# INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP AT 30 SEPTEMBER 2020

TABLE OF CONTENTS

INTERIM FINANCIAL REPORT OF THE PIQUADRO GROUP AT 30 SEPTEMBER 2020 .............................. 1

CORPORATE BODIES HOLDING OFFICE AT 30 SEPTEMBER 2020...................................................................6

THE GROUP STRUCTURE.......................................................................................................................................7

INTERIM REPORT ON OPERATIONS AT 30 SEPTEMBER 2020 ......................................................................... 8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION................................................................................ 17

CONSOLIDATED NET FINANCIAL POSITION.......................................................................................................... 18

RECONCILIATION OF THE PARENT COMPANY'S AND CONSOLIDATED EQUITY AND PROFIT (LOSS) FOR THE PERIOD.......................................................................................................................................18

OTHER INFORMATION ........................................................................................................................................ 20

CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020 ........... 23

CONSOLIDATED STATEMENT OF FINANCIAL POSITION................................................................................24

CONSOLIDATED INCOME STATEMENT .................................................................................................................. 26

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME.......................................................................27

STATEMENT OF CHANGES IN CONSOLIDATED ..................................................................................................28

CONSOLIDATED CASH FLOW STATEMENT............................................................................................................29

NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020 ........................................................................................................................................................ 30

GENERAL INFORMATION...................................................................................................................................... 31

BASIS OF PREPARATION OF CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS, THE GROUP STRUCTURE AND THE SCOPE OF CONSOLIDATION...................................................................32

COMMENTS ON THE ITEMS OF THE STATEMENT OF FINANCIAL POSITION..........................................38

COMMENTS ON THE MAIN INCOME STATEMENT ITEMS ............................................................................ 48

CERTIFICATION ON THE CONSOLIDATED FINANCIAL STATEMENTS PURSUANT TO ARTICLE 81-TER OF CONSOB REGULATION NO.11971 OF 14 MAY 1999, AS AMENDED AND SUPPLEMENTED......57

**Corporate details**

Piquadro S.p.A.

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

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

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

**Introduction**

The consolidated interim financial report at 30 September 2020 (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 2020. The financial statements were prepared in compliance with IAS/IFRS (International Accounting Standards and International Financial Reporting Standards) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union, and were prepared according to the provisions under IAS 34, “Interim financial reporting”. The Interim report on operations must therefore be read together with the Financial Statements and the related Notes.

It should be noted that this interim Report on Operations provides, in addition to the indicators required by the financial statements’ schedules in accordance with the IFRS, some alternative performance indicators, which are used by the Management to monitor and assess the Group’s performance and are defined in a specific paragraph. Specifically, following the first-time adoption of the new accounting standard IFRS 16 on the accounting treatment of leases from 1 April 2019, there was the introduction of some adjusted performance indicators with reference to EBITDA, EBIT and the net financial position, in order to make the data at 30 September 2020 comparable to those posted in previous periods, as detailed in the paragraph on the “Summary economic-financial data and alternative performance indicators.”

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

## CORPORATE BODIES HOLDING OFFICE AT 30 SEPTEMBER 2020

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

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

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

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

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

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

- **LEAD INDEPENDENT DIRECTOR**
  Paola Bonomo

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

**Standing auditors**

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

**Alternate auditors**
Giacomo Passaniti
Maria Stefania Sala

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

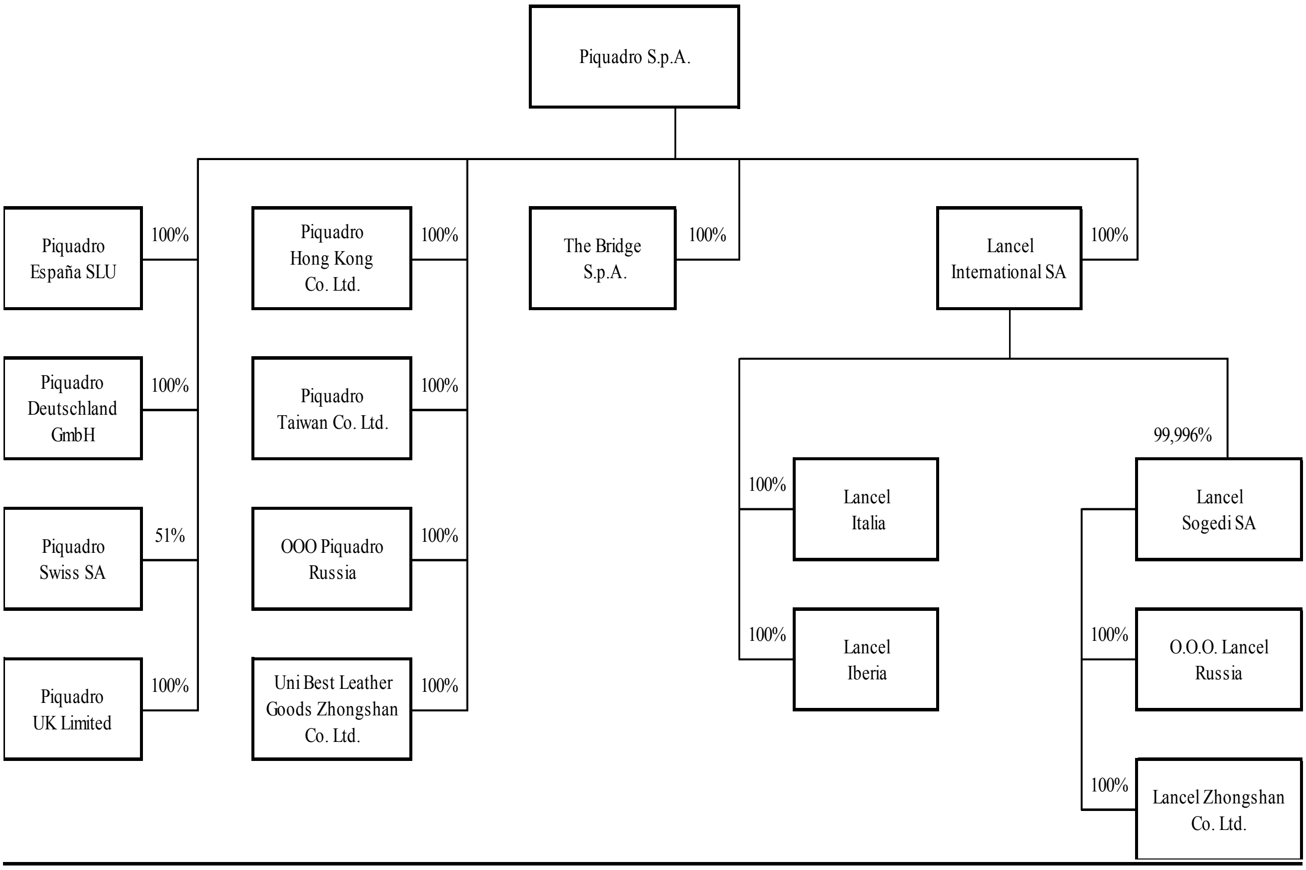
  Deloitte & Touche S.p.A.

- **FINANCIAL REPORTING MANAGER**
  Roberto Trotta

- **SUPERVISORY BOARD**
  Mario Panzeri

## THE GROUP STRUCTURE

The chart below shows the structure of the Piquadro Group at 30 September 2020:



## INTERIM REPORT ON OPERATIONS AT 30 SEPTEMBER 2020

**Significant events for the half-year ended 30 September 2020**

On 10 September the Shareholders' Meeting of Piquadro S.p.A. approved the Financial Statements for the financial year ended 31 March 2020. Following the delicate situation in financial terms involving not only Piquadro, but the entire world as well, as a result of the serious Covid-19 health emergency that is still in progress and while taking account of the fact that it cannot be predicted when it will be possible to return to normality, the Shareholders' Meeting also approved the Board of Directors' proposal, as a precautionary and prudential measure, to not distribute any dividend to the shareholders for the current financial year.

The Shareholders' Meeting approved:

- The First Section of the Remuneration Report that describes the Company's Policy governing the fees payable to Directors and key management members for the financial year that will end on 31 March 2021, as well as the fees payable to the Company's Directors, Board of Statutory Auditors' members and key management members, in the implementation of the provisions of Article 123-*ter*, paragraphs no.3-*bis* and 6, of the TUF (*Testo Unico della Finanza*, Consolidated Act on Finance). The Shareholders' Meeting also gave its favourable opinion on the Second Section of the Remuneration Report and the fees paid in accordance with the aforesaid Article 123-*ter*, paragraph 4, of the TUF;

- the decision: (a) 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. The purchase, sale, exchange or contribution of shares shall be accompanied by any appropriate accounting record in compliance with the provisions of law and applicable accounting standards. In cases of sale, exchange or contribution, the corresponding amount may be reused for additional purchases, until the expiry of the time limit set out for the authorisation given by the Shareholders' Meeting, without prejudice to any quantitative and expenditure limits, as well as to the terms and conditions laid down by the Shareholders' Meeting. The authorisation for the purchase of shares is given until the approval of the financial statements at 31 March 2021 with effect from the date of this resolution. The purchase price of the shares shall be determined from time to time, having regard to the methods selected to carry out the transaction and in accordance with legislative, regulatory provisions or permitted market practices, within a minimum and maximum limits that can be determined according to the following criteria: (i) in any case the minimum consideration for the purchase shall not be less, by 20%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction; (ii) in any case, the maximum consideration for the purchase shall not be higher, by 10%, than the reference price that the stock shall have recorded on the trading day prior to every individual transaction. Should the purchase of treasury shares be made within the scope of any market practice referred to in CONSOB resolution no. 16839/2009, the purchase price set for any proposed trading shall not exceed the higher of the price set for the most recent independent transaction and the current purchase price of the highest independent proposed trading in the market in which proposed purchases are launched, without prejudice to any additional limit set out in the resolution itself.
  The abovementioned transactions shall be carried out, on one or more occasions, by purchasing shares, pursuant to Article 144-*bis*, paragraph l, letter b, of the Issuers' Regulation, on regulated markets or multilateral trading systems, which do not allow any direct matching of proposed purchase trading with predetermined proposed sales trading, according to operating procedures set out in the regulations governing the organisation and operation of the markets themselves, in compliance with Article 2357 and ff. of the Italian Civil Code, the equality of treatment of shareholders and any applicable legislation, including regulatory provisions, in force, including the principles referred to in Article 132 of the TUF, as well as with Regulation (EU) no. 596/2014 of 16 April 2014 ad related implementing provisions, if applicable. The purchases may take place according to procedures other than those specified above pursuant to Article 132, paragraph 3, of Legislative Decree no. 58/1998 or any other provision applicable from time to time on the day of the transaction; (b) to authorise, pursuant to and for the purposes of Article 2357-*ter* of the Italian Civil Code, the disposition, on one or more occasions, of any share that has been

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

On 15 September 2020 the US subsidiaries Piquadro USA Inc. and Piquadro Llc. were closed definitively. These closures did not have any significant effect on the present half-year financial report.

In addition to the above information, from 1 April 2020 to the date of this Report, it should be noted that on 13 October and 20 October 2020 additional Prime Minister's Decrees were enacted in view of the evolution of the epidemiological emergency, the particularly widespread nature of the pandemic and the increase in cases at local level, which confirmed the measures that were already in force and provided for new guidelines. Among these are a scheme of closures differentiated according to the range of risk of Coronavirus infection to which each Region belongs, creating an impact on the movement of people and prohibiting any movement in and out of the relevant territory, as well as the suspension of any and all retail business activities or the mandatory closure of medium- and large-sized sales facilities on holidays and days before holidays.

## COVID-19

### Current situation

The beginning of the current 2020/2021 financial year, as detailed in the Annual Financial Report for the 2019/2020 financial year, which is also available to the public on the Company's website at www.piquadro.com, to which reference should be made, was marked by the spread of the Covid-19 pandemic and the consequent restrictions on the free movement of people imposed by public and government authorities in the countries affected by the emergency, which were aimed at containing the spread of the virus, had a significant impact on global macroeconomic trends and gave rise to a fall in demand in all the main countries in which the Piquadro Group operates.

To date, the health emergency has not yet been resolved at a global level and the epidemic is currently hitting various areas of the world hard, with the second wave of infections, especially in Europe and the United States. In particular, the affected countries have been forced to resort once again to the pandemic containment measures that were eliminated gradually with the arrival of summer.

The current scenario, therefore, continues to be characterised by a high degree of uncertainty with regard to the potential future development of the pandemic itself and its repercussions on global economy.

**Measures adopted**
As reported, from the very beginning of the health emergency, the Piquadro Group immediately coped with the new and difficult situation, conforming to all the guidelines issued by the Italian Government, as well as by governments and public authorities in the countries in which the Piquadro Group operates, implementing extraordinary measures aimed at ensuring utmost protection of the health of its employees and collaborators, as well as of its own image, such as the use of remote work, the application of social distancing measures, the adoption of personal protective equipment and procedures for the sanitisation of premises, while also ensuring operational continuity obviously within the limits of the extraordinary provisions of law imposed in the various jurisdictions.

**Covid-19 emergency management costs**
As from April 2020, costs have been incurred for the protection of the Group's personnel and the sanitization of offices and stores in order to tackle the pandemic emergency in a significant manner, which at present amount to less than about Euro 100 thousand; as from January 2021, the Group will apply, for the Italian companies only, for the 60% tax credit provided for in the Relaunch Decree (Decree Law no. 34/2020). No refunds of this type are provided for by the French government.
It should be noted that the Chinese manufacturing company has incurred lower costs.
To date, there are no significant additional direct costs relating to the management of the pandemic emergency.

**Effects of the epidemiological emergency on the results of operations and the Company's response**
The effects of the pandemic on the Group's performance began to be felt as early as from March 2020, and were exacerbated during the general lockdowns in April 2020 with a gradual improvement in the quarter from July to September 2020.

