel Group was founded in 1876 and the head office of the operating company (Lancel Sogedi) is located in Paris. It has developed a network of 59 DOSs, 7 franchise shops and is active in 39 countries, including China, through its retail and wholesale sales network.

The sale transaction described above (hereinafter the "Transaction") falls within the scope of the growth and development plan of the Piquadro Group and is of significant strategic importance, with specific regard to the international expansion of the Group.

This company was consolidated within the Piquadro Group with accounting effect from 1 June 2018.

Business combinations

Acquisition of Maison Lancel

Business combinations have been accounted for in accordance with IFRS 3 revised. Specifically, the Management has also carried out, with the help of independent professionals, the measurement of assets or liabilities and potential liabilities at fair value, based on the current information about facts and circumstances available on the date of acquisition (purchase price allocation).

The table below reports acquired assets and liabilities measured at their fair value:

Net assets acquired	**Carrying amount of acquirees**	**Fair value adjustment**	**Fair value**
(in thousands of Euro)			
Intangible assets	3,384	(2,572)	812
Property, plant and equipment	14,956	(14,403)	553
Other non-current assets	3,398	(2,069)	1,329
Inventories	17,378	(4,335)	13,043
Trade receivables and other current assets	7,808	(1,673)	6,135
Cash and cash equivalents	43,905	0	43,905
Trade payables and other current liabilities	(14,301)	(631)	(14,932)
Provisions for risks and charges	(2,201)	(610)	(2,811)
Staff severance pay	(2,316)	409	(1,907)
Total net assets acquired	**72,011**	**(25,884)**	**46,127**
Acquisition price			0
Contingent consideration			(3,863)
Difference between fair value of net assets acquired and acquisition price			**42,265**

With reference to the acquisition of control over the Lancel Group, the Management has measured, with the help of independent experts, the fair values of identifiable assets acquired and the liabilities assumed, which have also taken account of their recoverable value (as calculated on the basis of the business plans of the entity being acquired) and have led to identifying the following main significant differences between book values and fair values:

- Lower value of intangible assets in a total amount of Euro 2.6 million arising from the fair value measurement of key money relating to sales outlets.
- Lower value of property, plant and equipment in a total amount of Euro 14.4 million arising from the fair value measurement of these assets, mainly relating to those held with the sales outlets. On the other hand, this measurement was not reported in the relevant balance sheet as at the date of the Transaction, while it had been reported in the acquirees' separate financial statements which were approved after said date.
- Write-down of deferred tax assets for Euro 2.1 million in relation to deferred taxation that, as a result of the change of control, may no longer be recovered within the scope of the Group's tax consolidation.
- Full write-down of the entrance fees stated among non-current assets in the Lancel Group's financial statements for Euro 2.1 million, which may not be realised since they relate to structurally loss-making sales outlets.
- Write-down of inventories for Euro 4.3 million arising from the measurement of warehouse stock at realisable value as at 31 May 2018.

Cash and cash equivalents, equal to Euro 43.9 million, include an advance payment of Euro 35 million made by Richemont to cover expected losses. In relation to this advance payment to cover expected losses and to Lancel undertaking the obligation to refund Richemont an amount equal to the difference between Euro 35 million and the losses suffered during the Loss Period, which entail the effect of "transforming" Lancel's right to be compensated for this in an amount equal to the losses suffered into an obligation to refund an amount equal to the difference between Euro 35 million and any suffered losses, this repayment obligation constitutes a contingent liability for Lancel, which was recognised at fair value as at the date of acquisition. The fair value of this contingent liability has been estimated on the basis of the plan prepared by the Directors. In consideration of the fact that, as at the date of acquisition, Piquadro expected that Lancel was going to record losses equal to or higher than Euro 35 million and, therefore, no obligation to refund the advance payment received was going to arise, no liability has been recognised. This event has led to an increase in the book value of the net assets acquired and, other conditions being equal, has entailed a higher "Non-recurring income arising from the acquisition of the Lancel Group" ("bargain purchase").

The fair value of the assets and liabilities acquired has been calculated provisionally on the basis of the best information available on the date of preparation of this half-year report. If fresh information about events and circumstances existing on the date of acquisition should be received during the measurement period as defined by IFRS 3, or if additional assets and liabilities should be identified, the provisional values stated in this half-year report shall be adjusted on a retrospective basis.

The price paid on the date of execution amounted to Euro 1 (one), plus an earn-out equal to 20% of profits realised by the Lancel Group on an annual basis ("Annual Earn-Out") during the ten years after the date of completion of the Transaction and to 50% of the price of any possible resale to third parties of the Lancel Group or of most of its assets ("Sale Earn-Out"), should it take place in the same period. However, the parties have agreed that in no case may the earn-out exceed an amount of Euro 35 million. Within the scope of the agreements reached in relation to this transfer, Richemont has undertaken to cover any and all losses suffered by the Lancel Group over a period of 10 years ("Loss Period"), with a maximum limit of no more than Euro 35 million. Therefore, according to these provisions, the commitment undertaken by Richemont will entail, for each financial year included in the Loss Period, Richemont's cash transfer to the Lancel Group in an amount equal to the losses covered by the Lancel Group in that year. Therefore, under the contract of transfer, the Lancel Group is entitled to receive an amount equal to the losses suffered, on the one hand, and, on the other, is under an obligation to transfer to Richemont 20% of the profits achieved by Lancel during the Loss Period.

The fair value of the Annual Earn-Out has been calculated, with the help of an independent expert, as follows:

- setting the annual fees payable to Richemont Holdings AG during the period from 1 June 2018 to 31 March 2028 with reference to the results expected by the Management of Piquadro based on alternative scenarios in this period;
- discounting the aforesaid fees back to 31 May 2018. Given the nature of the flows under consideration, the discount rate has been assumed equal to the unlevered cost of risk capital equal to 8.5%;

- calculating the weighted average of the amounts set as stated in the previous point.

The fair value of the Annual Earn–Out was equal to about Euro 3,863 thousand based on the data processed as above.

The positive difference of Euro 42,265 thousand between the fair value of the net assets acquired and the acquisition price, which has been stated through profit or loss as "non-recurring income arising from the acquisition of the Lancel Group", as required by IFRS 3, finds its reason, in financial terms, in such future operating losses as may be generated in the short- and medium-term.

For an analysis of the cash flows arising from the business combination, reference should be made to note 32 "Comment on the Cash Flow Statement."

Amendments to the accounting standards

Since new IFRS accounting standards, amendments and interpretations did not enter into force from 1 April 2018, the Group has prepared the interim financial report by using the same accounting principles as those adopted for the consolidated financial statements at 31 March 2018.

Change in international accounting standards

The following accounting standards and amendments to accounting standards issued by the IASB and adopted by the European Union became mandatorily applicable from 1 April 2018:

• **IFRS 15 – *Revenue from Contracts with Customers*** (published on 28 May 2014 and supplemented by additional clarifications published on 12 April 2016), which is aimed at replacing IAS 18 – *Revenue* and IAS 11 – *Construction Contracts*, as well as the interpretations IFRIC 13 – *Customer Loyalty Programmes*, IFRIC 15 – *Agreements for the Construction of Real Estate*, IFRIC 18 – *Transfers of Assets from Customers* and SIC 31 – *Revenues-Barter Transactions Involving Advertising Services*. The standard establishes a new method to account for revenues, which applies to any and all contracts entered into with customers, except for those that fall within the scope of application of other IAS/IFRS, such as leases, insurance contracts and financial instruments. According to the new model, the basic steps to account for revenues are:
o identify the contract with a customer;
o identify the performance obligations in the contract;
o determine the transaction price;
o allocate the transaction price to the performance obligations in the contract;
o recognise revenue when the entity satisfies a performance obligation.

