

LARIOTEX

FINANCIAL STATEMENTS YEAR 2019

Lariotex SpA

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LARIOTEX SPA

Financial statements to 31-12-2019

Name and id code	
Company site	STRADA PROVINCIALE PER BULGORELLO 5 VERTEMATE CON MINOPRIO CO
Fiscal code	03476340132
Registration number	CO 316934
VAT number	03476340132
Share capital Euro	3.000.000 f.p.
Legal form	SOCIETA' PER AZIONI
Activity Code (ATECO)	467610
Company being wound up	no
Company with a single shareholder	yes
Company subject to the management and coordination of others	no
Belonging to a group	yes
Name of the controlling entity	LARIOTRADE SRL
Country of the controlling entity	ITALIA

Balance sheet (mandatory scheme)

	31-12-2019	31-12-2018
Balance sheet (mandatory scheme)		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
3) industrial patents and intellectual property rights	22.905	16.784
4) concessions, licenses, trademarks and similar rights	5.668	8.776
7) other	59.944	32.055
Total intangible fixed assets	88.517	57.615
II - Tangible fixed assets		
2) plant and machinery	158.451	139.227
3) industrial and commercial equipment	28.542	35.299
4) other assets	57.674	56.333
Total tangible fixed assets	244.667	230.859
III - Financial fixed assets		
3) other securities	114.889	101.389
Total financial fixed assets	114.889	101.389
Total fixed assets (B)	448.073	389.863
C) Current assets		
I - Inventories		
4) finished products and goods for resale	17.679.689	19.423.647
Total inventories	17.679.689	19.423.647
II - Receivables		
1) trade accounts		
due within the following year	19.675.915	26.169.663
Total trade accounts	19.675.915	26.169.663
5-b) tax receivables		
due within the following year	-	188.288
Total receivables due from tax authorities	-	188.288
5-c) prepaid tax	303.600	193.681
5-d) other receivables		
due within the following year	635.831	3.363
Total receivables due from third parties	635.831	3.363
Total receivables	20.615.346	26.554.995
III - Current financial assets		
5) active derivative financial instruments	29.197	80.227
6) other investments	951.898	693.633
Total financial current assets	981.095	773.860
IV - Liquid funds		
1) bank and post office deposits	2.421.389	1.197.120
3) cash and equivalents on hand	192	345
Total liquid funds	2.421.581	1.197.465
Total current assets (C)	41.697.711	47.949.967
D) Accrued income and prepayments	167.748	51.271
Total assets	42.313.532	48.391.101
Liabilities and shareholders' equity		
A) Shareholders' equity		
I - Share capital		
	3.000.000	1.000.000

IV - Legal reserve	200.000	200.000
VI - Other reserves, indicated separately		
Extraordinary reserve	2.632.228	3.466.249
Miscellaneous other reserves	2	1
Total other reserves	2.632.230	3.466.250
VII - Reserve for hedging expected cash flow operations	(27.156)	76.258
IX - Net profit (loss) for the year	2.474.067	2.065.980
Total shareholders' equity	8.279.141	6.808.488
B) Reserves for contingencies and other charges		
1) pension and similar commitments	48.594	32.358
3) passive derivative financial instruments	37.114	3.949
4) other	700.000	202.004
Total reserves for contingencies and other charges	785.708	238.311
Total reserve for severance indemnities (TFR)	68.471	64.494
D) Payables		
4) due to banks		
due within the following year	9.141.540	17.248.543
due beyond the following year	9.016.336	1.365.624
Total payables due to banks	18.157.876	18.614.167
5) due to other providers of finance		
due within the following year	600.816	2.475.732
Total payables due to other providers of finance	600.816	2.475.732
7) trade accounts		
due within the following year	14.098.934	19.839.177
Total trade accounts	14.098.934	19.839.177
12) due to tax authorities		
due within the following year	128.808	153.475
Total payables due to tax authorities	128.808	153.475
13) due to social security and welfare institutions		
due within the following year	35.866	55.590
Total payables due to social security and welfare institutions	35.866	55.590
14) other payables		
due within the following year	84.302	75.500
Total other payables	84.302	75.500
Total payables (D)	33.106.602	41.213.641
E) Accrued liabilities and deferred income	73.610	66.167
Total liabilities and shareholders' equity	42.313.532	48.391.101

Income statement (value and cost of production)