The rapid spread of the COVID-19 pandemic also resulted in prohibiting and blocking business activities and international trade, as well as the closure of most of the DOSs of the Piquadro and The Bridge brands as early as from 11 March 2020 and of Lancel as from 14 March 2020. As a result of these circumstances, the Piquadro Group's revenues recorded a decrease of 37.6%, equal to about Euro 29.3 million, during the first half of the 2020/2021 financial year, compared to the first half of the financial year ended March 2020. This result was largely affected by the results posted in the first quarter of the financial year, during which a decrease of 65.9% was recorded compared to the first quarter of the 2019/2020 financial year following the general lockdown that lasted until May 2020.
With reference to the Piquadro brand, revenues recorded in the first six months of the financial year ended 30 September 2020 amounted to Euro 22.3 million, down by 41.6% compared to the financial year ended 30 September 2019; this decrease was heavily impacted by the closure of stores, as well as by the absence of tourist flows and the lack of traffic, in particular tourist traffic. With reference to The Bridge brand, revenues recorded in the first six months of the financial year ended 30 September 2020 amounted to Euro 8.3 million, down by 41.8% compared to the financial year ended 30 September 2019; this decrease was heavily impacted by the closure of stores and the absence of tourist flows during the half-year. Revenues from sales achieved by Maison Lancel in the first six months of the financial year ended 30 September 2020 amounted to Euro 17.8 million, down by 29.3% compared to the period ended 30 September 2019; this decrease was impacted by the closure of stores and the absence of tourist flows.

From the very beginning of the health emergency, the Piquadro Group gradually adopted a cost reduction plan, the first effects of which began to be felt at the end of the first 2020/2021 quarter, limiting the impact of production inefficiencies linked to business discontinuity and lower sales volumes; operating expenses were reduced, and discretionary investments were deferred, without dispensing with those in research and development and key activities; recourse was also made to redundancy and wage supplement schemes for the Italian Group companies and to temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi.

In this context online sales were strengthened in a significant manner, with different trends by brand as described below. In the first half-year, the Piquadro brand's e-commerce channel recorded results showing an increase of 23.5% compared to the same period ended 30 September 2019. In the first half-year, The Bridge brand's e-commerce channel recorded results showing an increase of 51.4% compared to the same period ended 30 September 2019. In the first half-year, Maison Lancel's e-commerce channel recorded results showing an increase of 95.2% compared to the same period ended 30 September 2019.

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

With respect to the information already provided in the Financial Report at 31 March 2020, the Parent Company Piquadro S.p.A. has obtained two 5-year loans totalling Euro 11.25 million, with a pre-amortisation period of 18 months, applying for the Guarantee Fund under Law no. 662/1996, while repaying two short-term loans for Euro 9 million in order to improve the Group's capital structure and to meet any possible cash requirements arising from the pandemic emergency. Furthermore, the subsidiary The Bridge has obtained a loan of approximately Euro 4.65 million, again by making recourse to the Guarantee Fund under Law no. 662/1996 in order to protect its financial position.

**Summary economic-financial data and alternative performance indicators**

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

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

uses of the provisions for risks and the Employee 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 2020 and at 30 September 2019:

| **Economic and financial indicators** *(in thousands of Euro)* | **30/09/2020** | **30/09/2019** |
|---|---|---|
| Revenues from sales | 48,554 | 77,858 |
| EBITDA | 4,796 | 8,243 |
| Adjusted EBITDA | (1,764) | 987 |
| EBIT | (3,122) | (812) |
| Adjusted EBIT | (3,410) | (840) |
| Profit / (Loss) before tax | (3,960) | (1,391) |
| Group Profit / (Loss) for the period | (4,142) | (2,998) |
| Amortisation and depreciation, provisions and write-downs | 8,290 | 9,385 |
| Cash generation (Group net profit, net of amortisation and depreciation, write-downs) | 4,149 | 6,387 |
| Adjusted Net Financial Position | 4,939 | 9,054 |
| Net Financial Position | (46,376) | (59,572) |
| Equity | 57,161 | 66,488 |

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)* | **30/09/2020** | **30/09/2019** |
|---|---|---|
| Operating result | (3,122) | (812) |
| Amortisation, depreciation and write-downs | 8,290 | 9,385 |
| **EBITDA** | **4,796** | **8,243** |
| **Adjusted EBITDA** | **(1,764)** | **987** |

Adjusted EBITDA, which is defined as EBITDA net of the effects arising from the adoption of IFRS 16, amounted to Euro (1.76) million, showing a decrease of about Euro 2.8 million compared to the first 2019/2020 half-year.

The Piquadro brand's adjusted EBITDA amounted to Euro 1.3 million during the half-year ended 30 September 2020, down by about Euro 4.5 million compared to the same figure in September 2019; The Bridge brand's adjusted EBITDA amounted to Euro 0.1 million during the half-year ended 30 September 2020, down by Euro 1.2 million compared to the same figure in September 2019; Maison Lancel's adjusted EBITDA amounted to Euro (3.1) million during the half-year ended 30 September 2020, showing an improvement of Euro 2.9 million compared to the same figure in September 2019.

| **Financial indicators** *(in thousands of Euro)* | **30/09/2020** | **30/09/2019** |
|---|---|---|
| **EBIT** | (3,122) | **(812)** |
| **Adjusted EBIT** | (3,410) | **(840)** |

In applying IFRS 16, the Piquadro Group recorded a negative EBIT of about Euro (3.1) million during the half-year ended 30 September 2020, down by Euro 2.3 million compared to Euro (0.8) million posted during the half-year ended 30 September 2019.

Adjusted EBIT, which is defined as EBIT net of the effects arising from the adoption of IFRS 16, was equal to Euro (3.4) million, down by Euro 2.6 million compared to Euro (0.8) million posted during the half-year ended 30 September 2019.

| **Financial indicators** *(in thousands of Euro)* | **30/09/2020** | **30/09/2019** |
|---|---|---|
| ***Net Result/ (Loss) for the period*** | **(4,142)** | **(2,998)** |
| ***Adjusted Net Result/ (Loss) for the period*** | **(3,949)** | **(2,663)** |

In applying IFRS 16, the Piquadro Group posted a Group loss of about Euro (4.1) million during the half-year ended 30 September 2020 against a loss of Euro (3.0) million recorded at 30 September 2019.

## The Group's Results of operations

In the first six months of the 2020/2021 financial year the Group reported a sales performance decreasing by 37.6% compared to the same period in the 2019/2020 financial year. In the half-year ended 30 September 2020, the Piquadro Group reported, in fact, net sales revenues equal to Euro 48,554 thousand (- 37.6%) compared to Euro 77,858 thousand reported in the corresponding period in the 2019/2020 financial year.

In the half-year ended 30 September 2020, the Piquadro Group reported EBITDA of about Euro 4.8 million in terms of profitability.
Adjusted EBITDA, which is defined as EBITDA net of the effects arising from the adoption of IFRS 16, amounted to Euro (1.8) million, down by Euro 2.8 million compared to the same figure for the first 2019/2020 half-year. This decrease was fully attributable to the decline in turnover linked to the effects of the pandemic.

The Piquadro brand's adjusted EBITDA amounted to Euro 1.3 million during the half-year ended 30 September 2020, down by about Euro 4.5 million compared to the same figure in September 2019; The Bridge brand's adjusted EBITDA amounted to Euro 0.1 million during the half-year ended 30 September 2020, down by Euro 1.2 million compared to the same figure in September 2019; Maison Lancel's adjusted EBITDA amounted to Euro (3.1) million during the half-year ended 30 September 2020, showing an improvement of Euro 2.9 million compared to the same figure in September 2019.

The Piquadro Group posted a negative EBIT of about Euro (3.1) million during the half-year ended 30 September 2020.

Adjusted EBIT, which is defined as EBIT net of the effects arising from the adoption of IFRS 16, amounted to Euro (3.4) million, showing a decrease compared to Euro (0.8) million posted in the half-year ended 30 September 2019.

The Piquadro Group posted a Group loss of about Euro (4.1) million during the half-year ended 30 September 2020 compared to Euro (3.0) million recorded at 30 September 2019.

In addition to the analysis reported, Management staff believe that the main factor that had a significant impact on the Group's profitability in the current financial year was obviously the decrease of about 37.6% in Group revenues, equal to Euro 29.3 million, which was also reflected in significant cost reduction measures to support the Group's financial strength and limit the impact in terms of results of operations and cash flows. Among these measures were:

- the recourse to redundancy and wage supplement schemes for the Italian Group companies or to temporary partial unemployment (*chômage partiel*) measures for Lancel Sogedi as from April 2020;

- the agreement with the Company's Management staff to reduce their salary by 20% for the first quarter of the 2020-2021 financial year;
- obtaining reductions or the suspension of lease rents for both full-price and outlet stores, in order to mitigate the impact of lost sales at DOSs;
- the closure of some Piquadro full-price stores that are no longer performing in terms of profitability and are no longer regarded as key to the positioning of the brand;
- achieving reductions in other operating costs.

***Sales revenues***

The Piquadro Group's consolidated turnover amounted to Euro 48.5 million during the first half of the financial year ended 30 September 2020, down by 37.6% compared to Euro 77.9 million during the same period in the previous financial year. During the second quarter of the 2020/2021financial year (July-September 2020), the Piquadro Group's consolidated turnover amounted to Euro 36.4 million, down by about 18.3% compared to Euro 44.5 million in the same period of the previous financial year.

The sales results for the half-year under consideration were affected by the measures imposed by public and government authorities in the countries affected by the emergency, aimed at containing the spread of the Covid-19 virus. In particular, the first quarter of the financial year (April-June 2020) was adversely affected by the temporary closure of more than 90% of the distribution network outlets for about two months, together with the prohibition and/or restriction on the mobility and movement of people and goods and the closure of business and sales venues to the public (lockdown), while also impacting tourist flows around the world in an exceptionally adverse way.

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

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

**Breakdown of revenues by Brand**

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

| ***Brand*** *(in thousands of Euro)* | **Net revenues at 30 September 2020** | **%** | **Net revenues at 30 September 2019** | **%** | **% change 2020/2019** |
|---|---|---|---|---|---|
| PIQUADRO | 22,372 | 46.1 % | 38,295 | 49.2% | (41.6) % |
| THE BRIDGE | 8,314 | 17.1 % | 14,285 | 18.3% | (41.8) % |
| LANCEL | 17,868 | 36.8% | 25,278 | 32.5% | (29.3) % |
| **Total** | **48,554** | **100.0%** | **77,858** | **100.0%** | **(37.6) %** |

The Piquadro Group's consolidated turnover amounted to Euro 48.5 million during the first half of the financial year ended 30 September 2020, down by 37.6% compared to Euro 77.9 million during the same period in the previous financial year. During the second quarter of the 2020/2021financial year (July-September 2020), the Piquadro Group's consolidated turnover amounted to Euro 36.4 million, down by about 18.3% compared to Euro 44.5 million in the same period of the previous financial year.

With reference to the **Piquadro** brand, revenues amounted to Euro 22.3 million during the first half of the financial year ended 30 September 2020, down by 41.6% compared to the same period ended 30 September 2019; this decrease was heavily affected by the closure of stores  and the absence of tourist flows. During the second quarter (July-September 2020) the Piquadro-branded sales showed a decrease of about 25.1%. On the other hand, the e-commerce channel recorded results showing an increase of 23.5% in the first half-year compared to the same period ended 30 September 2019 .

With reference to **The Bridge** brand, revenues amounted to Euro 8.3 million during the first half of the period ended 30 September 2020, down by 41.8% compared to the same period ended 30 September 2019; this decrease was heavily affected by the closure of stores and the absence of tourist flows during the half-year. During the second quarter (July-September 2020) The Bridge-branded sales recorded a decrease of about 20.7%. On the other hand, the e-commerce channel recorded results showing an increase of 51.4% in the first half-year compared to the same period ended 30 September 2019.

**Maison Lancel**'s sales revenues amounted to Euro 17.8 million during the first half of the period ended 30 September 2020, down by 29.3% compared to the same period ended 30 September 2019; this decrease was impacted by the closure of stores and the absence of tourist flows. During the second quarter (July-September 2020) the Maison Lancel-branded sales showed a decrease of about 5.0%. On the other hand, the e-commerce channel recorded results showing an increase of 95.2% in the first half-year compared to the same period ended 30 September 2019.

**Breakdown of revenues by geographical area**

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

| **Geographical Area**<br>*(in thousands of Euro)* | **Net revenues at 30 September 2020** | **%** | **Net revenues at 30 September 2019** | **%** | **% change 2020/2019** |
|---|---|---|---|---|---|
| Italy | 24,383 | 50.2 % | 40,833 | 52.4% | (40.3%) |
| Europe | 22,421 | 46.2 % | 34,960 | 44.9% | (35.9%) |
| Rest of the world | 1,750 | 3.6 % | 2,065 | 2.7% | (15.3%) |
| **Total** | **45,554** | **100.0%** | **77,858** | **100.0%** | **(41.5%)** |

From a geographical point of view, the Piquadro Group's turnover on the Italian market amounted to Euro 24.4 million, equal to 50.2% of consolidated sales (52.5% of consolidated sales at 30 September 2019), down by 40.3% compared to the same period in the 2019/2020 financial year.

In the European market, the Group recorded a turnover of Euro 22.4 million, equal to 46.2% of consolidated sales (44.9% of consolidated sales at 30 September 2019), down by 35.9% compared to the same period in the 2019/2020 financial year.

In the non-European geographical area (named "Rest of the World"), the Piquadro Group posted a turnover of Euro 1.7 million, equal to 3.6% of consolidated sales (2.7% of consolidated sales at 30 September 2019) with a relative decrease of 15.2% compared to the same period in the 2019/2020 financial year.