The standard was applied from 1 January 2018. The adoption of this standard has not had any impact on the Group's consolidated financial statements.

• Final version of **IFRS 9 – *Financial Instruments*** (published on 24 July 2014). The document includes the results of the IASB's project to replace IAS 39.
o introduces new criteria for the classification and measurement of financial assets and liabilities (together with the measurement of immaterial changes in financial liabilities);
o as regards the impairment model, the new standard requires credit losses to be estimated on the basis of the expected-loss model (rather than the incurred-loss model used by IAS 39), using supportable information, which is reasonably available without undue cost and which includes historical data, both present and prospective;
o introduces a new hedge accounting model (an increased eligibility for hedge accounting, a change in the method to account for forward contracts and options when they are embedded in a hedge accounting relationship, changes in the effectiveness test).

The standard was applied from 1 January 2018. The adoption of this standard has not had any impact on the Group's consolidated financial statements.

• Amendment to **IFRS 2 "*Classification and Measurement of Share-based Payment Transactions*"** (published on 20 June 2016), which contains some clarifications relating to the accounting treatment of the effects of vesting conditions in the case of cash-settled share-based payments, the classification of share-based payments with characteristics of net settlement and the accounting treatment of amendments to the terms and conditions of a share-based payment that change its classification from cash-settled to equity-settled. The amendments were applied from 1 January 2018. The adoption of this amendment has not had any impact on the Group's consolidated financial statements.

• "***Annual Improvements to IFRSs: 2014-2016 Cycle***", published on 8 December 2016 (including IFRS 1 *First-Time Adoption of International Financial Reporting Standards - Deletion of short-term exemptions for first-time adopters*, IAS 28 *Investments in Associates and Joint Ventures – Measuring investees at fair value through profit or loss: an investment-by-investment choice or a consistent policy choice*, IFRS 12 *Disclosure of Interests in Other Entities – Clarification of the scope of the Standard*), which partially make additions to the pre-existing standards. The most amendments were applied from 1 January 2018. The adoption of these amendments has not had any impact on the Group's consolidated financial statements.

• Amendment to **IAS 40** "***Transfers of Investment Property***" (published on 8 December 2016). This amendment clarifies the transfers of a property to, or from, investment property. Specifically, an entity must reclassify a property to, or from, investment property only when there is evidence that a change occurred in the intended use of the property. This change must be attributed to a specific event that has occurred and, therefore, it must not be limited to a change in the intentions of the entity's Management. This amendment was applied from 1 January 2018. The adoption of this amendment has not had any impact on the Group's consolidated financial statements.

• **IFRIC 22** ***"Foreign Currency Transactions and Advance Consideration"*** (published on 8 December 2016). The purpose of the interpretation is to provide guidelines for transactions effected in foreign currency where non-cash prepayments or advances are stated in the accounts before the recognition of the related asset, cost or revenue. This document provides instructions on how an entity must set the date of a transaction, and, accordingly, the spot exchange rate to be used when foreign currency transactions take place, within which payments are made or received in advance. IFRIC 22 was applied from 1 January 2018.
The adoption of this interpretation has not had any impact on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations endorsed by the European Union but not yet applicable and not adopted by the Group in advance

The following accounting standards and amendments to accounting standards will be mandatorily applicable from 1 January 2019, since the related EU endorsement process has already been completed:

IFRS 16 – *Leases* (Regulation (EU) 1986/2017). The standard was published by the IASB on 13 January 2016 and is intended to replace IAS 17 – *Leases*, as well as the interpretations IFRIC 4 - *Determining whether an Arrangement Contains a Lease*, SIC-15 - *Operating Leases - Incentives* and SIC-27 - *Evaluating the Substance of Transactions In the Legal Form of a Lease*.
The new standard provides a new definition of lease and introduces a control model (right of use) of an asset, distinguishing leases from service contracts, on the basis of whether the following key requirements are met, i.e. an identified asset, the right to substitute an identified asset, the right to obtain substantially all economic benefits from the use of the asset and the right to direct the use of the asset underlying the contract.
The standard establishes a single model for the disclosure and measurement of leases for lessee, which provides for the recognition of the asset involved in the lease, including operating leases, under assets against an entry under financial payables. It also ensures the possibility of not recognising contracts that involve low-value assets and leases with a term equal to or less than 12 months under leases. On the contrary, the standard does not include significant amendments for lessors.
The standard shall be applied by the Piquadro Group as from 1 April 2019, but early application is permitted only for those Companies that have applied IFRS 15 - *Revenue from Contracts with Customers* in advance.

The Group has started a project for the implementation of the new standard, which provides for a first phase of detailed analysis of contracts and accounting effects and a second phase for adapting administrative processes, including the upgrade of the Company's IT system. The Group believes that the introduction of IFRS 16 may have a significant impact on the amounts and related disclosures reported in the consolidated financial statements. The recognition of contracts that are expected to be affected by the new standard, their detailed analysis and the evaluation of any consequent accounting effect have been substantially completed. On the basis of this work too, the Group has started the second phase of the project, which concerns, among other things, the adaptation of administrative processes, including the upgrade of the Company's IT system. Given the substantial amount of information to be processed in this phase of the project, and since the implementation of the IT system is still in progress, it is not possible to provide a reasonable estimate of the effects, which also depend partly on the transition method that will be adopted and that is still being evaluated. This work will be completed during the second half-year.

Amendments to **IFRS 9 – *Financial Instruments*** (Regulation (EU) 498/2018). This document was issued by the IASB on 12 October 2017, will be applicable from 1 January 2019, with early application permitted. If a specific condition is fulfilled, the amendments allow an entity to measure certain prepayable financial assets with negative compensation at amortised cost or at fair value through other comprehensive income, rather than at fair value through profit or loss. At present the directors are assessing any possible effect of the application of these amendments on the Group's consolidated financial statements.

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

The following standards, reviews of and amendments to IFRS (already approved by the IASB), as well as the following interpretations (already approved by the IFRS IC), are in the process of being adopted on the part of the competent EU bodies:

IFRIC 23 – *Uncertainty over Income Tax Treatments*. This interpretation, which was published by the IASB on 7 June 2017 and shall be applicable from 1 January 2019, is aimed at clarifying the recognition and measurement requirements set out in IAS 12 in the case of regulatory uncertainty over income tax treatments.

On 12 December 2017 the IASB published the "Annual improvements to IFRS Standards: 2015-2017 Cycle". These improvements include amendments to four existing international accounting standards:

- **IIFRS 3 – *Business Combinations***. The amendment clarifies that when an entity obtains control of a business that is a joint operations, it remeasures previously held interests in that business;
- **IFRS 11 – *Joint Arrangements***. It is clarified that when an entity obtains joint control of a business that is a joint operation, it does not remeasure previously held interests in that business;
- **IAS 12 – *Income Taxes.*** The improvement clarifies that an entity is required to account for taxes related to the payment of dividends according to the same methods used to account for the latter item;
- **IAS 23** – ***Borrowing Costs***. The amendment clarifies that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally.

The amendments, which will be applicable from 1 January 2019, with early application permitted, clarify, amend or remove redundant or conflicting terms or expressions in the text of the related standards.