	31-12-2019	31-12-2018
Income statement (value and cost of production)		
A) Value of production		
1) Revenues from sales and services	69.430.032	65.221.737
5) Other income and revenues		
other	25.814	37.477
Total Other income and revenues	25.814	37.477
Total value of production	69.455.846	65.259.214
B) Costs of production		
6) Raw, ancillary and consumable materials and goods for resale	57.080.162	64.263.592
7) Services	4.360.916	3.751.433
8) Use of third party assets	177.387	180.421
9) personnel		
a) wages and salaries	479.642	428.097
b) related salaries	148.022	134.316
c) severance	33.013	29.443
Total payroll and related costs	660.677	591.856
10) depreciation, amortisation and write downs		
a) amortisation of intangible fixed assets	39.379	26.050
b) depreciation of tangible fixed assets	38.673	36.519
d) write-downs of accounts included among current assets	600.000	750.000
Total Amortisation, depreciation and write-downs	678.052	812.569
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	1.743.958	(8.561.506)
12) Provisions for contingencies and other charges	600.000	185.000
14) Other operating expenses	448.666	501.521
Total cost of production	65.749.818	61.724.886
Difference between value and cost of production (A - B)	3.706.028	3.534.328
C) Financial income and charges		
15) Income from equity investments		
other	3	143
Total income from equity investments	3	143
16) other financial income		
c) from securities included among current assets not representing equity investments	31.970	17.592
d) income other than the above		
other	1.465	4.142
Total income other than the above	1.465	4.142
Total other financial income	33.435	21.734
17) Interest and other financial expense		
other	230.975	241.494
Total interest and other financial expense	230.975	241.494
17-bis) Currency gains and losses	4.891	(252.775)
Total financial income and expense (15 + 16 - 17 + - 17-bis)	(192.646)	(472.392)
D) Value adjustments to financial assets and liabilities		
19) write-downs		
c) securities included among current assets not representing equity investments	-	55.400
d) derivative financial instruments	11.281	390
Total write-downs	11.281	55.790

Total value adjustments to financial assets and liabilities (18 - 19)	(11.281)	(55.790)
Pre-tax result (A - B + - C + - D)	3.502.101	3.006.146
20) Income tax for the year, current, deferred and prepaid		
Current taxes	1.137.953	1.052.150
deferred and prepaid tax	(109.919)	(111.984)
Total taxes on the income for the year	1.028.034	940.166
21) Profit (loss) for the year	2.474.067	2.065.980

Financial statement, indirect method

	31-12-2019	31-12-2018
Financial statement, indirect method		
A) Cash flows from current activities (indirect method)		
Profit (loss) for the year	2.474.067	2.065.980
Income tax	1.028.034	940.166
Payable (receivable) interest	197.540	219.760
(Dividends)	(3)	(143)
(Capital gains)/Capital losses from business conveyance	10.364	551
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances.	3.710.002	3.226.314
Adjustments to non monetary items that were not offset in the net working capital.		
Allocations to preserves	514.232	93.349
Fixed asset depreciation/amortisation	78.052	62.569
Write-downs for long-term value depreciation	-	55.400
Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions	11.281	391
Other adjustments to increase/(decrease) non-monetary items	17.234	16.317
total adjustments for non-monetary items that were not offset in the net working capital	620.799	228.026
2) Cash flow before changing net working capital	4.330.801	3.454.340
Changes to the net working capital		
Decrease/(increase) in inventory	1.743.958	(8.561.506)
Decrease/(increase) in payables to customers	6.493.748	(2.488.329)
Increase/(decrease) in trade payables	(5.740.243)	4.855.585
Increase/(decrease) from prepayments and accrued income	(116.477)	6.014
Increase/(decrease) from accruals and deferred income	7.443	(53.689)
Other decreases/(other increases) in net working capital	(671.218)	798.767
Total changes to net working capital	1.717.211	(5.443.158)
3) Cash flow after changes to net working capital	6.048.012	(1.988.818)
Other adjustments		
Interest received/(paid)	(197.540)	(219.760)
(Income tax paid)	(1.028.034)	(940.166)
Dividends received	3	143
Other collections/(payments)	(13.257)	(2.605)
Total other adjustments	(1.238.828)	(1.162.388)
Cash flow from current activities	4.809.184	(3.151.206)
B) Cash flows from investments		
Tangible fixed assets		
(Investments)	(75.596)	(12.189)
Disposals	9.701	1
Intangible fixed assets		
(Investments)	(70.281)	(6.042)
Financial fixed assets		
(Investments)	(13.500)	(101.389)
Short term financial assets		
(Investments)	(312.535)	(235.350)
Disposals	108.350	-
Cash flows from investments (B)	(353.861)	(354.969)
C) Cash flows from financing activities		
Loan capital		