As is public knowledge, since January 2020 a new coronavirus appeared in China and now spread to all over the world (better known as Covid-19) has caused serious effects on global economy and in social terms, especially in view of the global spread of the epidemic that led the World Health Organization to declare the state of "pandemic" on 11 March 2020. In this regard, the Group has for some time been strictly conforming to the measures issued by the Competent Authorities and has taken any other precaution regarded as appropriate to safeguard the health of its employees and suppliers in order to also contain the spread of the virus in the regions affected by the contagion. Despite the large spread of Covid-19 and the uncertainty as to the duration of this pandemic do not allow the Company to make, at present, any reliable forecast of possible results for the current financial year, it has, however, already taken note of the significant change in the global economic scenario and has adopted and is still implementing actions aimed at reducing costs and maintaining liquidity, in order to also limit any future impact in economic and financial terms and to support its financial strength.

**Investments**

Investments in intangible assets, property, plant and equipment and financial assets in the half-years ended 30 September 2020 and 30 September 2019 were equal to Euro 706 thousand and to Euro 2,122 thousand, respectively, as reported below:

| *(in thousands of Euro)* | **30 September 2020** | **30 September 2019** |
|---|---|---|
| **Investments** | | |
| Intangible assets | 361 | 642 |
| Property, plant and equipment | 345 | 1,420 |
| Non-current financial assets | 0 | 60 |
| **Total** | **706** | **2,122** |

Increases in intangible assets came to Euro 361 thousand in the half-year ended 30 September 2020 and mainly related to the project to standardise the software platform which will involve the Group and increases relating to Lancel Sogedi SA.

Increases in property, plant and equipment came to Euro 345 thousand in the in the half-year ended 30 September 2020 and were mainly attributable to furniture and furnishings purchased for the refurbishment of already existing DOSs and the opening of new ones for Euro 326 thousand.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Below is summarised the Group's consolidated statement of financial position at 30 September 2020 (compared to the corresponding statement at 31 March 2020 and 30 September 2019):

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** | **30 September 2019** |
|---|---|---|---|
| Trade receivables | 30,456 | 26,471 | 43,289 |
| Inventories | 41,435 | 37,959 | 37,409 |
| (Trade payables) | (35,123) | (38,681) | (36,100) |
| *Total net current trade assets* | *36,768* | *25,749* | *44,598* |
| Other current assets | 4,921 | 6,384 | 6,006 |
| Tax receivables | 3,522 | 3,853 | 2,037 |
| (Other current liabilities) | (8,475) | (6,968) | (10,817) |
| (Tax payables) | (1,883) | (343) | (3,780) |
| ***A) Working capital*** | ***34,853*** | ***28,675*** | ***38,044*** |
| | | | |
| Intangible assets | 7,376 | 7,249 | 8,556 |
| Property, plant and equipment | 12,672 | 13,562 | 12,822 |
| Right-of-use assets | 47,910 | 48,358 | 68,185 |
| Non-current financial assets | 22 | 22 | 22 |
| Receivables from others beyond 12 months | 2,258 | 2,204 | 2,386 |
| Deferred tax assets | 4,672 | 4,591 | 2,761 |
| ***B) Fixed assets*** | ***74,910*** | ***75,986*** | ***94,732*** |
| ***C) Non-current provisions and non-financial liabilities*** | ***(6,227)*** | ***(6,659)*** | ***(6,716)*** |
| **Net invested capital (A+B+C)** | **103,537** | **98,002** | **126,060** |
| | | | |
| FINANCED BY: | | | |
| ***D) Net financial debt*** | ***46,376*** | ***36,082*** | ***59,572*** |
| ***E) Equity attributable to Minority interests*** | **(353)** | ***(323)*** | ***(299)*** |
| ***F) Equity attributable to the Group*** | ***57,513*** | ***62,243*** | ***66,787*** |
| **Total borrowings and Shareholders' Equity (D+E+F)** | **103,537** | **98,002** | ***126,060*** |

## 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)* | **30/09/2020** | **31/03/2020** | **30/09/2019** |
|---|---|---|---|
| (A) Cash | 367 | 202 | 345 |
| (B) Other cash and cash equivalents (available current bank accounts) | 51,281 | 57,348 | 36,069 |
| **(C) Liquidity (A) + (B)** | **51,648** | **57,550** | **36,414** |
| (D) Finance leases | (13,984) | (14,365) | (17,223) |
| (E) Current portion of current debt | (15,083) | (15,450) | (11,250) |
| (F) Payables for the acquisition of The Bridge | (70) | (70) | (820) |
| **(G) Current financial debt (D) + (E) + (F)** | **(29,137)** | **(29,885)** | **(29,292)** |
| **(H) Short-term net financial position (C) + (G)** | **22,511** | **27,665** | **7,121** |
| (I) Non-current bank debt | (27,533) | (20,501) | (10,126) |
| (L) Finance leases | (37,331) | (39,243) | (51,405) |
| (M) Payables for the acquisition of The Bridge | (662) | (662) | (1,293) |
| (N) Payables for the acquisition of Maison Lancel | (3,341) | (3,341) | (3,869) |
| **(O) Non-current financial debt (I) + (L) + (M)+(N)** | **(68,887)** | **(63,747)** | **(66,693)** |
| **(P) Net Financial Position (H) + (O)** | **(46,376)** | **(36,082)** | **(59,572)** |

The Piquadro Group's Net Financial Position posted a negative value of Euro 46.4 million in the half-year ended 30 September 2020. The impact arising from the adoption of the accounting standard IFRS 16 amounted to a negative value of about Euro 51.3 million.

The Piquadro Group's adjusted Net Financial Position posted a positive value of about Euro 4.9 million, against a positive value of Euro 9.1 million in the Net Financial Position posted at 30 September 2019 and a positive value of Euro 17.5 million in the Net Financial Position posted at 31 March 2020.

The change in the Piquadro Group's adjusted Net Financial Position at 30 September 2020 was affected, compared to the Net Financial Position recorded at 30 September 2019, by investments of Euro 1.7 million made by the Group in the reporting period, a decrease of Euro 0.1 million in working capital and cash outflows of about Euro 2.4 million linked to the operating performance of the Group brands.

## 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 2020:

| *(in thousands of Euro)* | **Profit (loss) at 30 September 2020** | **Equity at 30 September 2020** | **Profit / (loss) at 31 March 2020** | **Equity at 31 March 2020** |
|---|---|---|---|---|
| **Equity and Profit (Loss) for the period as reported in the financial statements of Piquadro S.p.A.** | **(113)** | **41,784** | **3,374** | **42,177** |
| Derecognition of the carrying amount of consolidated equity investments | (4,028) | (24,349) | (11,129) | (20,321) |
| Non-recurring income arising from the acquisition of the Lancel Group, net of transaction costs | 0 | 40,752 | 0 | 40,752 |
| - Other minor effects | 100 | 664 | 423 | 913 |
| *Derecognition of the effects of transactions carried out between consolidated Companies:* | | | | |
| - Profits included among closing inventories | (60) | (1,339) | (382) | (1,278) |
| **Group's equity and profit (loss) for the period** | **(4,102)** | **57,513** | **(7,714)** | **62,243** |
| Minority interests' Profits (Losses) and Equity | (39) | (353) | (41) | (323) |
| **Consolidated Equity and Profit (Loss)** | **(4,141)** | **57,161** | **(7,755)** | **61,920** |

## 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 2020 the Group had 997 units, compared to 1,165 units at 30 September 2019.
Below is reported the breakdown of staff by Country:

| Country | 30 September2020 | 30 September 2019 |
|---|---|---|
| Italy | 382 | 423 |
| China | 242 | 318 |
| Hong Kong | 4 | 6 |
| Germany | 1 | 1 |
| Spain | 27 | 21 |
| Taiwan | 11 | 22 |
| France | 291 | 326 |
| Switzerland | 4 | 4 |
| United Kingdom | 2 | 5 |
| Russia | 33 | 39 |
| **Total** | **997** | **1,165** |

With reference to the Group's organisational structure, at 30 September 2020, 16.0% of staff operated in the production area, 49.6% in the retail area, 21.3% in the support functions (Administration, IT Systems, Purchasing, Quality, Human Resources, etc.), 7.9% in the Research and Development area and 5.1% in the Wholesale area.

**Research and development activity**

The R&D work for the Piquadro brand is carried out in house by the Parent Company through a dedicated team that currently consists of 12 persons, mainly engaged in the product Research and Development department and the style office at the head office of the Company.
The plants of the Chinese subsidiary Uni Best Leather Goods Zhongshan Co. Ltd. employ a staff of 25 people dedicated to prototyping and the production of new models according to the instructions defined by the central organisation.

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

The R&D work for the Lancel brand is carried out at the plant of the French subsidiary Lancel Sogedi S.A. through a team of 12 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 reporting date**

On 10 November 2020, Piquadro S.p.A. launched a programme to purchase treasury shares in execution of the resolutions passed by the Ordinary Shareholders' Meeting held on 10 September 2020, as a convenient key investment opportunity for any purpose permitted by the provisions in force and in particular with the aim of:
(a) promoting the stabilisation of the stock performance and the support to liquidity;
(b) constituting a "stock of securities" so that the Issuer may keep and dispose of the shares for their possible use as consideration in non-recurring operations, including the exchange of shareholdings, with other entities within the scope of operations that are of interest to the Company itself.

The purchases of shares in the implementation of the program will take place in compliance with the provisions governing the equal treatment of shareholders, according to the methods and within the operating limits provided for by the resolution mentioned above, as well as by Article 5 of Regulation (EU) No. 596/2014 (MAR) and, in general, by any applicable general and industry regulations, and specifically:
- the purchases will involve a maximum total of 1,000,000 ordinary shares of the Company, with no par value, for a maximum countervalue set at Euro 1,260,000.00 (one million two hundred and sixty thousand);
- the purchases will be made for a consideration that is not 10% higher or more than 20% lower than the reference price recorded on the previous trading day and in any case at a price that is not higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer submitted in the trading venue where the purchase is carried out;
- the purchase program will be started on 10 November 2020 and will be applied until revocation and in any case no later than 31 March 2021. The maximum number of treasury shares that may be purchased on a daily basis shall not exceed 25% of the daily average volume of the Company's shares traded on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*). The purchases will be carried out on the Electronic Stock Market, in compliance with Article 144-*bis*, paragraph 1.b), of CONSOB Regulation no. 11971/1999 and with any additional terms and

conditions provided for by the resolution of the Shareholders' Meeting held on 10 September 2020, as well as in accordance with the provisions of Regulation (EU) No. 596/2014 on market abuse.

For the purposes of implementing the programme, Piquadro S.p.A. has appointed the authorised intermediary Mediobanca S.p.A. to make decisions on purchases in full independence, including in relation to the term of the transactions.

As from 25 November 2020, Pietro Michele Villa, a Standing Auditor of Piquadro S.p.A., resigned from his position due to professional reasons linked to the accumulation of the positions held. In applying Article 2401 of the Italian Civil Code, the most senior alternate auditor, Maria Stefania Sala, took over the position as standing auditor until the date of the next Shareholders' Meeting.

In addition to the above information, from 1 April 2020 to the date of this Report, it should be noted that on 13 October and 20 October 2020 additional Prime Minister’s Decrees were enacted in Italy in view of the evolution of the epidemiological emergency, the particularly widespread nature of the pandemic and the increase in cases at local level, which confirmed the measures that were already in force and provided for new guidelines. Among these are a scheme of closures differentiated according to the range of risk of Coronavirus infection to which each Region belongs, creating an impact on the movement of people and prohibiting any movement in and out of the relevant territory, as well as the suspension of any and all retail business activities or the mandatory closure of medium- and large-sized sales facilities on holidays and days before holidays. Similarly, as from 30 October, additional government decrees were enacted by the competent authorities in France, which imposed the full closure of retail businesses and restrictions on the movement of people. These measures will have an adverse impact on the Group's results.

In addition to the above information, no significant events must be reported from 1 October 2020 to the date of preparation of this Report.

## Outlook

The Company is continuing to monitor on an ongoing basis the evolution of the emergency relating to the spread of the Covid-19 virus, even in consideration of the complex global economic scenario. In this situation, the estimates for the sector, as well as those for the economy in general, predict a significant fall in the Piquadro Group's target market, which cannot yet be predicted at present and, therefore, the elements that contribute to the preparation of forecasts for the entire 2020/2021 financial year still remain significantly uncertain.
Since the beginning of the pandemic, the Piquadro Group has implemented measures to reduce operating costs and safeguard liquid assets and has also adopted appropriate safety standards complying with regulatory guidelines.
The 2020/2021 financial year continues to remain very complicated, but the Piquadro Group continues to believe in future improvement trends and believes that it may take on even more significant challenges thanks to the investments made so far and the work done by all members of its staff.