Amendments to IAS 28 – *Long-term Interests in Associates and Joint Ventures*. This document was issued by the IASB on 12 October 2017 and will be applicable from 1 January 2019, with early application permitted. The amendments clarify that an entity must account for long-term interests in associates or joint ventures which are not subject to the equity method by using the provisions of IFRS 9.

Amendments to IAS 19 – *Plan Amendment, Curtailment or Settlement*. This document was issued by the IASB on 7 February 2018 and will be applicable from 1 January 2019. The amendments specify how entities determine pension expenses when changes to a defined benefit plan occur.

Amendments to references to the Conceptual Framework. This document was issued by the IASB on 29 March 2018 and will be applicable from 1 January 2020. It is aimed at updating the references to the conceptual framework reported in the IFRS, since this framework was reviewed by the IASB during 2018.

At present the directors are assessing any possible effect of the application of these amendments on the Group's consolidated financial statements with reference to the new amendments and to the new interpretations described above.

COMMENT ON THE MAIN ITEMS IN THE STATEMENT OF FINANCIAL POSITION

ASSETS

NON-CURRENT ASSETS

Note 1 – Intangible assets

As at 30 September 2018 the value of intangible assets was equal to Euro 8,034 thousand (Euro 8,546 thousand as at 31 March 2018).
Below is reported the statement of changes of this item:

(in thousands of Euro)	**30 September 2018**
Balance as at 31 March 2018	3,887
Investments in intangible assets	163
Change in consolidation area	811
Sales and disposals	(748)
Other changes	16
Amortisation	(413)
Write-downs	(341)
Total	**3,376**

In the half-year ended 30 September 2018, the increases in intangible assets came to Euro 163 thousand and mainly related to the renewal of software and IT products purchased by the Parent Company and by subsidiary The Bridge.
The change in consolidation area, equal to Euro 811 thousand, arises from the inclusion of the Lancel Group during the consolidation period and includes an amount of Euro 63 thousand relating to software and IT products, as well as an amount of Euro 748 thousand relating to the fair value measurement of Key money for the DOS located in Velizy upon purchase price allocation ("PPA").
The increases for the period relating to the Lancel Group amounted to Euro 51 thousand attributable to assets under development.
During the period of consolidation of the Lancel Group relating to the months from June to September the abovementioned sales outlet located in Velizy was disposed of for Euro 748 thousand. This sale has not had any impact through profit or loss since it was already measured at realizable value upon PPA.
Write-downs, equal to Euro 341 thousand, related to the property rights of subsidiary Piquadro LLC following the shutdown of two sales outlets located in New York.

Note 2 – Goodwill

The assets with an indefinite useful life include goodwill recognised for a value equal to Euro 4,658 thousand relating to the business combination involving The Bridge S.p.A., which has been accounted for in accordance with the provisions laid down in IFRS 3 revised. Specifically, the Management has carried out a measurement of assets or liabilities and potential liabilities at fair value, on the basis of the information on existing facts or circumstances which was available on the date of the acquisition. For the calculation of Goodwill at 31 March 2018, reference should be made to the information provided in the explanatory notes to the financial statements at 31 March 2018.
In accordance with IAS 36, no impairment test was conducted on the goodwill value stated at 30 September 2018, since there was no evidence of permanent impairment losses.

Note 3 - Property, plant and equipment

As at 30 September 2018, the value of property, plant and equipment was equal to Euro 12,083 thousand (Euro 11,115 thousand as at 31 March 2018).
Below is reported the statement of changes of this item:

(in thousands of Euro)	**30 September 2018**
Balance as at 31 March 2018	11,115
Investments in property, plant and equipment	1,578

Change in consolidation area	553
Sales and disposals	0
Other changes	31
Depreciation	(1,015)
Write-downs	(178)
Total	**12,083**

Increases in property, plant and equipment came to Euro 1,578 thousand in the in the half-year ended 30 September 2018 and were mainly attributable to the purchase of workshop systems and machinery for Euro 280 thousand and to furniture and furnishings purchased for the refurbishment of already existing DOSs and the opening of new ones (Italy, Taiwan and Russia) for Euro 1,298 thousand.

With respect to the above developments, the increases relating to the Lancel Group amounted to Euro 667 thousand during the period from June to September and were mainly attributable to the refurbishment of Marne-la-Vallée outlet and of Galeries Lafayette Toulouse and Galeries Lafayette Rosny DOSs, as well as to the purchase of furniture and fittings for subsidiary Lancel Russia for the future opening of a DOS in Moscow.

The change in consolidation area, equal to Euro 553 thousand, related to the Lancel Group and included furniture and equipment for shops and DOSs located in Spain and Italy.

Below is reported the net book value as at 30 September 2018 of the assets used by the Group by virtue of finance lease agreements:

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Land	0	878
Buildings	0	3,817
Industrial and business equipment	682	451
Other Assets	10	11
Total	**692**	**5,157**

The assets used under leases recorded a considerable decrease as a result of the call option exercised by the Company in July 2018 in relation to the finance lease agreement signed with Cento Leasing S.p.A. (an agreement that is currently held by Mediocredito Italiano S.p.A.) on 12 February 2004 concerning the real estate complex located in the municipal district of Gaggio Montano (Province of Bologna), at Via Sassuriano no. 246, where the present registered office and warehouse of the Company are located.

Note 4 – Non-current financial assets

Non-current financial assets, equal to Euro 2 thousand, related to quotas held in minor companies that do not belong to the Group.

Note 5 – Receivables from others

Receivables from others, equal to Euro 2,313 thousand as at 30 September 2018 (against Euro 707 thousand as at 31 March 2018) mainly relate to the guarantee deposits paid for various utilities, including those relating to directly-operated stores and to deposits relating to the lease of DOSs. The change in consolidation area, equal to Euro 1,334 thousand, related to the guarantee deposits for the DOSs operated by the Lancel Group.

Note 6 – Deferred tax assets and liabilities

As at 30 September 2018, the amount of deferred tax assets was equal to Euro 2,334 thousand (Euro 2,318 thousand as at 31 March 2018). The amount was the net balance between deferred tax assets (Euro 2,538 thousand) and deferred tax liabilities (Euro 204 thousand).

Furthermore, the balance was mainly made up of temporary tax differences for Euro 1,076 thousand relating to Piquadro S.p.A. and for Euro 1,141 thousand relating to The Bridge S.p.A., as well as of an amount of Euro 21 thousand that was generated by the reversal of the intercompany margin from the value of closing inventories of finished products.

CURRENT ASSETS

Note 7 – Inventories

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

(in thousands of Euro)	**Gross value as at 30 September 2018**	**Provision for write-down**	**Net value as at 30 September 2018**	**Net value as at 31 March 2018**
Raw Materials	5,646	(1,809)	3,838	4,498
Semi-finished products	564	0	564	768
Finished products	45,088	(11,248)	33,839	16,761
Inventories	**51,298**	**(13,057)**	**38,242**	**22,027**

As at 30 September 2018, inventories showed an increase of about Euro 16.2 million compared to the corresponding values as at 31 March 2018, due to the consolidation of the Lancel Group, which has contributed a net value of inventories of finished products for Euro 14.0 million.
Net of the effect of the change in consolidation area, the Piquadro brand has recorded an increase of about Euro 1.7 million in inventories, while The Bridge brand has recorded an increase of Euro 425 thousand, mainly due to the effect of the seasonality of the business and to higher revenues.
The Lancel brand's inventories after the acquisition recorded an increase of about Euro 1.0 million due to the seasonal effect, as well as to the new business strategies that the new Management is implementing.