Increase/(decrease) in short term bank loans	(8.107.003)	2.432.450
New loans	7.650.712	1.023.718
(Loan repayments)	(1.874.916)	-
Equity		
(Dividends and advances on dividends paid)	(900.000)	(580.000)
Cash flows from financing activities (C)	(3.231.207)	2.876.168
Increase (decrease) in liquid assets (A ± B ± C)	1.224.116	(630.007)
Liquid assets at the start of the year		
Bank and post office deposits	1.197.120	1.827.325
Cash and valuables in hand	345	147
Total liquid assets at the start of the year	1.197.465	1.827.472
Liquid assets at the end of the year		
Bank and post office deposits	2.421.389	1.197.120
Cash and valuables in hand	192	345
Total liquid assets at the end of the year	2.421.581	1.197.465

Supplementary Notes to the Financial statements to 31-12-2019

Supplementary notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/12 /2019.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.

The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code, while the statement of the financial position was prepared in accordance with art. 2425-ter.

The explanatory notes to the financial statements, written in accordance with art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

The financial statements is approved within the major term of 180 days, in accordance with art. 106 D.L. 18/2020.

Basis of preparation

Financial Statement preparation

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account.

In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3rd paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

Publishing principles

The financial statement items were valued in accordance with the principles of prudence and materiality and on the assumption that the business is a going concern. Pursuant to Article 2423-bis(1)(1-bis) of the Italian Civil Code, the items were recorded and presented taking into account the substance of the transaction or the contract. When preparing the financial statements the income and expenses were recorded on the basis of the accrual principle, regardless of the actual date of payment and only profits made at the year-end date were stated. Account was also taken of the risks and losses pertaining to the year, even if they came to light after year end.

Structure and contents of the financial statement

The balance sheet, income statement, statement of cash flows, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423 ter of the Italian Civil Code.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

Exceptional cases pursuant to art. 2423, fifth paragraph, of the Civil Code

There were no exceptional cases requiring use of the derogations referred to in Article 2423(4) and (5) of the Italian Civil Code.

Changed accounting principles

There were no exceptional cases requiring use of the derogations referred to in Article 2423-bis(2) of the Italian Civil Code.

Comparability and adaptability problems

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; thus it was not necessary to adjust any items of the previous fiscal year.

Applied evaluation criteria

The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civil Code and instructions contained in the accounting standards issued by the Italian Accounting Board. They have not changed compared to the previous fiscal year.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

The accounting amounts expressed in foreign currency were entered after conversion into euro according to the exchange rate existing at the time of their assessment or at the exchange rate on the fiscal year's closing date based on the indications of OIC accounting standard no. 26.

Intangible fixed assets

As the prerequisites indicated by the accounting principles are satisfied, the intangible assets are entered as assets in the balance sheet, at the acquisition and/or production cost and are depreciated in constant amounts depending on their future usefulness.

The values of the assets are shown net of the accumulated depreciation and writedowns.

The depreciation was carried out in accordance with the following pre-established plan, which is believed to ensure a correct allocation of the cost incurred during the useful life of the asset in question:

Intangible assets items	Period
Software	5 years on a straight-line basis
Trademarks	5 years on a straight-line basis
Other intangible assets	5 years on a straight-line basis

The depreciation criterion for intangible assets was applied systematically and in every fiscal year, in relation to the remaining possibility of economic use of each asset or expense.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the later monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the intangible assets still in the assets.

It is pointed out that it was not necessary to apply writedown on said noncurrent charges due as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of the intangible assets were identified.

Tangible fixed assets

The assets in the category of property, plant and equipment, recognized on the date on which the risks and benefits linked to the acquired asset are transferred, are entered in the financial statements at the acquisition cost, incremented by any accessory charges incurred up to the moment at which the assets are ready for use and, in any case, within the limits of the recoverable value.

These assets are recorded on the financial statements assets, net of the depreciation and writedown provisions.

The accounting amount of the assets, grouped in homogeneous classes by nature and year of acquisition, is allocated among the fiscal years during which they will presumably be used. The procedure is implemented by systematically imputing to the financial statement the depreciation quotas corresponding to the pre-established plans, defined at the time that the asset is available and ready for use, also taking into account their presumed possible residual utilization. Said plans, audited yearly, are prepared on the basis of the gross value of the assets, assuming that their realization value at the end of the process is zero.