Silla di Gaggio Montano (BO), 25 November 2020 FOR THE BOARD OF DIRECTORS

THE CHAIRMAN
**Marco Palmieri**

# CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *(in thousands of Euro)* | **Notes** | **30 September 2020** | **31 March 2020** |
|---|---|---|---|
| **ASSETS** | | | |
| **NON-CURRENT ASSETS** | | | |
| Intangible assets | (1) | 2,718 | 2,591 |
| Goodwill | (2) | 4,658 | 4,658 |
| Right-of-use assets | (3) | 47,910 | 48,358 |
| Property, plant and equipment | (4) | 12,672 | 13,562 |
| Non-current financial assets | (5) | 22 | 22 |
| Receivables from others | (6) | 2,258 | 2,204 |
| Deferred tax assets | (7) | 4,672 | 4,591 |
| **TOTAL NON-CURRENT ASSETS** | | **74,910** | **75,958** |
| **CURRENT ASSETS** | | | |
| Inventories | (8) | 41,435 | 37,959 |
| Trade receivables | (9) | 30,456 | 26,471 |
| Other current assets | (10) | 4,921 | 6,200 |
| Derivative assets | (11) | 0 | 184 |
| Tax receivables | (12) | 3,522 | 3,853 |
| Cash and cash equivalents | (13) | 51,648 | 57,550 |
| **TOTAL CURRENT ASSETS** | | **131,982** | **132,216** |
| **TOTAL ASSETS** | | **206,892** | **208,201** |

| *(in thousands of Euro)* | **Notes** | **30 September 2020** | **31 March 2020** |
|---|---|---|---|
| **LIABILITIES** | | | |
| | | | |
| **EQUITY** | | | |
| Share Capital | | 1,000 | 1,000 |
| Share premium reserve | | 1,000 | 1,000 |
| Other reserves | | 1,636 | 2,264 |
| Retained earnings | | 57,979 | 65,693 |
| Group profit/(loss) for the period | | (4,102) | (7,714) |
| **TOTAL EQUITY ATTRIBUTABLE TO THE GROUP** | | **57,513** | **62,243** |
| Capital and reserves attributable to minority interests | | (314) | (282) |
| Profit/(loss) for the period attributable to minority interests | | (39) | (41) |
| **TOTAL EQUITY ATTRIBUTABLE TO MINORITY INTERESTS** | | **(353)** | **(323)** |
| **TOTAL EQUITY** | (14) | **57,161** | **61,920** |
| | | | |
| **NON-CURRENT LIABILITIES** | | | |
| Borrowings | (15) | 27,553 | 20,501 |
| Payables to other lenders for lease agreements | (16) | 37,331 | 39,243 |
| Other non-current liabilities | (17) | 4,246 | 4,003 |
| Provision for employee benefits | (18) | 3,801 | 3,751 |
| Provisions for risks and charges | (19) | 2,426 | 2,908 |
| **TOTAL NON-CURRENT LIABILITIES** | | **75,357** | **70,406** |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Borrowings | (20) | 14,910 | 15,433 |
| Payables to other lenders for lease agreements | (21) | 13,984 | 14,365 |
| Derivative liabilities | (22) | 173 | 17 |
| Trade payables | (23) | 35,123 | 38,681 |
| Other current liabilities | (24) | 8,301 | 7,036 |
| Tax payables | (25) | 1,883 | 343 |
| **TOTAL CURRENT LIABILITIES** | | **74,374** | **75,875** |
| **TOTAL LIABILITIES** | | **149,731** | **146,281** |
| **TOTAL EQUITY AND LIABILITIES** | | **206,892** | **208,201** |

## CONSOLIDATED INCOME STATEMENT

| *(in thousands of Euro)* | **Notes** | **30 September 2020** | **30 September 2019** |
|---|---|---|---|
| **REVENUES** | | | |
| Revenues from sales | (26) | 48,554 | 77,858 |
| Other income | (27) | 248 | 549 |
| **TOTAL REVENUES (A)** | | **48,802** | **78,407** |
| | | | |
| **OPERATING COSTS** | | | |
| Change in inventories | (28) | (3,580) | (1,597) |
| Costs for purchases | (29) | 11,311 | 19,860 |
| Costs for services and leases and rentals | (30) | 22,939 | 30,747 |
| Personnel costs | (31) | 12,658 | 20,559 |
| Amortisation, depreciation and write-downs | (32) | 8,290 | 9,385 |
| Other operating costs | (33) | 306 | 265 |
| **TOTAL OPERATING COSTS (B)** | | **51,924** | **79,219** |
| | | | |
| **OPERATING PROFIT (A-B)** | | **(3,122)** | **(812)** |
| | | | |
| **FINANCIAL INCOME AND COSTS** | | | |
| Financial income | (34) | 539 | 556 |
| | | | |
| Financial costs | (35) | (1,377) | (1,135) |
| **TOTAL FINANCIAL INCOME AND COSTS** | | **(838)** | **(579)** |
| | | | |
| **PROFIT (LOSS) BEFORE TAX** | | **(3,960)** | **(1,391)** |
| | | | |
| Income tax | (36) | (182) | (1,607) |
| | | | |
| **PROFIT (LOSS) FOR THE PERIOD** | | **(4,142)** | **(2,998)** |
| | | | |
| attributable to: | | | |
| EQUITY HOLDERS OF THE COMPANY | | (4,102) | (2,973) |
| MINORITY INTERESTS | | (39) | (25) |
| (Basic) Earnings /(loss) per share in Euro | (37) | (0.083) | (0.060) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *(in thousands of Euro)* | **30 September 2020** | **30 September 2019** |
|---|---|---|
| **Profit/(loss) for the period (A)** | **(4,142)** | **(2,998)** |
| **Components that can be reclassified to profit or loss** | | |
| Profit (loss) arising from the translation of financial statements of foreign companies | (125) | (23) |
| Profit (loss) on cash flow hedge instruments | (278) | 41 |
| **Components that cannot be reclassified to profit or loss** | | |
| Actuarial gain (losses) on defined-benefit plans | (215) | 0 |
| **Total profits/(losses) recognised in equity (B)** | **(618)** | **18** |
| **Total comprehensive profits/(losses) for the period (A) + (B)** | **(4,759)** | **(2,980)** |
| Attributable to | | |
| - Group | (4,729) | (2,946) |
| - Minority interests | (30) | (33) |

## 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/(Loss) | Equity attributable to the Group | Capital and Reserves attributable to minority interests | Profit/ (Loss) attributable to minority interests | Total Equity attributable to the Group and minority interests |
| **Balances as at 31 March 2019** | **1,000** | **1,000** | **1,603** | **52** | **(169)** | **497** | **1,982** | **35,218** | **34,534** | **73,733** | **(207)** | **(59)** | **73,468** |
| Profit/(Loss) for the period | | | | | | | | | (2,973) | **(2,973)** | | (25) | (2,998) |
| Other comprehensive result as at 30 September 2019: | | | | | | | | | | | | | |
| - Exchange differences from translation of financial statements in foreign currency | | | (15) | | | | **(15)** | | | **(15)** | (8) | | (23) |
| - Reserve for actuarial gains (losses) on defined-benefit plans | | | | | | | **0** | | | **0** | | | 0 |
| - Other changes (consolidation area) | | | | | | | **0** | | | **0** | | | 0 |
| - Fair value of financial instruments | | | | 41 | | | **41** | | | **41** | | | 41 |
| **Comprehensive Income/(Loss) for the period** | **0** | **0** | **(15)** | **41** | **0** | **0** | **26** | **0** | **(2,973)** | **(2,946)** | **(8)** | **(25)** | **(2,980)** |
| - Distribution of dividends to shareholders | | | | | | | | | (4,000) | **(4,000)** | | | (4,000) |
| - Allocation of the result for the year at 30 September 2019 to reserves | | | | | | | | 30,534 | (30,534) | **0** | (59) | 59 | 0 |
| Fair value of Stock Option Plans | | | | | | | **0** | | | **0** | | | 0 |
| **Balances as at 30 September 2019** | **1,000** | **1,000** | **1,588** | **93** | **(169)** | **497** | **2,008** | **65,752** | **(2,973)** | **66,786** | **(274)** | **(25)** | **66,488** |
| **Balances as at 31 March 2020** | **1,000** | **1,000** | **1,689** | **121** | **(101)** | **556** | **2,264** | **65,693** | **(7,714)** | **62,241** | **(282)** | **(41)** | **61,920** |
| Profit/(Loss) for the period | | | | | | | | | (4,102) | **(4,102)** | | (39) | (4,141) |
| Other comprehensive result as at 30 September 2020: | | | | | | | | | | | | | |
| - Exchange differences from translation of financial statements in foreign currency | | | (134) | | | | **(134)** | | | **(134)** | 9 | | (125) |
| - Reserve for actuarial gains (losses) on defined-benefit plans | | | | | (215) | | **(215)** | | | **(215)** | | | (215) |
| - Other changes (consolidation area) | | | | | | | **0** | | | **0** | | | 0 |
| - Fair value of financial instruments | | | | (278) | | | **(278)** | | | **(278)** | | | (278) |
| **Comprehensive Income/(Loss) for the period** | **0** | **0** | **(134)** | **(278)** | **(215)** | **0** | **(627)** | **0** | **(4,102)** | **(4,729)** | **9** | **(39)** | **(4,759)** |
| - Distribution of dividends to shareholders | | | | | | | | | | **0** | | | 0 |
| - Allocation of the result for the year at 31 March 2020 to reserves | | | | | | | | (7,714) | 7,714 | **0** | (41) | 41 | 0 |
| **Balances as at 30 September 2020** | **1,000** | **1,000** | **1,555** | **(158)** | **(316)** | **556** | **1,637** | **57,979** | **(4,102)** | **57,511** | **(314)** | **(39)** | **57,161** |

## CONSOLIDATED CASH FLOW STATEMENT

| *(in thousands of Euro)* | **30 September 2020** | **30 September 2019** |
|---|---|---|
| **Profit before tax** | **(3,960)** | **(1,391)** |
| Adjustments for: | | |
| Depreciation of property, plant and equipment/Amortisation of intangible assets | 1,822 | 1,631 |
| Amortisation of Right-of-use assets | 5,816 | 7,228 |
| Write-downs of property, plant and equipment/intangible and right-of-use assets | 267 | 195 |
| Provision for bad debts | 372 | 330 |
| Net financial costs/(income), including foreign exchange differences | 393 | 579 |
| **Cash flow from operating activities before changes in working capital** | **4,710** | **8,573** |
| Change in trade receivables (including the provision) | (4,357) | (9,076) |
| Change in inventories | (3,476) | (1,589) |
| Change in other current assets | 1,225 | (674) |
| Change in trade payables | (3,899) | (541) |
| Change in provisions for risks and charges | (642) | (85) |
| Change in other current liabilities | 1,508 | 861 |
| Change in tax receivables/payables | 3,497 | 1,125 |
| **Cash flow from operating activities after changes in working capital** | **(1,434)** | **(1,406)** |
| Taxes paid | (1,889) | (1,896) |
| Interest paid | (52) | (157) |
| **Cash flow generated from operating activities (A)** | **(3,375)** | **(3,459)** |
| Investments in intangible assets | (719) | (1,082) |
| Investments in property, plant and equipment | (388) | (975) |
| **Changes generated from investing activities (B)** | **(1,107)** | **(2,057)** |
| **Financing activities** | | |
| Change in short- and medium/long-term borrowings | 6,529 | 422 |
| - New loans | 6,900 | 4,000 |
| - Repayments and other net changes in Borrowings | (371) | (3,578) |
| Changes in financial instruments | 34 | (17) |
| Repayments for lease liabilities | (7,881) | (6,797) |
| Dividends paid | 0 | (4,000) |
| **Cash flow generated from/(used in) financing activities (C)** | **(1,319)** | **(10,392)** |
| Change in translation reserve (D) | (102) | (23) |
| Net increase (decrease) in cash and cash equivalents (A+B+C+D) | (5,902) | (15,932) |
| **Cash and cash equivalents at the beginning of the period** | **57,550** | **52,346** |
| **Cash and cash equivalents at the end of the period** | **51,648** | **36,414** |

# NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS AT 30 SEPTEMBER 2020

## 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 25 November 2020.

## 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 at 30 September 2020, 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 2020 prepared in accordance with IFRS adopted by the European Union, to which reference is made for a better understanding of the Group's business and structure and of the accounting standards and criteria adopted.
The preparation of interim financial statements in accordance with IAS 34 – Interim Financial Reporting requires judgments, estimates and assumptions that impact on the value of the assets, liabilities, costs and revenues. It should be noted that the final results may prove different from those obtained as a result of these estimates.

The consolidated accounting statements (consolidated income statement, consolidated statement of comprehensive income, consolidated statement of financial position, consolidated cash flow statement and statement of changes in consolidated equity) are prepared in an extended form and are the same as those adopted for the consolidated Financial Statements at 31 March 2020. It should be noted that, following the adoption of the accounting standard IFRS 16 from 1 April 2019, the consolidated statement of financial position has been amended by including, among non-current assets, a specific financial statement line separate from intangible assets and property, plant and equipment, relating to right-of-use assets. For more details, reference should be made to the information provided in the paragraph on "**Change in international accounting standards.**"

Economic data, changes in equity and cash flows for the half-year ended 30 September 2020 are compared to the half-year ended 30 September 2019. Financial data at 30 September 2020 are compared to the corresponding values at 31 March 2020 (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 2020, nor did any atypical or unusual transactions significantly affect the operating result.

**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 2020 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 at 30 September 2020, 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 at 30 September 2020**

| Name | HQ | Country | Currency | Share Capital (local currency /000) | Shareholders' equity (local currency/000) | Control % |
|---|---|---|---|---|---|---|
| Piquadro S.p.A. | Gaggio Montano (BO) | Italy | EUR | 1,000 | 41,784 | Parent Company |
| Piquadro España SLU | Barcelona | Spain | EUR | 898 | 866 | 100% |
| Piquadro Deutschland GmbH | Munich | Germany | EUR | 25 | 33 | 100% |
| Uni Best Leather Goods Zhongshan Co. Ltd. | Guangdong | People's Republic of China | CNY | 22,090 | 4,688 | 100% |
| Piquadro Hong Kong Co. Ltd. | Hong Kong | Hong Kong | HKD | 2,000 | 915 | 100% |
| Piquadro Taiwan Co. Ltd. | Taipei | Taiwan | TWD | 25,000 | 30,523 | 100% |
| Piquadro Swiss SA | Mendrisio | Switzerland | CHF | 100 | (780) | 51% |
| Piquadro UK Limited(*) | London | United Kingdom | GBP | 1,000 | 1,038 | 100% |
| OOO Piquadro Russia | Moscow | Russia | RUB | 10 | 42,280 | 100% |
| The Bridge S.p.A. | Scandicci | Italy | EUR | 50 | 2,924 | 100% |
| Lancel International SA | Villar–Sur-Glane | Switzerland | CHF | 35,090 | 45,071 | 99.98% |
| Lancel Sogedi | Paris | France | EUR | 20,000 | (20,021) | 100% |
| Lancel Italia | Gaggio Montano (BO) | Italy | EUR | 74 | 100 | 100% |
| Lancel Iberia | Barcelona | Spain | EUR | 3 | 165 | 100% |
| Lancel Russia | Moscow | Russia | RUB | 10 | (21,004) | 100% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Lancel Zhongshan | Guangdong | People's Republic of China | CNY | 6,570 | 6,000 | 100% |

It should be noted that the scope of consolidation at 30 September 2020 reported changes due to excluding Piquadro Inc. and Piquadro LLC since they are no longer existing.