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

(in thousands of Euro)	**Provision as at 31 March 2018**	**Use**	**Allocation**	**Change in consolidation area**	**Provision as at 30 September 2018**
Provision for write-down of raw materials	1,753	(194)	250	0	1,809
Provision for write-down of finished products	643	(132)	176	10,561	11,248
Total provision for write-down of inventories	**2,396**	**(326)**	**426**	**10,561**	**13,057**

Note 8 – Trade receivables

As at 30 September 2018, trade receivables were equal to Euro 40,490 thousand compared to Euro 27,618 thousand as at 31 March 2018. The increase of 48.2% over 31 March 2018 is attributable to the inclusion of the Lancel Group in the consolidation area for Euro 2,107 thousand and to a seasonal effect for the remaining amount.
As at 30 September 2018, the Piquadro brand recorded an increase of Euro 7,177 thousand, while The Bridge brand recorded an increase of Euro 1,581 thousand, which was mainly due to the seasonality and to higher sales revenues.
The trade receivables for the Lancel brand recorded an increase of about Euro 2,457 thousand due to the reasons described above, as well as to the new development strategies implemented in various commercial channels that the new Management is starting.
The adjustment to the face value of receivables from customers at their presumed realisable value is obtained through a special provision for bad debts, whose changes, in the half-year under consideration, are showed in the table below:

(in thousands of Euro)	**Provision as at 30 September 2018**	**Provision as at 31 March 2018**
Balance at the beginning of the year	2,822	2,280
Accrual to provision	420	753
Change in consolidation area	168	0

Uses	(108)	(211)
Total provision for bad debts	**3,302**	**2,822**

Note 9 – Other current assets

Below is reported the breakdown of other current assets:

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Other assets	2,323	1,730
Accrued income and prepaid expenses	4,011	1,596
Other current assets	**6,334**	**3,326**

Other assets mainly related to INAIL advances of Euro 69 thousand, to VAT credits related to subsidiaries and to the Parent Company for Euro 407 thousand and to a receivable of Euro 741 thousand, relating to advances from suppliers. It should be noted that as at 31 March 2018 other assets included a receivable of Euro 800 thousand claimed from the minority interests of The Bridge S.p.A. in relation to liabilities, including potential liabilities, arising from the outcome of a tax audit that was completed on 13 June 2018 and that entailed a total payment of Euro 547,860.89 to the Tax Office.

The increase of Euro 2,415 thousand in accrued income and prepaid expenses was due to the inclusion of the Lancel Group in the consolidation area for Euro 1,829 thousand and mainly related to prepaid expenses on rents for shops, while it concerned costs relating to advertising and media (Euro 505 thousand, mainly relating to the Parent Company and to The Bridge), exhibitions (Euro 140 thousand, mainly relating to subsidiary The Bridge), maintenance contracts and insurance expenses (Euro 178 thousand) for the remaining amount.

Note 10 – Derivative assets

As at 30 September 2018 there were currency forward purchases (USD), the positive fair value of which was equal to Euro 277 thousand (compared to a negative value of Euro 159 thousand as at 31 March 2018). The Company hedges the exchange risk connected to purchases of raw materials in US dollars and for contract work done in China. In consideration for this risk, the Company makes use of instruments to hedge the risk attached to the related rate, trying to fix the exchange rate at a level that is in line with the budget forecasts.

Note 11 - Tax receivables

As at 30 September 2018 tax receivables were equal to Euro 473 thousand (Euro 275 thousand at 31 March 2018) and were mainly made up of tax receivables recognized by foreign subsidiaries for income taxes.

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Receivables for income taxes	471	258
Other receivables	2	17
Tax receivables	**473**	**275**

Note 12 – Cash and cash equivalents

Below is reported the breakdown of cash and cash equivalents:

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Available current bank accounts	53,899	23,370
Cash, cash on hand and cheques	402	182
Cash and cash equivalents	**54,301**	**23,552**

The increase in cash and cash equivalents was attributable to the inclusion of the Lancel Group in the consolidation area. For a better understanding of the dynamics in the Company's liquidity, reference is made to the Cash Flow Statement and the breakdown of Net Financial Position.
Specifically, this increase arises from the liquid assets received upon the acquisition of Maison Lancel, equal to Euro 43.9 million, including a contribution of Euro 35 million paid by the Richemont Group into Lancel to cover any possible future loss incurred by the Lancel Group.

LIABILITIES

NON-CURRENT LIABILITIES

Note 13 – EQUITY

Share capital

As at 30 September 2018, the Share Capital of Piquadro S.p.A. was equal to Euro 1,000 thousand and was represented by no. 50,000,000 ordinary shares, fully subscribed and paid up, with regular enjoyment, with no indication of their par value.

Share premium reserve

This reserve, which remained unchanged compared to the financial year ended at 31 March 2018, was equal to Euro 1,000 thousand.

Translation reserve

As at 30 September 2018 the translation reserve was positive for Euro 733 thousand (it reported a positive balance of Euro 88 thousand as at 31 March 2018). This item is referred to the foreign exchange differences due to the consolidation of the companies with a relevant currency other than the Euro, i.e. Piquadro Hong Kong Co. Ltd. (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods Zhongshan Co. Ltd and Piquadro Shenzhen (the relevant currency being the Chinese Renminbi), Piquadro Taiwan Co. Ltd (the relevant currency being the Taiwan Dollar), Piquadro Swiss and Lancel International S.A. (the relevant currency being the Swiss Franc), Piquadro UK Limited (the relevant currency being the Great Britain Pound), Piquadro USA INC and Piquadro LLC (the relevant currency being the US Dollar), OOO Piquadro Russia and Lancel Russia (the relevant currency being the Russian Rouble). The substantial increase in the reserve was mainly due to the inclusion of Maison Lancel during the consolidation period, which contributed an amount of Euro 627 thousand.

Group net profit

This item relates to the recognition of the Group profit, equal to Euro 38,266 thousand, in the half-year ended 30 September 2018.

Profits and reserves attributable to minority interests

The item refers to the portions of reserves and profits, equal to a negative value of Euro 235 thousand (against a negative value of Euro 191 thousand at 31 March 2018), which are attributable to the minority interests of Piquadro Swiss SA and of which the Parent Company owns 51% of the share capital and of Lancel International S.A., of which the Parent Company owns 99.98%.

Note 14 – Non-current borrowings

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

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Borrowings from 1 to 5 years	8,532	11,128
Borrowings beyond 5 years	0	0
Medium/long-term borrowings	**8,532**	**11,128**

As at 30 September 2018, borrowings mainly related to Piquadro S.p.A. and included:

1. Euro 877 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 10 June 2016 (against an initial amount of Euro 2,000 thousand), of which a current portion of Euro 499 thousand and a non-current portion of Euro 376 thousand;
2. Euro 1,631 thousand relating to the unsecured loan granted by Cassa di Risparmio in Bologna (for an initial amount of Euro 2,500 thousand) on 30 November 2016, of which a current portion of Euro 499 thousand and a non-current portion of Euro 1,632 thousand;
3. Euro 1,693 thousand relating to the unsecured loan granted by Credem – Credito Emiliano (for an initial amount of Euro 3,000 thousand) on 7 December 2016, of which a current portion of Euro 751 thousand and a non-current portion of Euro 942 thousand;
4. Euro 1,881 thousand relating to the unsecured loan granted by UniCredit (for an initial amount of Euro 3,000 thousand) on 10 January 2017, of which a current portion of Euro 750 thousand and a non-current portion of Euro 131 thousand;
5. Euro 396 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena (for an initial amount of Euro 3,000 thousand) on 30 January 2017, of which a current portion of Euro 598 thousand and a non-current portion of Euro 1,798 thousand;
6. Euro 2,988 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 22 March 2017, of which a current portion of Euro 1,492 thousand and a non-current portion of Euro 1,492 thousand;
7. Euro 2,256 thousand relating to the unsecured loan granted by UBI Banca (for an initial amount of Euro 3,000 thousand) on 22 May 2017, of which a current portion of Euro 596 thousand and a non-current portion of Euro 1,656 thousand;
8. Euro 3,000 thousand relating to the short-term loan granted by Credem – Credito Emiliano (for an initial amount of Euro 2,000 thousand) on 26 June 2017;
9. Euro 5,000 thousand relating to the short-term loan granted by Unicredit (for an initial amount of Euro 5,000 thousand) on 16 November 2017, which was renewed during the current financial year.