The depreciations of property, plant and equipment whose utilization is limited in time were done in accordance with the following pre-established schedule.

Property, plant and equipment items	Rate %
Apparatus and machinery	7,50%
Telephone systems	25,00%
Equipment	15,00%

Electronic office machines	20,00%
Furniture and fixtures	12,00%
Vehicles	20,00%

Any disposals of assets (sales, scrapping, etc.) that took place during the fiscal year involved the elimination of their residual value. Any difference between the accounting amount and the disposal value was imputed to the income statement.

The above mentioned rates were reduced to half for the assets acquired in the course of the fiscal year, as the depreciation share thus obtained does not differ significantly from the share calculated starting at the time that the asset is available and ready for use.

The depreciation criteria for property, plant and equipment did not change compared to those applied the previous fiscal year. Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the tangible assets still in the assets.

It is pointed out that it was not necessary to apply writedowns as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of property, apparatus and equipment were identified.

Financial fixed assets

Other securities

The financial assets consisting of other securities were recognized in the financial statements with the criterion of acquisition cost including accessory charges, considering insignificant the application of the depreciated cost method.

It is pointed out that it was not necessary to apply writedowns as per article 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC 9, no indicators of potential losses of value were identified.

Finance leases operations

As required by the law, the assets acquired through financial lease are entered into the accounts as operating leases, by recording the leasing fees among the operating costs.

Inventory

The inventories were measured at weighted average cost. The purchase cost includes any directly attributable incidental Charges.

Receivables included among current assets

The credits entered among the current assets were recognized in the financial statements were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation, considering insignificant the application of the depreciated cost method.

The value was adjusted to the presumable realization value by establishing a provision for the writedown of credits for a total amount of Euro 600.000.

Financial assets that are not fixed assets

Financial asset derivative instruments

The active derivative financial instruments refer to instruments intended to cover the financial flows or the fair value of a current asset. They have been valued at fair value in accordance with art. 2426, par.1, n° 11 bis and the positive or negative variations of the fair value between two fiscal years were recognized respectively in the appropriate items of the income statement "D.18.d - Revaluations of derivative financial instruments" and "D.19.d - Writedowns of derivative financial instruments", with the exception of the variations of the derivatives that cover financial flows, which are required to be posted in the shareholders' equity item "VII - Reserve for transactions to cover anticipated financial flows". The fair value was determined in accordance to the market value, as it was possible to easily identify an active market.

Other securities

Current securities of fungible nature were valued on the basis of the lesser value of the cost recognized initially and of the realization cost inferable from the market trend. The weighted average cost method, as an alternative to the specific cost method was utilized to value the cost recognized initially.

Cash and cash equivalents

Cash and cash equivalents are measured at nominal value.

Accrued income and prepaid expenses

Accruals and deferred income were calculated according to an accrual basis of accounting, by allocating revenues and/or costs common to two fiscal years.

Shareholders' equity

The items are entered in the financial statements at their accounting amount based on the indications contained in OIC accounting standard no. 28.

Provisions for risks and charges

The provisions for risks and charges were allocated to cover liabilities whose existence was deemed to be certain or probable and for which the amount or the contingency date could not be determined at the fiscal year's closing date.

The provisions were established on the basis of the principles of prudence and accrual, in compliance with the accounting standard OIC 31. The related provisions are recorded in the income statement of the accrual period, on the basis of the by the nature cost classification criterion.

Staff severance fund

The provision for the staff leaving indemnity were calculated in accordance with the terms of article 2120 of the Italian Civil Code, taking into account legal provisions and the specific nature of the contracts and professional categories, and includes the annual amounts accrued and revaluations performed based on ISTAT coefficients.

The amount of the provision is assessed net of advances paid and the amounts used for terminations of employment occurring during the fiscal year and represents the certain payable due to the employees on the fiscal year's closing date.

Payables

The debts were recognized in the financial statements at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation, considering insignificant the application of the depreciated cost method.

Accrued liabilities and deferred income

Accruals and deferred income were calculated according to an accrual basis of accounting, by separating costs and/or revenue common to two fiscal years.

Other Information

Transactions with grant back obligation

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

Supplementary notes, assets

A detailed analysis is provided below of the changes in the individual financial statement items, in accordance with the provisions of current legislation.