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

The financial statements expressed in a foreign currency other than the Euro are translated into Euro by applying the exchange rates applied below for the half-years ended 30 September 2020 and 30 September 2019 (foreign currency corresponding to Euro 1). Furthermore, the financial statements also report the closing exchange rates at 31 March 2020 for comparison purposes.

| **Foreign currency** | **Average** | | | **Closing** | | |
|---|---|---|---|---|---|---|
| | **30/09/2020** | **31/03/2020** | **30/09/2019** | **30/09/2020** | **31/03/2020** | **30/09/2019** |
| Hong Kong Dollar (HKD) | 8.80 | 8.69 | 8.75 | 9.07 | 8.49 | 8.53 |
| Renminbi (CNY) | 7.95 | 7.74 | 7.73 | 7.97 | 7.78 | 7.76 |
| Taiwan Dollar (TWD) | 33.62 | 34.15 | 34.83 | 33.97 | 33.15 | 33.80 |
| Swiss Franc (CHF) | 1.07 | 1.10 | 1.11 | 1.08 | 1.06 | 1.08 |
| Great Britain Pound (GBP) | 0.90 | 0.87 | 0.88 | 0.91 | 0.89 | 0.88 |
| US Dollar (USD) | 1.14 | 1.11 | 1.11 | 1.17 | 1.10 | 1.09 |
| Russian Rouble (RUB) | 82.99 | 72.16 | 72.20 | 91.78 | 85.95 | 70.75 |

**Main events that occurred during the financial year ended 30 September 2020 and related significant accounting effects**

**Change in international accounting standards**

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

- On 31 October 2018 the IASB published ***"Definition of Material (Amendments to IAS 1 and IAS 8)."*** The document introduced an amendment to the definition of "material" provided for in IAS 1 – *Presentation of Financial Statements* and IAS 8 – *Accounting Policies, Changes in Accounting Estimates and Errors*. This amendment is aimed at making the definition of "material" more specific and has added the concept of "obscured information" to the concepts of omitted or misstated information already provided for in the two standards subject to amendment. The amendment clarifies that information is "obscured" when it has been described so as to have, on the primary users of the financial statements, an effect similar to the effect that would have been produced had this information been omitted or misstated.
  The adoption of this amendment did not have any effect on the Group's consolidated financial statements.

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

- On 26 September 2019 the IASB published "***Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform***." This document makes amendments to IFRS 9 - *Financial Instruments* and IAS 39 - *Financial Instruments: Recognition and Measurement*, as well as to IFRS 7 - *Financial Instruments: Disclosures*. Specifically, the document makes amendments to some of the requirements prescribed for the application of hedge accounting, providing for temporary exceptions applicable thereto, in order to mitigate the impact arising from the uncertainty of the IBOR reform (still in progress) on future cash flows in the period prior to its completion. The amendments also require entities to provide, in their financial statements, additional information on their hedging relationships that are directly affected by uncertainties generated by the reform and to which the aforesaid exceptions apply.
  The adoption of this amendment did not have any effect on the Group's consolidated financial statements.

- On 22 October 2018 the IASB published "***Definition of a Business (Amendments to IFRS 3).***" The document provides some clarifications as to the definition of business for the purposes of the correct application of IFRS 3. Specifically, the amendment clarifies that while a business usually produces an output, an output is not strictly required to identify the business in the presence of an acquired set of activities/processes and assets. However, in order to meet the definition of business, an acquired set of activities/processes and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. For this purpose the IASB has replaced the term "ability to create outputs" with the "ability to contribute to the creation of outputs" to clarify that a business can exist even without the presence of all inputs and processes required to create an output. The amendment has also introduced an optional concentration test, which makes it possible to exclude the presence of a business if the price paid is substantially attributable to a single asset or group of assets. The amendments apply to all business combinations and acquisitions of assets carried out after 1 January 2020, with early adoption permitted.
  The adoption of this amendment did not have any effect on the Group's consolidated financial statements.

  - On 28 May 2020 the IASB published "***Covid-19-Related Rent Concessions (Amendment to IFRS 16)***." The document provides for the lessees' right to account for any Covid-19-related reduction in rents without having to assess, through a review of contracts, whether the definition of lease modification is met under IFRS 16. Therefore, lessees who apply this option may account for the effects of rent reductions directly through profit or loss on the effective date of the reduction. This amendment shall apply to financial statements for financial periods commencing on 1 June 2020, except for the possibility of a company applying early adoption to financial statements for financial periods commencing on 1 January 2020. The adoption of this amendment did not have any significant effect on the Group's consolidated financial statements.

**Accounting standards, amendments and IFRS/IFRIC interpretations endorsed by the European Union, but not yet mandatorily applicable and not adopted by the Group in advance at 30 September 2020**

As at 30 September 2020 no accounting standards, amendments and IFRS/IFRIC interpretations had been issued, which had been endorsed by the European Union, but not yet mandatorily applicable as at 30 September 2020.

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

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

- On 18 May 2017 the IASB published **IFRS 17 – *Insurance Contracts***, which intended to replace IFRS 4 – *Insurance Contracts*
  The objective of the new standard is to ensure that an entity provides relevant information that faithfully represents the rights and obligations arising from the insurance contracts issued. The IASB has developed the standard in order to remove inconsistencies and weaknesses from the existing accounting policies,

providing a single principle-based framework to take account of any and all types of insurance contracts, including reinsurance contracts that are held by an insurer.

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

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

The main features of the General Model are:

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

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

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

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

- On 23 January 2020 the IASB published "***Amendments to IAS 1 - Presentation of Financial Statements: Classification of Liabilities as Current or Non-current.***" The purpose of the document is to clarify how to classify payables and other short- or long-term liabilities. The amendments shall apply from 1 January 2022, but the IASB has issued an exposure draft to postpone their entry into force until 1 January 2023; however, early adoption is permitted. The directors do not expect any significant effect on the Group's consolidated financial statements from the adoption of this amendment.

- On 14 May 2020, the IASB published the following amendments:
  - o *Amendments to IFRS 3 - Business Combinations*: the amendments are aimed at updating the reference to the Conceptual Framework in the revised version of IFRS 3, without this entailing amendments to the provisions of IFRS 3.
  - o *Amendments to IAS 16 - Property, Plant and Equipment*: the amendments are aimed at not allowing the amount received from the sale of goods produced during the testing phase of the asset to be deducted from the cost of tangible assets. These revenues from sales and related costs will therefore be recognised through profit or loss.
  - o *Amendments to IAS 37 - Provisions, Contingent Liabilities and Contingent Assets*: the amendment clarifies that when estimating whether a contract is onerous, any and all costs must be considered which are directly attributable to the contract itself. Consequently, the evaluation of whether a contract is onerous must include any incremental costs (such as, for example, the cost of the direct material used in the manufacturing process), as well as any and all costs that the entity cannot avoid because it has entered into the contract (such as, for example, the share of personnel costs and of depreciation of the machinery used to fulfil the contract).

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

Any and all amendments will be applicable from 1 January 2022. The directors do not expect any significant effect on the Group's consolidated financial statements from the adoption of these amendments.

- On 27 August 2020 the IASB published, in consideration of the reform of interest rate benchmarks such as the IBOR, the document on the "Interest Rate Benchmark Reform – Phase 2", which includes amendments to the following standards:

- IFRS 9 - *Financial Instruments*;
- IAS 39 - *Financial Instruments: Recognition and Measurement*;
- IFRS 7 - *Financial Instruments: Disclosures*;
- IFRS 4 - *Insurance Contracts*; and
- IFRS 16 - *Leases*.

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

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

## COMMENTS ON THE ITEMS OF THE STATEMENT OF FINANCIAL POSITION

**ASSETS**

**NON-CURRENT ASSETS**

**Note 1 – Intangible assets**

As at 30 September 2020 the value of intangible assets was equal to Euro 2,718 thousand (Euro 2,591 thousand at 31 March 2020).
Below is reported the statement of changes in this item:

| *(in thousands of Euro)* | **30 September 2020** |
|---|---|
| Balance at 31 March 2020 | **2,591** |
| Investments in intangible assets | 840 |
| Change in consolidation area | 0 |
| Sales and disposals | (479) |
| Other changes | 153 |
| Amortisation | (387) |
| Write-downs | 0 |
| **Total** | **2,718** |

In the half-year ended 30 September 2020, the increases in intangible assets came to Euro 840 thousand and mainly related to the Group investments in software and renewal of licenses and trademarks.

**Note 2 – Goodwill**

The assets with an indefinite useful life include goodwill recognised for a value equal to Euro 4,658 thousand relating to the business combination involving The Bridge S.p.A., which has been accounted for in accordance with the provisions laid down in IFRS 3 revised. Specifically, the Management has carried out a measurement of assets or liabilities and potential liabilities at fair value, on the basis of the information on existing facts or circumstances which was available on the date of the acquisition.
In accordance with IAS 36, no impairment test was conducted on the goodwill value stated at 30 September 2020, since there was no evidence of permanent impairment losses.

**Note 3 - Right-of-use assets**

Below is reported the breakdown of historical cost, depreciation fund and net value of the "Right of use" item at 30 September 2020:

| ***Right-of-use assets*** *(in thousands of Euro)* | **Land and Buildings** | **Equipment** | **Other Assets** | **Total** |
|---|---|---|---|---|
| **31 March 2020** | **47,827** | **7** | **524** | **48,358** |
| Increases/Other changes | 6,812 | 0 | 0 | 6,812 |
| Decreases/Other changes | (994) | 0 | 0 | (994) |
| Write-downs | (220) | 0 | 0 | (220) |
| Depreciation | (5,894) | (3) | (124) | (6,021) |
| Translation differences | (25) | 0 | 0 | (25) |
| **Total at 30 September 2020** | **47,506** | **4** | **400** | **47,910** |

The "Right-of-use" item amounted to Euro 47,910 thousand at 30 September 2020 and was mainly made up of assets relating to lease agreements for shops, the Group's showroom, offices or logistics and, to a lesser extent, long-term car hire.

The changes reported compared to 31 March 2020 related to amortisation for Euro 6,021 thousand, as well as to increases in the period that were mainly due to the new lease agreements signed for the stores at Piazza Maggiore in Bologna, the Outlets in Marcianise and Malaga, the new The Bridge store in Florence and the new production plant of Unibest for Euro 6,812 thousand. The decreases related to changes in rents which were also obtained as a result of a renegotiation process following the world Covid-19 pandemic, as well as to an error correction relating to a The Bridge brand store for Euro 600 thousand.
At 30 September 2020, the Group carried out an analysis aimed at assessing the recoverability of right-of-use assets, intangible assets and property, plant and equipment attributable to each directly-operated store (DOS), which showed indicators of impairment. From this analysis write-downs for impairment emerged which were necessary for some DOSs, for which the respective assets were written down for a total of Euro 220 thousand, relating to rights of use (IFRS 16), as it cannot be reasonably predicted, at present, that they will be recovered through prospective cash flows. Impairment tests were carried out for all those points of sale for which the Management staff reported any evidence of impairment following the preparation of the plans impacted by Covid-19.
The WACC used to discount future cash flows, equal to 8.5% (equal to the same value used at 31 March 2020) has been determined on the basis of the following assumptions:

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

**Note 4 – Property, plant and equipment**

As at 30 September 2020, the value of property, plant and equipment was equal to Euro 12,672 thousand (Euro 13,462 thousand at 31 March 2020). Below is reported the statement of changes in property, plant and equipment:

| *(in thousands of Euro)* | **30 September 2020** |
|---|---|
| Balance at 31 March 2020 | 13,562 |
| Investments in property, plant and equipment | 345 |
| Change in consolidation area | 0 |
| Reclassifications | 0 |
| Sales and disposals | 0 |
| Other changes | 43 |
| Depreciation | (1,231) |
| Write-downs | (47) |
| **Total** | **12,672** |

Increases in property, plant and equipment came to Euro 388 thousand in the half-year ended 30 September 2020 and mainly related to the investments made by Maison Lancel following the recent opening of points of sale in Asia.

**Note 5 - Non-current financial assets**

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

**Note 6 – Receivables from others**

Receivables from others, equal to Euro 2,358 thousand at 30 September 2020 (against Euro 2,204 thousand at 31 March 2020), mainly related to the guarantee deposits paid for various utilities, including those relating to directly-operated stores and to deposits relating to the lease of DOSs.

**Note 7 – Deferred tax assets and liabilities**

As at 30 September 2020, the amount of deferred tax assets was equal to Euro 4,672 thousand (Euro 4,591 thousand at 31 March 2020). The amount was the net balance between deferred tax assets (Euro 4,897 thousand) and deferred tax liabilities (Euro 225 thousand). The increase compared to the previous financial year includes the deferred tax assets of the parent company relating to the amounts set aside as provisions for risks and provision for bad debts, which was offset by an amount of Euro 36 thousand of deferred tax liabilities calculated as a result of the economic effect of the adoption of IFRS 16, since the "interest and amortisation for the period" calculated according to IFRS 16 differ from the rentals for the period, which are the only item that is relevant for tax purposes. It should be noted that no issues are reported in relation to the recoverability of these receivables on the basis of the Plans prepared and used for the purposes of impairment tests as at 31 March 2020.