Below is reported the breakdown of short- and long-term borrowings:

(in thousands of Euro)	**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	10 June 2016	2,000	Euro	502	(3)	378	(1)	877
Carisbo loan	30 November 2016	2,500	Euro	499	(1)	1,133	(1)	1,631
Credem loan	7 December 2016	3,000	Euro	751	0	942	0	1,693
Unicredit loan	10 January 2017	3,000	Euro	750	0	1,131	0	1,881
MPS loan	30 January 2017	3,000	Euro	600	(2)	1,800	(3)	2,396
Mediocredito loan	29 November 2017	4,500	Euro	1,500	(8)	1,500	(5)	2,988
UBI Loan	22 May 2017	3,000	Euro	598	(2)	1,658	(2)	2,252
CREDEM	26 June 2017	2,000	Euro	3,000	0	0	0	3,000
Unicredit	16 November 2017	5,000	Euro	5,000	0	0	0	5,000
Bank advances			Euro	0	0	0	0	0
Payables to the banks			Euro	1,927	0	0	0	1,927
				15,127	**(14)**	**8,542**	**(10)**	**23,644**

There are no covenants on these borrowings.

Note 15 – Payables to other lenders for lease agreements

Below is reported the following breakdown:

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Non-current portion:		
Payables to leasing companies	2	12
Current portion:		
Payables to leasing companies	36	904
Payables to other lenders for lease agreements	**38**	**916**

Payables to other lenders for lease agreement, equal to Euro 38 thousand as at 30 September 2018 (Euro 916 thousand as at 31 March 2018), mainly related to lease agreements involving the furnishings of the points of sales of The Bridge brand, Euro 36 thousand of which shall be repaid beyond 12 months.
Following the expiry of the lease agreements signed with Cento Leasing S.p.A. (an agreement that is currently held by Mediocredito Italiano S.p.A.) on 12 February 2004 concerning the real estate complex located in the municipal district of Gaggio Montano (Province of Bologna), at Via Sassuriano no. 246, where the present registered office and warehouse of the Company are located, the Company has exercised the related call option, in accordance with the contract provisions, on 30 April 2018 , by a certified email dated 2 May 2018, while on 2 August 2018 paid the final redemption instalment, equal to Euro 679,184.24 as per the invoice received, no. 2018 V100014859 of 10 August 2018, for the exercise of the right of option.

Note 16 – Other non-current liabilities

Below is the related breakdown:

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Other payables	7,662	1,838
Other non-current liabilities	**7,662**	**1,838**

"Other payables", totalling Euro 7,662 thousand at 30 September 2018, include the deferred payment of the price of acquisition of The Bridge S.p.A., equal to Euro 742 thousand, and the value of the call option of the remaining stakes valued by an independent expert for Euro 889 thousand as at 31 March 2018.
The portion expiring within 12 months, equal to Euro 70 thousand, has been reclassified to other current liabilities.
As regards this item, the Piquadro S.p.A. Group's Management has quantified, in accordance with IFRS 3, the consideration for the acquisition ("consideration transferred") of the Lancel Group, as determined by adding the fair value of the Annual Earn-Out, equal to about Euro 3,863 thousand (for more information, reference should be made to the paragraph on "Business combinations – Acquisition of Maison Lancel) to the fixed consideration paid to Richemont Holdings S.A. against the purchase of the stake representing the entire capital of Lancel International S.A., equal to Euro 1.

Note 17 – Provision for Employee Benefits

This item includes post-employment benefits measured by using the actuarial valuation method of projected unit credit made by an independent actuary based on IAS 19. The actuarial assumptions used for calculating the provision are not changed compared to the information reported in the paragraph *Accounting standards – Provision for employee benefits* in the Notes to the consolidated financial statements as at 31 March 2018.

The value of the provision as at 30 September 2018 amounted to Euro 3,907 thousand (Euro 1,885 thousand at 31 March 2018). The increase was due to the inclusion of the Lancel Group in the consolidation area for Euro 2,067 thousand.

Note 18 – Provisions for risks and charges

Below are the changes in provisions for risks and charges as at 30 September 2018:

(in thousands of Euro)	**Provision as at 31 March 2018**	**Use**	**Allocation**	**Change in consolidation area**	**Provision as at 30 September 2018**
Provision for supplementary clientele indemnity	1,118	0	82	0	1,200
Other provisions for risks	1,080	(2,056)	135	2,811	1,970
Total	**2,198**	**(2,056)**	**217**	**2,811**	**3,170**

The "Provision for supplementary clientele indemnity" represents the potential liability with respect to agents in the event of Group Companies' terminating agreements or agents retiring.
The balance of this provision amounted to Euro 1,200 thousand at 30 September 2018, showing an increase of Euro 82 thousand compared to 31 March 2018 (Euro 1,118 thousand).

"Other Provisions for risks" amounted to Euro 1,970 thousand as at 30 September 2018 and are made up as follows:

- *Provision for returns,* Euro 886 thousand (Euro 66 thousand at 31 March 2018): the increase was generated by the change in consolidation area (inclusion of Maison Lancel in the consolidation area), equal to Euro 884 thousand, which was offset by the use of Euro 63 thousand during the period;
- *Provision for taxes*, Euro 130 thousand (Euro 930 thousand at 31 March 2018): this provision includes the liabilities that are regarded as probable, which were recognised in relation to the PVC report that involved Piquadro S.p.A. and includes taxes, interest and charges for tax advice. On 31 May 2017 the Bologna Tax Police Unit completed 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 have deemed appropriate to recognise, on a prudential basis, an amount of tax, sanctions and interest, in a provision for risks among liabilities, corresponding to that for which there is a risk of sustaining a future outlay. No developments in this regard had been reported on the date of these notes. The reduction of Euro 800 thousand reported in the period related to the settlement of 13 June 2018, under the Revenue Agency's report of Findings served on subsidiary The Bridge S.p.A., which paid a total amount of Euro 547,860.89 to the Tax Office through the procedure of assessment by agreement;
- *Provision for product warranty and repair*, Euro 31 thousand (Euro 10 thousand at 31 March 2018): the change related to subsidiary Lancel Sogedi S.A.;
- *Provision for Legal Disputes/Employees*, Euro 923 thousand (Euro 73 thousand at 31 March 2018): the provision mainly related to the amount set aside for legal risks and disputes with employees. This provision reported a substantial increase of Euro 1,883 thousand, to be attributed to the inclusion of Maison Lancel in the consolidation area, to which the uses and allocations for the period, equal to Euro 1,167 thousand and Euro 135 thousand, respectively, are also attributable. The uses for the period related to the indemnities paid to employees and executives the employment relationship of which has already been terminated.

Note 19 – Deferred tax liabilities

At 30 September 2018 the amount of deferred tax liabilities, equal to Euro 204 thousand (Euro 0 thousand at 31 March 2018) was attributable to the Parent Company for Euro 113 thousand and to subsidiaries for Euro 91 thousand. Reference is made to the information reported in Note 6 above.

CURRENT LIABILITIES

Note 20 – Current borrowings

As at 30 September 2018 current borrowings were equal to Euro 15,113 thousand against Euro 12,345 thousand as at 31 March 2017. The balance related to a current portion of loans for Euro 7,113 thousand, payables to banks of

Euro 3,000 thousand for advance on dividends distributed on the profit as at 31 March 2018 and to the short-term loan disbursed by Unicredit for Euro 5,000 thousand. For more information, reference is made to Note 14 above.

Note 21 - Payables to other lenders for lease agreements

As at 30 September 2018 the amount of Euro 36 thousand (Euro 904 thousand as at 31 March 2018) related to lease agreements involving the furnishings of the points of sales of The Bridge brand. The decrease in the item has been dealt with in Note 14.

NET FINANCIAL POSITION

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

(in thousands of Euro)	**30/09/2018**	**31/03/2018**	**30/09/2017**
(A) Cash	402	182	154
(B) Other cash and cash equivalents (available current bank accounts)	53,899	23,370	11,424
(C) Liquidity (A) + (B)	**54,301**	**23,552**	**11,578**
(D) Finance leases	(36)	(904)	(1,226)
(E) Current bank receivables	0	0	0
(F) Current portion of current debt	(15,119)	(12,504)	(8,148)
(G) Payables to Il Ponte SpA for the acquisition of The Bridge	(70)	(817)	(820)
(H) Current financial debt (D) + (E) + (F) + (G)	**(15,225)**	**(14,225)**	**(10,194)**
(I) Short-term net financial position (C) + (H)	**39,076**	**9,327**	**1,384**
(L) Non-current bank debt	(8,532)	(11,128)	(13,221)
(M) Finance leases	(2)	(12)	(45)
(N) Payables to Il Ponte SpA for the acquisition of The Bridge	(1,837)	(1,840)	(1,733)
(O) payables to the Richemont Group for the acquisition of Maison Lancel	(3,863)	0	0
(P) Non-current financial debt (L) + (M) + (N)+(O)	**(14,233)**	**(12,983)**	**(14,999)**
(Q) Net Financial Position (I) + (P)	**24,843**	**(3,653)**	**(13,615)**

The net financial position posted a positive value of about Euro 24.8 million, showing an improvement of Euro 38.5 million compared to the negative net financial position of Euro 13.6 million recorded at 30 September 2017 and an improvement of Euro 28.5 million compared to the negative net financial position of Euro 3.7 million recorded at 31 March 2018.

The net financial position at 30 September 2018, compared to that recorded as at 30 September 2017, showed an improvement which was mainly due to the consolidation of Maison Lancel and specifically to the liquid assets of Euro 43.9 million received upon acquisition, including a contribution of Euro 35 million paid by the Richemont Group into Lancel in order to cover any possible future loss of the Lancel Group; for more details, reference should be made to the information reported above.

Furthermore, the change in the Net Financial Position was affected by the payment of dividends of Euro 3 million, investments of Euro 2.5 million made by the Group, free cash flows of Euro 7.7 million for the period, an increase of Euro 3.7 million in working capital, as well as by an earn-out of Euro 3.8 million envisaged in favour of the Richemont Group as per contract.

Note 22 – Derivative liabilities

As at 30 September 2018 derivative liabilities, equal to Euro 6 thousand (Euro 159 thousand at 31 March 2018), related to the measurement of the derivative Interest Rate Swap (IRS) contract linked to the Mediocredito loan with an initial amount of Euro 5,700 thousand.

Note 23 - Trade payables

Below is the breakdown of current trade liabilities:

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Payables to suppliers	**38,644**	**22,149**

At 30 September 2018 payables to suppliers amounted to Euro 38,644 thousand, up compared to 31 March 2018 (Euro 22,149 thousand).
The increase in the item was mainly due to the change in consolidation area as a result of the acquisition of the Lancel Group.

Note 24 – Other current liabilities

(in thousands of Euro)	**30 September 2018**	**31 March 2018**
Payables to social security institutions	2,021	569
Payables to pension funds	230	28
Other payables	635	870
Payables to employees	4,365	2,379
Advances from customers	123	69
VAT payables	0	0
IRPEF tax payables and other tax payables	324	71
Accrued expenses and deferred income	505	66
Other current liabilities	**8,202**	**4,052**

"Other current liabilities", totalling Euro 8,202 thousand, showed an increase of Euro 4,150 thousand compared to 31 March 2018, mainly due to the inclusion of the Lancel Group in the consolidation area.
The item included: payables to social security institutions, which mainly related to the Parent Company and Lancel Sogedi's payables due to INPS, payables to employees as at 30 September 2018, equal to Euro 4,365 thousand (Euro 2,379 thousand as at 31 March 2018), which mainly included the Group's payables for remunerations to be paid and deferred charges with respect to employees, showing an increase due to the inclusion of about 330 people in the workforce as a result of the acquisition of the Lancel Group.

Note 25 – Tax payables

Tax payables for IRES and IRAP tax, equal to Euro 3,492 thousand (Euro 2,433 thousand at 31 March 2018) relate to the allocation of taxes on an accruals basis on the income produced in the period, an amount reported net of any advances paid. The delta compared to the balance at 31 March 2018 was attributable to the circumstance in which no tax advances had been paid on 30 September 2018 as the Company claimed a credit amount as at 31 March 2018.

COMMENT ON THE MAIN INCOME STATEMENT ITEMS

Note 26 – Revenues from sales

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

The Group's revenues are mainly realised in Euro.

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
Piquadro	37,168	35,738
The Bridge	12,962	11,076
Lancel	16,454	0
Total	**66,584**	**46,814**

During the half-year ended 30 September 2018, the Piquadro Group recorded consolidated sales of Euro 66.59 million, up by 42.3% compared to Euro 46.81 million during the same period in the previous financial year. The increase in revenues was determined by the inclusion of Maison Lancel in the scope of consolidation from June 2018, which reported revenues of Euro 16.05 million, as well as by an increase of 4.0% in Piquadro-branded sales and by an increase of 17.2% in The bridge-branded sales.

With reference to the Piquadro brand, the revenues reported during the first half-year showed an increase of 4.0% compared to the same period ended 30 September 2017; this rise was mainly due to an increase in sales from the Wholesale channel, which came to about 6.2% and which accounts for 62.7% of Piquadro-branded sales.

With reference to The Bridge brand, the revenues reported during the first half-year showed an increase of 17.2% compared to the same period ended 30 September 2017; this rise was due both to an increase of 16.8% in sales from the Wholesale channel, which accounts for 71.1% of The Bridge-branded sales and to an increase of 18.3% in sales from the DOS channel (including the e-commerce website of The Bridge), accounting for 28.9% of The Bridge-branded sales.

Maison Lancel's sales revenues achieved from June to September amounted to Euro 16.5 million (with a contribution of about 35.0% to growth), 81.1% of which was obtained by the DOS channel in which Maison Lancel operates through 56 stores in France, 2 in Italy and 1 in Spain.