**CURRENT ASSETS**

**Note 8 - Inventories**

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

| *(in thousands of Euro)* | **Gross value at 30 September 2020** | **Provision for write-down** | **Net value at 30 September 2020** | **Net value at 31 March 2020** |
|---|---|---|---|---|
| Raw Materials | 6,813 | (1,826) | 4,986 | 6,387 |
| Semi-finished products | 554 | 0 | 554 | 655 |
| Finished products | 45,015 | (9,120) | 35,895 | 30,917 |
| **Inventories** | **52,382** | **(10,946)** | **41,435** | **37,959** |

As at 30 September 2020, inventories showed an increase of about Euro 3.5 million compared to the corresponding values at 31 March 2020 due to the effects of the pandemic, which entailed a considerable reduction in revenues from sales, as already referred to above. It should be noted that the Management staff have prepared plans concerning the disposal of finished products, which will bring the level of stocks back to levels significantly lower than those reported at 30 September 2020.

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

| *(in thousands of Euro)* | **Provision at 31 March 2020** | **Use** | **Allocation** | **Provision at 30 September 2020** |
|---|---|---|---|---|
| Provision for write-down of raw materials | 1,840 | (57) | 43 | 1,826 |
| Provision for write-down of finished products | 9,302 | (389) | 207 | 9,120 |
| **Total provision for write-down of inventories** | **11,142** | **(446)** | **250** | **10,946** |

**Note 9 - Trade receivables**

As at 30 September 2020, trade receivables were equal to Euro 30,456 thousand against Euro 26,471 thousand at 31 March 2020. The increase compared to 31 March 2020 was mainly attributable to the performance of sales during the lockdown period and to extensions granted in the terms of payments to customers.

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 shown in the table below:

| *(in thousands of Euro)* | **Provision at 30 September 2020** | **Provision at 31 March 2020** |
|---|---|---|
| Balance at the beginning of the year | 3,744 | 3,098 |
| Accrual to provision | 400 | 969 |
| Uses | (472) | (323) |
| **Total provision for bad debts** | **3,672** | **3,744** |

**Note 10 – Other current assets**

Below is reported the breakdown of other current assets:

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** |
|---|---|---|
| Other assets | 3,131 | 2,782 |
| Accrued income and prepaid expenses | 1,790 | 3,418 |
| **Other current assets** | **4,921** | **6,200** |

Other assets mainly related to advances of Euro 125 thousand for INAIL (Italian Institute of Insurance against Accidents at Work), advances from suppliers for Euro 1,052 thousand and receivables from international circuits for acceptance of credit cards for Euro 178 thousand.

The decrease of  Euro 1,628 thousand in accrued income and prepaid expenses was mainly attributable to lower costs for advertising and fairs.

**Note 11 - Derivative assets**

As at 30 September 2020 currency (USD) forward purchases were reported with a negative fair value; for more details, reference should be made to Note 22.

**Note 12 – Tax receivables**

As at 30 September 2020, tax receivables were equal to Euro 3,522 thousand (Euro 3,853 thousand at 31 March 2020) and were mainly made up of VAT credits of the Italian companies.

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** |
|---|---|---|
| Income tax receivables | 1,802 | 2,244 |
| VAT Credit | 1,705 | 1,445 |
| Other tax receivables | 15 | 164 |
| **Tax receivables** | **3,522** | **3,853** |

**Note 13 – Cash and cash equivalents**

The balance consists of cash and cash equivalents and the existence of money and cash on hand at the closing date of the periods. For a better understanding of the flows of the Company's liquidity, reference should be made to the Cash Flow Statement and the breakdown of Net Financial Position.
Below is reported the breakdown of cash and cash equivalents:

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** |
|---|---|---|
| Available current bank accounts | 51,281 | 57,348 |
| Cash, cash on hand and cheques | 367 | 202 |
| **Cash and cash equivalents** | **51,648** | **57,550** |

## LIABILITIES

## NON-CURRENT LIABILITIES

### Note 14 - EQUITY

Share capital

As at 30 September 2020, 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 2020, was equal to Euro 1,000 thousand.

**Translation reserve**

As at 30 September 2020 the translation reserve was positive for Euro 1,555 thousand (it reported a positive balance of Euro 1,689 thousand at 31 March 2020). This item is referred to the foreign exchange differences due to the consolidation of the companies with a relevant currency other than the Euro, i.e. Piquadro Hong Kong Co. Ltd. (the relevant currency being the Hong Kong Dollar), Uni Best Leather Goods Zhongshan Co. Ltd and Lancel Zhongshan (the relevant currency being the Chinese Renminbi), Piquadro Taiwan Co. Ltd (the relevant currency being the Taiwan Dollar), Piquadro Swiss and Lancel International S.A. (the relevant currency being the Swiss Franc), Piquadro UK Limited (the relevant currency being the Great Britain Pound), OOO Piquadro Russia and Lancel Russia (the relevant currency being the Russian Rouble).

**Group Profit/(Loss)**

This item relates to the recognition of the loss reported by the Group for the period, equal to Euro 4,102 thousand, in the half-year ended 30 September 2020.

**Profits/(Losses) and reserves attributable to minority interests**

The item refers to the portions of reserves and profits, equal to a negative value of Euro 353 thousand (against a negative value of Euro 323 thousand at 31 March 2020), which are attributable to the minority interests of Piquadro Swiss SA and of which the Parent Company owns 51% of the share capital and of Lancel International S.A., of which the Parent Company owns 99.9958%.

### Note 15 – Non-current borrowings

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

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** |
|---|---|---|
| Borrowings from 1 to 5 years | 27,553 | 20,501 |
| Borrowings beyond 5 years | 0 | 0 |
| **Medium/long-term borrowings** | **27,553** | **20,501** |

As at 30 September 2020, borrowings, which were mainly attributable to the Parent Company Piquadro S.p.A., were related to non-current liabilities for Euro 27,553 thousand and to current liabilities for Euro 14,910 thousand (Note 20) and included:

1. Euro 126 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 10 June 2016 (for an initial amount of Euro 2,000 thousand), of which a current portion of Euro 126 thousand.
2. Euro 3,682 thousand relating to the unsecured loan granted by BPER – Banca Popolare dell'Emilia Romagna on 16 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 995 thousand and a non-current portion of Euro 2,689 thousand.
3. Euro 822 thousand relating to the unsecured loan granted by Cassa di Risparmio in Bologna on 30 November 2016 (for an initial amount of Euro 2,500 thousand), of which a current portion of Euro 504 thousand and a non-current portion of Euro 378 thousand.
4. Euro 566 thousand relating to the unsecured loan granted by Credem – Credito Emiliano on 7 December 2016 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 377 thousand and a non-current portion of Euro 189 thousand.
5. Euro 755 thousand relating to the unsecured loan granted by UniCredit on 10 January 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 755 thousand.
6. Euro 1,500 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 30 January 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 600 thousand and a non-current portion of Euro 900 thousand.
7. Euro 4,000 thousand relating to the unsecured loan granted by Banca Monte dei Paschi di Siena on 27 November 2018 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 1,000 thousand and a non-current portion of Euro 3,493 thousand.
8. Euro 750 thousand relating to the unsecured loan granted by Mediocredito Italiano S.p.A. on 22 November 2017 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 750 thousand.
9. Euro 1,358 thousand relating to the unsecured loan granted by UBI Banca on 22 May 2017 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 602 thousand and a non-current portion of Euro 756 thousand.
10. Euro 4,753 thousand relating to the unsecured loan granted by UniCredit on 18 October 2019 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 991 thousand and a non-current portion of Euro 3,762 thousand.
11. Euro 3,000 thousand relating to the unsecured loan granted by UniCredit on 11 March 2020 (for an initial amount of Euro 3,000 thousand), of which a current portion of Euro 3,000 thousand.
12. Euro 5,000 thousand relating to the unsecured loan granted by Intesa San Paolo on 12 March 2020 (for an initial amount of Euro 5,000 thousand), of which a current portion of Euro 5,000 thousand.
13. Euro 6,250 thousand relating to the unsecured loan granted by Unicredit on 27 July 2020 (for an initial amount of Euro 6,250 thousand), of which a non-current portion of Euro 6,250 thousand.
14. Euro 5,000 thousand relating to the unsecured loan granted by UniCredit on 11 September 2020 (for an initial amount of Euro 5,000 thousand), of which a non-current portion of Euro 5,000 thousand.
15. Euro 4,650 thousand relating to the unsecured loan granted by Intesa San Paolo on 8 September 2020 (for an initial amount of Euro 4,650 thousand), of which a non-current portion of Euro 4,650 thousand.
16. Payables to Banks of Euro 229 thousand.

Below is reported the breakdown of loans:

| *(in thousands of Euro)* | **Interest rate** | **Date of granting of the loan** | **Initial amount** | **Currency** | **Current borrowings** | **Amort. cost (S/T)** | **Non-current borrowings** | **Amort. Cost (L/T)** | **Total** |
|---|---|---|---|---|---|---|---|---|---|
| BPER loan | 0.73% p.a. | 10 June 2016 | 2,000 | Euro | 126 | 0 | 0 | 0 | 126 |
| BPER loan | 0.125% quarterly | 16 November 2018 | 5,000 | Euro | 995 | (4) | 2,689 | (4) | 3,676 |
| Carisbo loan | 0.38% six-monthly | 30 November 2016 | 2,500 | Euro | 504 | 0 | 378 | 0 | 882 |
| Credem loan | 0.4% six-monthly | 7 December 2016 | 3,000 | Euro | 377 | 0 | 189 | 0 | 566 |
| Unicredit loan | 0.51% six-monthly | 10 January 2017 | 3,000 | Euro | 755 | 0 | 0 | 0 | 755 |
| MPS loan | 0.7% p.a. | 30 January 2017 | 3,000 | Euro | 600 | (1) | 900 | (1) | 1,498 |
| MPS loan | 3-m Euribor +1.1 spread | 27 November 2018 | 5,000 | Euro | 1,000 | (4) | 3,000 | (6) | 3,991 |
| Mediocredito loan | 0.43% + spread 2 | 22 November 2017 | 5,000 | Euro | 750 | (1) | 0 | 0 | 750 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| UBI Loan 04/01025637 | 0.73% p.a. | 22 May 2017 | 3,000 | Euro | 602 | (1) | 756 | (1) | 1,356 |
| Unicredit loan | 0.50% p.a. | 18 October 2019 | 5,000 | Euro | 991 | (6) | 3,762 | (10) | 4,737 |
| Unicredit loan | 0.70% p.a. | 11 March 2020 | 3,000 | Euro | 3,000 | 0 | 0 | 0 | 3,000 |
| Intesa SP loan | 0.10% p.a. | 12 March 2020 | 5,000 | Euro | 5,000 | 0 | 0 | 0 | 5,000 |
| Unicredit loan | 0.31% | 27 July 2020 | 6,250 | Euro | 0 | 0 | 6,250 | 0 | 6,250 |
| Unicredit loan | 0.63% | 11 September 2020 | 5,000 | Euro | 0 | 0 | 5,000 | 0 | 5,000 |
| Intesa SP loan | 0.75% + spread p.a. | 8 September 2020 | 4,650 | Euro | 0 | 0 | 4,650 | 0 | 4,650 |
| Payables to banks | | | | | 229 | 0 | 0 | 0 | 229 |
| Total | | | | | 14,927 | (17) | 27,574 | (21) | 42,463 |

There are no covenants on these borrowings.

**Note 16 – Payables to other lenders for lease agreements**

Below is reported the following breakdown:

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** |
|---|---|---|
| **Non-current portion:** | | |
| Lease liabilities | 37,331 | 39,243 |
| **Current portion**: | | |
| Lease liabilities | 13,984 | 14,365 |
| **Payables to other lenders for lease** | **51,315** | **53,608** |

The adoption of IFRS 16 generated the recognition of a financial liability, equal to the present value of future payments still outstanding, net of discounts achieved as a result of the COVID-19 pandemic, as already referred to above. As at 30 September 2020 the item under consideration was classified among non-current Lease liabilities for Euro 37,331 thousand and among current liabilities for Euro 13,984 thousand.

**Note 17 – Other non-current liabilities**

Below is the related breakdown:

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** |
|---|---|---|
| Other payables | 4,246 | 4,003 |
| **Other non-current liabilities** | **4,246** | **4,003** |

"Other payables", totalling Euro 4,246 thousand at 30 September 2020, included the value of the call option of the remaining shares of The Bridge S.p.A. for Euro 662 thousand and the fair value of the Annual Earn-Out to be paid to Richemont Holdings SA for Euro 3,341 thousand against the acquisition of the investment consisting of the entire capital of Lancel International SA. These amounts were calculated by an independent expert on the basis of the Plans prepared by the Management staff at the reporting date of financial statements at 31 March 2020 and remained unchanged as at 30 September 2020, since there were no circumstances that determined the need to modify the parameters used for their determination.

**Note 18 – 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 at 31 March 2020.

The value of the provision at 30 September 2020 amounted to Euro 3,801 thousand (Euro 3,751 thousand at 31 March 2020).

**Note 19 – Provisions for risks and charges**

Below are the changes in provisions for risks and charges at 30 September 2020:

| *(in thousands of Euro)* | **Provision at 31 March 2020** | **Use** | **Allocation** | **Provision at 30 September 2020** |
|---|---|---|---|---|
| Provision for supplementary clientele indemnity | 1,234 | 0 | 90 | 1,324 |
| Other provisions for risks | 1,674 | (572) | 0 | 1,102 |
| **Total** | **2,908** | **(572)** | **90** | **2,426** |

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 1,324 thousand at 30 September 2020, showing an increase of Euro 90 thousand compared to 31 March 2020 (Euro 1,234 thousand).