Breakdown of revenues by geographical area

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

Geographical area *(in thousands of Euro)*	**Net revenues as at 30 September 2018**	**%**	**Net revenues as at 30 September 2017**	**%**	**% Change 2018/2017**
Italy	38,653	58.0%	36,357	77.7%	6.3%
Europe	25,676	38.6%	8,954	19.1%	186.8%
Rest of the world	2,270	3.4%	1,503	3.2%	51.0%
Total	**66,598**	**100.0%**	**46,814**	**100.0%**	**42.3%**

From a geographical point of view, at 30 September 2018, the Piquadro Group's revenues showed an increase of 6.3% on the Italian market, which accounts for 58.0% of the Group's total turnover (77.7% of consolidated sales at 30 September 2017), driven both by the growth of Piquadro and The Bridge and by the acquisition of Maison Lancel (with a contribution of about 2.6% to growth).
In the European market, the Group recorded a turnover of Euro 25.7 million, equal to 38.6% of consolidated sales (19.1% of consolidated sales at 30 September 2017), up by 187.0% compared to the same period in the 2017/2018 financial year. This growth was due both to the inclusion of Maison Lancel in the scope of consolidation from June (with a contribution of about 61%) and to the growth reported by both brands, Piquadro and The Bridge, and specifically in the markets of Germany, Benelux, Austria and Switzerland.

In the non-European geographical area (named "Rest of the World"), turnover increased by 51% compared to the same period in the 2017/2018 financial year, mainly due to the acquisition of Maison Lancel.

Note 27 – Other income

In the half-year ended 30 September 2018, other income amounted to Euro 691 thousand (Euro 600 thousand in the half-year ended 30 September 2017) and was broken down as follows:

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
Charge-backs of transport and collection expenses	56	52
Insurance and legal refunds	17	25
Other sundry income	618	522
Revenues from sales	**691**	**600**

In the half-year ended 30 September 2018, other income came to Euro 691 thousand, of which Euro 425 thousand related to the Piquadro brand, Euro 112 thousand for The Bridge brand and Euro 154 thousand for the Lancel brand.

Note 28 – Change in inventories

The change in inventories was positive in the half-year ended 30 September 2018 (Euro 3,215 thousand) compared to the half-year ended 30 September 2017 (Euro 3,111 thousand), with a net difference of Euro 104 thousand between the two periods.
The abovementioned difference was attributable to the inclusion of Maison Lancel in the consolidation area for Euro (998) thousand, as well as to the inventories of the Parent Company Piquadro S.p.A. for Euro 207 thousand and to subsidiary The Bridge S.p.A. for Euro 687 thousand.

Note 29 – Costs for purchases

In the half-year ended 30 September 2018, costs for purchases were equal to Euro 21,602 thousand (Euro 14,102 thousand in the half-year ended 30 September 2017).
The item essentially includes the cost of materials used for the production of corporate goods and of the consumables for the Group's Piquadro, The Bridge and Lancel brands.
The increase in the item was mainly due to the change in the consolidation area for the acquisition of the Lancel Group, which had an impact of Euro 7,737 thousand.

Note 30 – Costs for services and leases and rentals

Below is the breakdown of costs for services:

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
External production	8,079	7,011
Advertising and marketing	3,280	2,014
Transport services	3,325	2,193
Business services	2,590	1,765
Administrative services	2,750	773
General services	1,775	968
Services for production	1,543	956
Total Costs for services	**23,342**	**15,680**
Costs for leases and rentals	**8,266**	**4,393**
Costs for services and leases and rentals	**31,608**	**20,073**

The increase in costs for services and costs for leases and rentals was attributable to the inclusion of Maison Lancel in the consolidation area for Euro 9,714 thousand.
The amount stated above includes Euro 1,423 thousand relating to the costs incurred for the acquisition of Maison Lancel.

Costs for leases and rentals mainly related to lease rentals relating to the shops of the Parent Company and of the Group companies that are responsible for the distribution of products, and decreased as a result of the closure of some DOS shops.

Note 31 – Personnel costs

Below is reported the breakdown of personnel costs:

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
Wages and salaries	12,460	7,750
Social security contributions	3,616	1,642
TFR	1,236	402
Personnel costs	**17,312**	**9,794**

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

Category	**30 September 2018**	**30 September 2017**	**31 March 2018**
Executives	9	6	7
Office workers	740	391	416
Manual workers	373	384	382
Total	**1,122**	**781**	**805**

In the half-year ended 30 September 2018, personnel costs reported an increase of 76.8%, from Euro 9,794 thousand in the half-year ended 30 September 2017 to Euro 17,312 thousand in the half-year ended 30 September 2018. The increase in personnel costs is mainly due to the acquisition of Maison Lancel and of its entire workforce, which included about 330 employees at 2 June 2018. Personnel costs for the Piquadro brand showed an increase of about Euro 269 thousand, while personnel costs for The Bridge brand showed an increase of Euro 336 thousand. This increase was due to the hiring of staff in strategic positions for the Group, while the increase arising from the Lancel brand was equal to Euro 6,913 thousand.

To supplement the information provided, below is also reported the average number of employees for the half-years ended 30 September 2018 and 30 September 2017 and for the financial year ended 31 March 2018:

Average unit	**30 September 2018**	**30 September 2017**	**31 March 2018**
Executives	8	6	6
Office workers	531	394	401
Manual workers	379	376	377
Total for the Group	**917**	**776**	**784**

Note 32 – Amortisation, depreciation and write-downs

In the half-year ended 30 September 2018, amortisation, depreciation and write-downs were equal to Euro 2,367 thousand (Euro 1,832 thousand in the half-year ended 30 September 2017).

Amortisation and depreciation, equal to Euro 1,428 thousand at 30 September 2018 (Euro 1,388 thousand at 30 September 2017) compared to the half-year ended in 2017, showed a decrease of Euro 65 thousand for the Piquadro brand (Euro 1,138 thousand), an increase of Euro 32 thousand for The Bridge brand (Euro 250 thousand) and included the effect of the inclusion of Maison Lancel in the consolidation area for Euro 74 thousand.

The accrual to the provision for bad debts, equal to Euro 420 thousand at 30 September 2018 (Euro 386 thousand in 2017), showed, compared to the half-year ended 30 September 2017, an increase of Euro 9 thousand for the

Piquadro brand (Euro 311 thousand), a decrease of Euro 15 thousand for The Bridge brand (Euro 75 thousand) and included the effect of the inclusion of Maison Lancel in the consolidation area for Euro 40 thousand.

The write-downs of some categories of assets, equal to Euro 519 thousand in September 2018 (Euro 57 thousand at 30 September 2017) related to the closure of stores for subsidiary Piquadro LLC in New York, as well as to the refurbishment of two stores of subsidiary O.O.O Piquadro Russia.

Note 33 – Other operating costs

Other operating costs in the financial year ended 30 September 2018 came to Euro 357 thousand (Euro 326 thousand at 30 September 2017), showing an increase that was due to the inclusion of Maison Lancel in the consolidation area for Euro 117 thousand. The decrease in the item for the Piqaudro and The Bridge brands related to greater efficiency in the current operations of the company.

Note 34 - Financial income

In the half-year ended 30 September 2018, financial income was equal to Euro 44,982 thousand compared to Euro 603 thousand in the half-year ended in 2017.
The increase in this item was due to a "*Non-recurring income arising from the acquisition of the Lancel Group*" in an amount of Euro 42,265 thousand. This income related to the excess fair value of the assets acquired and of the liabilities assumed by the Lancel Group on the date of acquisition (2 June 2018) with respect to the acquisition price paid out, as reported in the note on "Business combinations" above.