"Other Provisions for risks" amounted to Euro 1,102 thousand at 30 September 2020 and are made up as follows:

- *Provision for returns,* Euro 312 thousand (Euro 350 thousand at 31 March 2020);
- *Provision for taxes*, Euro 130 thousand (unchanged compared to 31 March 2020);
- *Provision for product warranty and repair*, Euro 31 thousand (unchanged compared to 31 March 2020);
- *Provision for Legal Disputes/Employees*, Euro 630 thousand (Euro 1,164 thousand at 31 March 2020): the provision mainly related to the amount set aside for legal risks and disputes with employees. The uses for the period related to the indemnities paid to employees and executives, the employment relationship of which was terminated during the half-year.

*CURRENT LIABILITIES*

**Note 20 – Current borrowings**

As at 30 September 2020 current borrowings were equal to Euro 14,910 thousand against Euro 15,433 thousand as at 31 March 2020. The balance related to a current portion of loans.

For more information, reference should be made to Note 15 above.

**Note 21 - Payables to other lenders for lease agreements**

As at 30 September 2020, the amount was equal to Euro 13,984 thousand (Euro 14,365 thousand at 31 March 2020). The change in this item has been described in Note 16.

**NET FINANCIAL POSITION**

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

| *(in thousands of Euro)* | **30/09/2020** | **31/03/2020** | **30/09/2019** |
|---|---|---|---|
| (A) Cash | 367 | 202 | 345 |

| | | | |
|---|---|---|---|
| (B) Other cash and cash equivalents (available current bank accounts) | 51,281 | 57,348 | 36,069 |
| **(C) Liquidity (A) + (B)** | **51,648** | **57,550** | **36,414** |
| | | | |
| (D) Finance leases | (13,984) | (14,365) | (17,223) |
| (E) Current portion of current debt | (13,394) | (15,450) | (11,250) |
| (F) Payables for the acquisition of The Bridge | (70) | (70) | (820) |
| **(G) Current financial debt (D) + (E) + (F)** | **(27,448)** | **(29,885)** | **(29,292)** |
| | | | |
| **(H) Short-term net financial position (C) + (G)** | **24,200** | **27,665** | **7,121** |
| | | | |
| (I) Non-current bank debt | (29,242) | (20,501) | (10,126) |
| (L) Finance leases | (37,331) | (39,243) | (51,405) |
| (M) Payables for the acquisition of The Bridge | (662) | (662) | (1,293) |
| (N) Payables for the acquisition of Maison Lancel | (3,341) | (3,341) | (3,869) |
| **(O) Non-current financial debt (I) + (L) + (M)+(N)** | **(70,576)** | **(63,747)** | **(66,693)** |
| | | | |
| **(P) Net Financial Position (H) + (O)** | **(46,376)** | **(36,082)** | **(59,572)** |

The Piquadro Group's Net Financial Position posted a negative value of Euro 46.4 million in the half-year ended 30 September 2020. The adverse impact of the adoption of the accounting standard IFRS 16 was equal to about Euro 51.3 million.

The Piquadro Group's adjusted Net financial Position, which is defined as the Net financial Position net of the effects arising from the adoption of IFRS 16, was positive and equal to about Euro 4.9 million, against a positive net financial position of Euro 9.1 million recorded at 30 September 2019 and a positive net financial position of Euro 17.5 million recorded at 31 March 2020.

The change in the Piquadro Group's adjusted Net Financial Position recorded at 30 September 2020 was affected, compared to the Net Financial Position recorded at 30 September 2019, by investments of Euro 1.7 million made by the Group in the reporting period, a decrease of Euro 0.1 million in working capital and an outflow of about Euro 2.4 million linked to the operating performance of the Group brands.

**Note 22 – Derivative liabilities**

As at 30 September 2020 derivative liabilities, equal to Euro 173 thousand (Euro 17 thousand at 31 March 2020), 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 and the exchange risk hedge; the Company, in fact, 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 23 - Trade payables**

Below is the breakdown of current trade liabilities:

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** |
|---|---|---|
| **Payables to suppliers** | **35,123** | **38,681** |

As at 30 September 2020 payables to suppliers amounted to Euro 35,123 thousand, substantially in line compared to 31 March 2020 (Euro 38,681 thousand).

**Note 24 – Other current liabilities**

| *(in thousands of Euro)* | **30 September 2020** | **31 March 2020** |
|---|---|---|
| Payables to social security institutions | 2,880 | 1,725 |
| Payables to pension funds | 298 | 192 |
| Other payables | 876 | 1,218 |
| Payables to employees | 3,979 | 3,524 |
| Advances from customers | 83 | 176 |
| IRPEF tax payables and other tax payables | 0 | 0 |
| Accrued expenses and deferred income | 185 | 201 |
| **Other current liabilities** | **8,301** | **7,036** |

"Other current liabilities", totalling Euro 8,301 thousand, showed an increase of Euro 1,265 thousand compared to 31 March 2020.
The item included: payables to social security institutions, which mainly related to the Parent Company and Lancel Sogedi's payables due to INPS (Italian Social Security Institute) and payables to employees at 30 September 2020, equal to Euro 3,979 thousand (Euro 3,524 thousand at 31 March 2020), which mainly included the Group's payables for remuneration to be paid and deferred charges with respect to employees.

**Note 25 – Tax payables**

Tax payables were related to IRPEF (Personal Income) tax payables for Euro 519 thousand and payables to the Tax Office for Euro 1,364 thousand.

## COMMENTS ON THE MAIN INCOME STATEMENT ITEMS

**Note 26 – Revenues from sales**

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

**Breakdown of revenues by Brand**

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

The Group's revenues are mainly realised in Euro.

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

| ***Brand*** *(in thousands of Euro)* | **Net revenues at 30 September 2020** | **%** | **Net revenues at 30 September 2019** | **%** | **% Change 2020/2019** |
|---|---|---|---|---|---|
| PIQUADRO | 22,372 | 46.1 % | 38,295 | 49.2% | (41.6) % |
| THE BRIDGE | 8,314 | 17.1 % | 14,285 | 18.3% | (41.8) % |
| LANCEL | 17,868 | 36.8% | 25,278 | 32.5% | (29.3) % |
| **Total** | **48,554** | **100.0%** | **77,858** | **100.0%** | **(37.6) %** |

The Piquadro Group's consolidated turnover amounted to Euro 48.5 million during the first half of the financial year ended 30 September 2020, down by 37.6% compared to Euro 77.9 million during the same period in the previous financial year. During the second quarter of the 2020/2021 financial year (July-September 2020), the Piquadro Group's consolidated turnover amounted to Euro 36.4 million, down by about 18.3% compared to Euro 44.5 million in the same period of the previous financial year .

The sales results for the half-year under consideration were affected by the measures imposed by public and government authorities in the countries affected by the emergency, aimed at containing the spread of the Covid-19 virus. In particular, the first quarter of the financial year (April-June 2020) was adversely affected by the temporary closure of more than 90% of the distribution network outlets for about two months, together with the prohibition and/or restriction on the mobility and movement of people and goods and the closure of business and sales venues to the public (lockdown), while also impacting tourist flows around the world in an exceptionally adverse way.

With reference to the **Piquadro** brand, revenues recorded in the first six months of the financial year ended 30 September 2020 amounted to Euro 22.3 million, down by 41.6% compared to the same period ended 30 September 2019; this decrease was heavily impacted by the closure of stores, as well as by the absence of tourist flows and the lack of traffic, in particular tourist traffic. During the second quarter (July-September 2020), the Piquadro-branded sales recorded a decrease of about 25.1%. On the other hand, the e-commerce channel recorded results showing an increase of 23.5% during the first half-year compared to the same period ended 30 September 2019.

With reference to **The Bridge** brand, revenues recorded in the first six months of the financial year ended 30 September 2020 amounted to Euro 8.3 million, down by 41.8% compared to the same period ended 30 September 2019; this decrease was heavily impacted by the closure of stores and the absence of tourist flows during the half-year. During the second quarter (July-September 2020) The Bridge-branded sales recorded a decrease of about 20.7%. On the other hand, the e-commerce channel recorded results showing an increase of 51.4% in the first half-year compared to the same period ended 30 September 2019.

Revenues from sales achieved by **Maison Lancel** in the first six months of the financial year ended 30 September 2020 amounted to Euro 17.8 million, down by 29.3% compared to the same period ended 30 September 2019; this decrease was impacted by the closure of stores and the absence of tourist flows. During the second quarter (July-September 2020) the Maison Lancel-branded sales showed a decrease of about 5.0%. On the other hand, the e-commerce channel recorded results showing an increase of 95.2% in the first half-year compared to the same period ended 30 September 2019.

**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 at 30 September 2020** | **%** | **Net revenues at 30 September 2019** | **%** | **% Change 2020/2019** |
|---|---|---|---|---|---|
| Italy | 24,383 | 50.2 % | 40,833 | 52.4% | (40.3)% |
| Europe | 22,421 | 46.2 % | 34,960 | 44.9% | (35.8)% |
| Rest of the world | 1,750 | 3.6 % | 2,065 | 2.7% | (15.2)% |
| **Total** | **45,554** | **100.0%** | **77,858** | **100.0%** | **(37.6)%** |

From a geographical point of view the Piquadro Group's turnover on the Italian market amounted to Euro 24.4 million, equal to 50.2% of consolidated sales (52.5% of consolidated sales at 30 September 2019), down by 40.3% compared to the same period in the 2019/2020 financial year.

In the European market, the Group recorded a turnover of Euro 22.4 million, equal to 46.2% of consolidated sales (44.9% of consolidated sales at 30 September 2019), down by 35.8% compared to the same period in the 2019/2020 financial year.

In the non-European geographical area (named "Rest of the World"), the Piquadro Group posted a turnover of Euro 1.7 million, equal to 3.6% of consolidated sales (2.7% of consolidated sales at 30 September 2019) with a relative decrease of 15.2% compared to the same period in the 2019/2020 financial year.

**Note 27 – Other income**

In the half-year ended 30 September 2020, other income amounted to Euro 248 thousand (Euro 549 thousand in the half-year ended 30 September 2019) and was broken down as follows:

| *(in thousands of Euro)* | **30 September 2020** | **30 September 2019** |
|---|---|---|
| Charge-backs of transport and collection expenses | 98 | 54 |
| Insurance and legal refunds | 0 | 0 |
| Other sundry income | 150 | 495 |
| **Revenues from sales** | **248** | **549** |

In the half-year ended 30 September 2020, other income came to Euro 248 thousand, of which Euro 123 thousand related to the Piquadro brand, Euro 7 thousand related to The Bridge brand and Euro 118 thousand related to the Lancel brand.

**Note 28 – Change in inventories**

The change in inventories was positive in the half-year ended 30 September 2020 (Euro 3,580 thousand) compared to the half-year ended 30 September 2019 (positive for an amount of Euro 1,597 thousand), with a net difference of Euro 1,983 thousand between the two periods.

**Note 29 – Costs for purchases**

In the half-year ended 30 September 2020, costs for purchases were equal to Euro 11,311 thousand (Euro 19,860 thousand in the half-year ended 30 September 2019). The considerable decrease was due to a reduction in production resulting from lower sales due to the effects of the COVID 19 pandemic as already referred to above.
The item essentially includes the cost of materials used for the production of corporate goods and of the consumables for the Group's brands (Piquadro, The Bridge and Lancel).

**Note 30 – Costs for services and leases and rentals**

Below is the breakdown of costs for services:

| *(in thousands of Euro)* | **30 September 2020** | **30 September 2019** |
|---|---|---|
| Third-party manufacturing | 8,884 | 9,701 |
| Advertising and marketing | 4,564 | 6,047 |
| Transport services | 2,654 | 3,334 |
| Business services | 1,559 | 2,603 |
| Administrative services | 1,077 | 1,440 |
| General services | 1,721 | 2,103 |
| Services for production | 1,394 | 2,121 |
| **Total Costs for services** | **21,853** | **27,349** |
| **Costs for leases and rentals** | **1,086** | **3,398** |
| **Costs for services and leases and rentals** | **22,939** | **30,747** |

The decrease in costs for services was attributable to a reduction in costs as a result of the Covid-19 pandemic.
Costs for leases and rentals, equal to Euro 1,086 thousand, related to fully variable lease rentals, specifically for some shops of subsidiary Lancel Sogedi, with a term of less than the financial year for which IFRS 16 is not applicable. The reduction compared to the previous half-year was closely linked to lower sales reported by each point of sale as a result of the restrictions imposed for the Covid-19 pandemic.

**Note 31 – Personnel costs**

Below is reported the breakdown of personnel costs:

| *(in thousands of Euro)* | **30 September 2020** | **30 September 2019** |
|---|---|---|
| Wages and salaries | 9,474 | 15,325 |
| Social security contributions | 2,448 | 3,959 |
| Employee Severance Pay | 736 | 1,275 |
| **Personnel costs** | **12,658** | **20,559** |

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

| **Category** | **30 September 2020** | **30 September 2019** | **31 March 2020** |
|---|---|---|---|
| Executives | 11 | 11 | 10 |
| Office workers | 721 | 790 | 791 |
| Manual workers | 265 | 364 | 307 |
| **Total** | **997** | **1,165** | **1,108** |

In the half-year ended 30 September 2020, personnel costs reported a decrease of 38.4%, from Euro 20,559 thousand in the half-year ended 30 September 2019 to Euro 12,658 thousand in the half-year ended 30 September 2020. The Group started to apply redundancy and wage supplement schemes for the Italian Group companies as from April 2020 and temporary partial unemployment (*chômage partiel*) measures for the French company Lancel Sogedi.

To supplement the information provided, below is also reported the average number of employees for the half-years ended 30 September 2020 and 30 September 2019 and for the financial year ended 31 March 2020:

| *Average unit* | **30 September 2020** | **30 September 2019** | **31 March 2020** |
|---|---|---|---|
| Executives | 11 | 11 | 10 |
| Office workers | 721 | 790 | 796 |
| Manual workers | 265 | 364 | 352 |
| **Total for the Group** | **1,049** | **1,165** | **1,256** |

**Note 32 – Amortisation, depreciation and write-downs**

In the half-year ended 30 September 2020, amortisation, depreciation and write-downs were equal to Euro 8,290 thousand (Euro 9,385 thousand in the half-year ended 30 September 2019).
As reported above, it should be noted that the amortisation or depreciation rate of Euro 6,021 thousand relates to the adoption of the new accounting standard IFRS 16. The Piquadro Group's amortisation and depreciation amounted to Euro 1,430 thousand in the half-year ended 30 September 2020, net of the impact of the accounting standard IFRS 16.

The accrual to the provision for bad debts, equal to Euro 372 thousand at 30 September 2020 (Euro 330 thousand in 2019) was in line compared to the half-year ended in the previous financial year.

The write-downs of some categories of assets, equal to Euro 267 thousand in September 2020 (Euro 195 thousand at 30 September 2019) related to the closure of some stores for the Piquadro brand both in Italy and abroad, as well as to the impairment tests of assets arising from the first-time adoption of IFRS 16.

**Note 33 – Other operating costs**

Other operating costs in the financial year ended 30 September 2020 came to Euro 306 thousand (Euro 265 thousand at 30 September 2019) attributable to the current operations of the companies.

**Note 34 - Financial income**

In the half-year ended 30 September 2020, financial income was equal to Euro 539 thousand compared to Euro 556 thousand in the half-year ended 30 September 2019.

**Note 35 - Financial costs**

Below is the breakdown of financial costs:

| *(in thousands of Euro)* | **30 September 2020** | **30 September 2019** |
|---|---|---|
| Interest payable on current accounts | 29 | 28 |
| Interest and expense subject to final payment | 0 | 5 |
| Financial costs on loans | 88 | 119 |
| Other charges | 10 | 223 |
| Net financial costs on defined-benefit plans | 4 | 0 |
| Charges on assets and rights of use | 445 | 468 |
| Foreign exchange losses (both realised and estimated) | 801 | 292 |
| **Financial costs** | **1,377** | **1,135** |

There was an increase of Euro 801 thousand in foreign exchange losses compared to Euro 292 thousand at 30 September 2019. The exchange rate delta corresponds to the fluctuations relating to the conversion of financial statements and to Intercompany financial eliminations.

**Note 36 – Income taxes**

Below is reported the breakdown of income taxes:

| *(in thousands of Euro)* | **30 September 2020** | **30 September 2019** |
|---|---|---|
| IRES tax and other income taxes | 171 | 1,437 |
| IRAP tax | 44 | 353 |
| Deferred tax liabilities | (105) | (48) |
| Deferred tax assets | 72 | (135) |
| **Total Taxes** | **182** | **1,607** |

**Note 37 – Earnings (loss) per share**

As at 30 September 2020, basic earnings (loss) per share amounted to Euro (0.083) and were calculated on the basis of the consolidated Result for the period attributable to the Group, equal to Euro (4,102) 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 2020** | **30 September 2019** |
|---|---|---|
| Group profit (loss) (in thousands of Euro) | (4,102) | (2,973) |
| Average number of outstanding ordinary shares | 50,000 | 50,000 |
| **Basic earnings per share (in Euro)** | **(0.083)** | **(0.060)** |

## Note 38 - Segment reporting

In order to provide disclosures regarding the results of operations, financial position and cash flows by segment (Segment Reporting), as well as following the acquisition of Maison Lancel, which took place in the 2019/2020 financial year, the Piquadro Group's top management has reviewed, in operational terms, the Group's results of operations, reporting them for each brand (Piquadro, The Bridge, Lancel).
The table below illustrates the segment data of the Piquadro Group broken down by brand: Piquadro, The Bridge and Lancel, relating to the financial years ended 30 September 2020 and 30 September 2019. The segment economic performance is monitored by the Company's Management up to the "Segment result before amortisation and depreciation".

| | 30 September 2020 | | | | | 30 September 2019 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| *(in thousands of Euro)* | **Piquadro** | **The Bridge** | **Lancel** | **Total for the Group** | **Inc. % (*)** | **Piquadro** | **The Bridge** | **Lancel** | **Total for the Group** | **Inc. % (*)** |
| **Revenues from sales** | **22.372** | **8.314** | **17.868** | **48.554** | **100%** | **38.295** | **14.286** | **25.278** | **77.859** | **100%** |
| Segment result before amortisation and depreciation | 3.586 | 845 | 333 | 4.765 | 9,8% | 8.560 | 1.967 | (2.285) | 8.242 | 10,6% |
| Amortisation and depreciation | | | | (7.887) | (16,2)% | | | | (9.054) | (11,6)% |
| Financial income and costs | | | | (838) | (1,7)% | | | | (579) | (0,7)% |
| **Profit (loss) before tax** | | | | **(3.960)** | **(8,2)%** | | | | **(1.391)** | **(1,8)%** |
| Income taxes | | | | (182) | (0,4)% | | | | (1.607) | (2,1)% |
| **Profit for the half-year** | | | | **(4.142)** | **(8,5)%** | | | | **(2.998)** | **(3,9)%** |
| Profit (loss) attributable to minority interests | | | | 0 | 0,0% | | | | 0 | 0,0% |
| **Group net profit** | | | | **(4.142)** | **(8,5)%** | | | | **(2.998)** | **(3,9)%** |

## Note 40 – Related-party transactions

Piquadro S.p.A., the Parent Company of the Piquadro Group, operates in the leather goods market and designs, produces and markets articles under its own brand. The Subsidiaries, except for The Bridge S.p.A. and the Lancel Group companies, which sell The Bridge- and Lancel-branded products, respectively, mainly carry out activities of distribution of products (Piquadro España SLU, Piquadro Hong Kong Co. Ltd., Piquadro Deutschland GmbH, Piquadro Taiwan Co. Ltd., Piquadro Swiss SA, Piquadro UK Limited 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 financial year ended 30 September 2020, Piqubo S.p.A., the ultimate parent company, charged Piquadro S.p.A. the rent relating to the use of the plant located in Riola di Vergato (Province of Bologna) as a warehouse, the lease costs of which is reported in the table below. This lease agreement has been entered into at arm's length.
On 29 June 2012 a lease agreement was entered into between Piquadro Holding S.p.A. and Piquadro S.p.A., concerning the lease of a property to be used as offices and located in Milan, Piazza San Babila n. 5, used as a Showroom of Piquadro S.p.A. and the rent costs of which are reported in the table below. This lease agreement has been entered into at arm's length.

In the first half-year of the 2020/2021 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 2020** | **31 March 2020** | **30 September 2020** | **31 March 2020** |
| Financial relations with Piqubo S.p.A. | 0 | 0 | 0 | 0 |
| Financial relations with Piquadro Holding S.p.A. | 0 | 0 | 0 | 0 |
| Financial relations with Palmieri Family Foundation | 0 | 0 | 0 | 0 |
| **Total Receivables from and Payables to controlling and affiliate companies** | **0** | **0** | **0** | **0** |

The table below reports the breakdown of the economic relations with these related companies in the first half of the 2019/2020 and 2020/2021 financial years:

| *(in thousands of Euro)* | **Costs** | | **Revenues** | |
|---|---|---|---|---|
| | **30 September 2020** | **30 September 2019** | **30 September 2020** | **30 September 2019** |
| Economic relations with Piqubo S.p.A. | 36 | 38 | 0 | 0 |
| Economic relations with Piquadro Holding S.p.A. | 118 | 124 | 0 | 0 |
| Economic relations with Palmieri Family Foundation | 0 | 0 | 0 | 0 |
| **Total costs and revenues to controlling and affiliate companies** | **154** | **162** | **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 2020/2021 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 2020, the Directors had not identified executives with strategic responsibilities):

*(in thousands of Euro)*

| First and last name | Position held | Period in which the position was held | Term of office | Fees due for the position | Non-cash benefits | Other fees | Total |
|---|---|---|---|---|---|---|---|
| Marco Palmieri | Chairman and CEO | 01/04/20-30/09/20 | 2022 | 167 | 4 | 26 | **197** |
| Pierpaolo Palmieri | Vice-Chairman– Executive Director | 01/04/20-30/09/20 | 2022 | 106 | 2 | 3 | **111** |
| Marcello Piccioli | Executive Director | 01/04/20-30/09/20 | 2022 | 63 | 2 | 6 | **71** |
| Roberto Trotta | Executive Director | 01/04/20-30/09/20 | 2022 | 1) | 2 | 109 | **111** |
| Paola Bonomo | Independent Director | 01/04/20-30/09/20 | 2022 | 7 | 0 | 1 | **8** |
| Catia Cesari | Independent Director | 01/04/20-30/09/20 | 2022 | 7 | 0 | 1 | **8** |
| Barbara Falcomer | Independent Director | 01/04/20-30/09/20 | 2022 | 7 | 0 | 1 | **8** |
| | | | | **357** | **10** | **147** | **514** |

1) He waived his fees for the period from 1 April 2020 to 30 September 2020.

**Events after the reporting date**

On 10 November 2020 Piquadro S.p.A. launched a programme to purchase treasury shares in execution of the resolutions passed by the Ordinary Shareholders' Meeting held on 10 September 2020, as a convenient key investment opportunity for any purpose permitted by the provisions in force and in particular with the aim of:
(a) promoting the stabilisation of the stock performance and the support to liquidity;
(b) constituting a "stock of securities" so that the Issuer may keep and dispose of the shares for their possible use as consideration in non-recurring operations, including the exchange of shareholdings, with other entities within the scope of operations that are of interest to the Company itself.

The purchases of shares in the implementation of the program will take place in compliance with the provisions governing the equal treatment of shareholders, according to the methods and within the operating limits provided for by the resolution mentioned above, as well as by Article 5 of Regulation (EU) No. 596/2014 (MAR) and, in general, by any applicable general and industry regulations, and specifically:
- the purchases will involve a maximum total of 1,000,000 ordinary shares of the Company, with no par value, for a maximum countervalue set at Euro 1,260,000.00 (one million two hundred and sixty thousand);
- the purchases will be made for a consideration that is not 10% higher or more than 20% lower than the reference price recorded on the previous trading day and in any case at a price that is not higher than the highest price between the price of the last independent transaction and the price of the highest current independent purchase offer submitted in the trading venue where the purchase is carried out;
- the purchase program will be started on 10 November 2020 and will be applied until revocation and in any case no later than 31 March 2021. The maximum number of treasury shares that may be purchased on a daily basis shall not exceed 25% of the daily average volume of the Company's shares traded on the Electronic Stock Market (MTA, *Mercato Telematico Azionario*). The purchases will be carried out on the Electronic Stock Market, in compliance with Article 144-*bis*, paragraph 1.b), of CONSOB Regulation no. 11971/1999 and with any additional terms and conditions provided for by the resolution of the Shareholders' Meeting held on 10 September 2020, as well as in accordance with the provisions of Regulation (EU) No. 596/2014 on market abuse.
For the purposes of implementing the programme, Piquadro S.p.A. has appointed the authorised intermediary Mediobanca S.p.A. to make decisions on purchases in full independence, including in relation to the term of the transactions.

As from 25 November 2020, Pietro Michele Villa, a Standing Auditor of Piquadro S.p.A., resigned from his position due to professional reasons linked to the accumulation of the positions held. In applying Article 2401 of the Italian Civil Code, the most senior alternate auditor, Maria Stefania Sala, took over the position as standing auditor until the date of the next Shareholders' Meeting.

In addition to the above information, from 1 April 2020 to the date of this Report, it should be noted that on 13 October and 20 October 2020 additional Prime Minister's Decrees were enacted in Italy in view of the evolution of the epidemiological emergency, the particularly widespread nature of the pandemic and the increase in cases at local level, which confirmed the measures that were already in force and provided for new guidelines. Among these are a scheme of closures differentiated according to the range of risk of Coronavirus infection to which each Region belongs, creating an impact on the movement of people and prohibiting any movement in and out of the relevant territory, as well as the suspension of any and all retail business activities or the mandatory closure of medium- and large-sized sales facilities on holidays and days before holidays. Similarly, as from 30 October, additional government decrees were enacted by the competent authorities in France, which imposed the full closure of retail businesses and restrictions on the movement of people. These measures will have an adverse impact on the Group's results.

In addition to the above information, no significant events must be reported from 1 October 2020 to the date of preparation 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 2020-September 2020.

The evaluation of the adequacy of administrative and accounting procedures for the preparation of the consolidated condensed interim financial statements at 30 September 2020 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 2020:

- 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), 25 November 2020

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

Deloitte & Touche S.p.A.
Piazza Malpighi, 4/2
40123 Bologna
Italia

Tel: +39 051 65811
Fax: +39 051 230874
www.deloitte.it

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

To the Shareholders of
Piquadro S.p.A.

## Introduction

We have reviewed the accompanying half-yearly condensed consolidated financial statements of Piquadro S.p.A. and subsidiaries (the "Piquadro Group"), which comprise the statement of financial position as of September 30, 2020 and the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six month period then ended, and a summary of significant accounting policies and other explanatory notes. The Directors are responsible for the preparation of this interim financial information in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

## Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying half-yearly condensed consolidated financial statements of Piquadro Group as at September 30, 2020 are not prepared, in all material respects, in accordance with the International Accounting Standard applicable to the interim financial reporting (IAS 34) as adopted by the European Union.

DELOITTE & TOUCHE S.p.A.

*Signed by*
Domenico Farioli
Partner

Bologna, Italy
December 4, 2020

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