Note 35 - Financial costs

Below is the breakdown of financial costs:

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
Interest payable on current accounts	34	45
Interest and expense subject to final payment	7	10
Financial costs on loans	92	88
Lease charges	0	10
Other charges	14	13
Net financial costs on defined-benefit plans	11	2
Foreign exchange losses (both realised and estimated)	2.941	784
Financial costs	**3,101**	**951**

The increase in financial costs was mainly due to the inclusion of Maison Lancel in the consolidation area, which reported final foreign exchange losses of Euro 2,545 thousand in the period, together with the joint effect of the Parent Company and its foreign subsidiaries, due to the exchange differences for the consolidation of companies with a reporting currency other than Euro.

Note 36 – Income taxes

Below is reported the breakdown of income tax expenses:

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
IRES tax and other income taxes	1,745	1,053
IRAP tax	304	273
Deferred tax liabilities	(537)	14
Deferred tax assets	(153)	(74)
Total taxes	**1,358**	**1,266**

Note 37 – Earnings per share

As at 30 September 2018 basic earnings per share amounted to Euro 0.765 and are calculated on the basis of the consolidated Net Profit for the period attributable to the Group, equal to Euro 38,231 thousand, divided by the weighted average number of ordinary shares outstanding in the half-year, equal to 50,000,000 shares.

(in thousands of Euro)	**30 September 2018**	**30 September 2017**
Group net profit (in thousands of Euro)	38,231	2,784
Average number of outstanding ordinary shares	50,000	50,000
Basic earnings per share (in Euro)	**0.765**	**0.056**

Note 38 - Segment reporting

In order to provide disclosures regarding the results of operations, financial position and cash flows by segment (Segment Reporting), as well as following the acquisition of Maison Lancel, the Piquadro Group's top management has reviewed, in operational terms, the Group's results of operations, reporting them for each brand (Piquadro, The Bridge, Lancel).
The table below illustrates the segment data of the Piquadro Group broken down by brand: Piquadro, The Bridge and Lancel, relating to the financial years ended 30 September 2018 and 30 September 2017. The segment economic performance is monitored by the Company's Management up to the "Segment result before amortisation and depreciation".

	30 September 2018						30 September 2017			
(in thousands of Euro)	**Piquadro**	**The Bridge**	**Lancel**	**Lancel Acquisition**	**Total for the Group**	**Inc. % (*)**	**Piquadro**	**The Bridge**	**Total for the Group**	**Inc. % (*)**
Revenues from sales	**37,165**	**12,983**	**16,450**		**66,598**	**100%**	**35,738**	**11,076**	**46,814**	**100%**
Segment result before amortisation and depreciation	5,521	1,143	(5,498)	(1,423)	(256)	(0.5)%	4,962	882	5,844	12.5%
Amortisation and depreciation					(1,947)	(3.0)%			(1,446)	(3.1)%
Financial income and costs					(473)	-0.7%			(348)	(0.7)%
Non-recurring income arising from the acquisition of the Lancel Group					42,265	63.5%			0	0.0%
Result before tax					**39,589**	59.4%			**4,050**	8.7%
Income taxes					(1,358)	(2.9)%			(1,266)	(2.7)%
Profit for the half-year					**38,231**	57.4%			**2,784**	5.9%
Result attributable to minority interests					0	0.0%			0	0.0%
Group net profit					**38,231**	57.4%			**2,784**	5.9%

Note 40 – Relations with related parties

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

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

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

In the first half-year of the 2018/2019 financial year, Piqubo S.p.A., the ultimate parent company, charged Piquadro S.p.A. the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse.

On 29 June 2012 a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property to be used as offices and located in Milan, Piazza San Babila n. 5, used as a show room of Piquadro S.p.A. and the rent costs of which are reported in the table below. This lease agreement has been entered into at arm's length.

In the first half-year of the 2018/2019 financial year, no transactions were effected with Palmieri Family Foundation which is a non-profit foundation, whose founder is Marco Palmieri and which has the purpose of promoting activities aimed at the study, research, training, innovation in the field for the creation of jobs and employment opportunities for needy persons.

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

(in thousands of Euro)	Receivables		Payables	
	30 September 2018	**31 March 2018**	**30 September 2018**	**31 March 2018**
Financial relations with Piqubo S.p.A.	0	0	0	0
Financial relations with Piquadro Holding S.p.A.	0	0	0	0
Financial relations with Palmieri Family Foundation	0	0	0	0
Total Receivables from and Payables to controlling and affiliate companies	**0**	**0**	**0**	**0**

The table below reports the breakdown of the economic relations with these related companies in the first half of the 2018/2019 and 2017/2018 financial years:

(in thousands of Euro)	Costs		Revenues	
	30 September 2018	**30 September 2017**	**30 September 2018**	**30 September 2017**
Economic relations with Piqubo S.p.A.	38	38	0	0
Economic relations with Piquadro Holding S.p.A.	123	122	0	0
Economic relations with Palmieri Family Foundation	0	0	0	0
Total costs and revenues to controlling and affiliate companies	**161**	**160**	**0**	**0**

Fees due to the Board of Directors

The table below reports the fees (including emoluments as Directors and current and deferred remuneration, including in kind, as employees) due to Directors of Piquadro S.p.A., in relation to the first half of the 2018/2019 financial year, for the performance of their duties in the Parent Company and other Group companies, and the fees accrued by any executives with strategic responsibilities (as at 30 September 2018, Directors had not identified executives with strategic responsibilities):

First and last name	Position held	Period in which the position was held	Term of office	Fees due for the position	Non-monetary benefits	Bonuses and other incentives	Other fees	Total
Marco Palmieri	Chairman and CEO	01/04/18-30/09/18	2019	250	3.5	-	18	**271.5**
Pierpaolo Palmieri	Vice-Chairman– Executive Director	01/04/18-30/09/18	2019	125	2	-	1	**128**
Marcello Piccioli	Executive Director	01/04/18-30/09/18	2019	90	1,5	-	3	**94.5**
Roberto Trotta	Executive Director	01/04/18-30/09/18	2019	1)	1.5	-	102	**103.5**
Paola Bonomo	Independent Director	01/04/18-30/09/18	2019	9	0	-	1	**10**
Catia Cesari	Independent Director	01/04/18-30/09/18	2019	9	0	-	1	**10**
Barbara Falcomer	Independent Director	01/04/18-30/09/18	2019	9	0	-	1	**10**
				492	**8.5**	**-**	**128**	**627.5**

[)] The Director waived his fees for the period from 1 April 2018 to 30 September 2018.

Events after the period end

No significant events are reported which occurred from 1 October 2018 to the date of this Report.

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

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

- adequacy in relation to the characteristics of the Company and
- actual application of administrative and accounting procedures for the preparation of the consolidated financial statements in the course of the half-year April 2018-September 2018.

The evaluation of the adequacy of administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements at 30 September 2018 has been based on a process defined by Piquadro S.p.A. consistently with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organisations of the Treadway Commission which represents a reference framework generally accepted at international level

It is also certified that the consolidated condensed interim financial statements at 30 September 2018:

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

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

Silla di Gaggio Montano (BO) 22 November 2018

Marco Palmieri	Roberto Trotta
Chief Executive Officer	**Financial Reporting Manager**
Marco Palmieri	**Roberto Trotta**