Fixed assets

Intangible fixed assets

Changes in intangible fixed assets

After entering the depreciation charges of €39.379 in the income statement, the value of the intangible assets amounts to €88.517.

The following table shows the movements concerning the assets in question.

	Industrial patents and intellectual property rights	Concessions, licences, trademarks and similar rights	Other intangible fixed assets	Total intangible fixed assets
Year opening balance				
Cost	16.784	8.776	32.055	57.615
Balance sheet value	16.784	8.776	32.055	57.615
Changes during the year				
Increases for purchases	15.386	-	54.895	70.281
Depreciation /amortisation for the year	9.265	3.108	27.006	39.379
Total changes	6.121	(3.108)	27.889	30.902
Year closing balance				
Cost	22.905	5.668	59.944	88.517
Balance sheet value	22.905	5.668	59.944	88.517

Detail of the composition of long-term costs

Tangible fixed assets

Changes in tangible fixed assets

Property, apparatus and equipment before the relative depreciation reserve amount to €363.864; the depreciation reserve totals €119.197.

The table below shows the transactions in the assets in question.

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Year opening balance				
Cost	170.803	55.299	90.896	316.998
Amortisation (amortisation fund)	31.576	20.000	34.563	86.139
Balance sheet value	139.227	35.299	56.333	230.859
Changes during the year				
Increases for purchases	55.200	1.663	18.733	75.596
Decreases for transfers and disposals (of the balance sheet value)	22.750	-	365	23.115
Depreciation/amortisation for the year	13.226	8.420	17.027	38.673
Total changes	19.224	(6.757)	1.341	13.808

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
Year closing balance				
Cost	198.003	56.962	108.899	363.864
Amortisation (amortisation fund)	39.552	28.420	51.225	119.197
Balance sheet value	158.451	28.542	57.674	244.667

Finance leases operations

The following schedule shows the information requested by the law in order to show, albeit off balance sheet, the implications arising from the different accounting compared to the financial method; in the latter the user company would record the leased asset among the assets and would calculate the depreciation charges on said asset, while, at the same time, it would record the debt for the capital portion of the leasing charges to be paid. In this case, the income statement would record the interest portion and the depreciation portion of the leasing charges accruing in fiscal year.

	Amount
Total value of financial leased assets at the end of the year	71.114
Depreciation related to the year	28.628
Current value of unpaid instalments at the end of the year	35.451
Financial liabilities for the year based on the effective interest rate	1.070

Financial fixed assets

Movements in investments, other securities and derivative non-current active financial instruments

The table below shows the movements in the assets in question.

	Other securities
Year opening balance	
Cost	101.389
Balance sheet value	101.389
Changes during the year	
Increases for purchases	13.500
Total changes	13.500
Year closing balance	
Cost	114.889
Balance sheet value	114.889

Value of financial assets

The financial assets shown in the financial statements were not entered at a value greater than their fair value.

Current assets

Inventory

The table below provides information on the changes in inventory.

	Year opening balance	Change during the year	Year closing balance
Finished products and goods for resale	19.423.647	(1.743.958)	17.679.689
Total inventories	19.423.647	(1.743.958)	17.679.689

Receivables included among current assets

Changes and deadline of receivables posted to current assets

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months
Trade receivables included among current assets	26.169.663	(6.493.748)	19.675.915	19.675.915
Tax receivables included among current assets	188.288	(188.288)	-	-
Assets for prepaid tax included among current assets	193.681	109.919	303.600	
Other receivables included among current assets	3.363	632.468	635.831	635.831
Total receivables included among current assets	26.554.995	(5.939.649)	20.615.346	20.311.746

Breakdown of receivables included among current assets by geographic area

The following table shows the distribution by geographical area of the credits entered among the current assets.

Geographic area	Italy	CEE	EXTRA CEE	Total
Trade receivables included among current assets	16.889.292	2.701.469	85.154	19.675.915
Assets for prepaid tax included among current assets	303.600	-	-	303.600
Other receivables included among current assets	635.831	-	-	635.831
Total receivables included among current assets	17.828.723	2.701.469	85.154	20.615.346

Financial assets not classified as fixed assets

Changes in financial assets not classified as fixed assets

The table below provides information on the changes in financial assets not held as fixed assets

	Year opening balance	Changes during the year	Year closing balance
Non-current active derivative financial instruments	80.227	(51.030)	29.197
Other non-current shares	693.633	258.265	951.898
Total financial current assets	773.860	207.235	981.095

Liquid funds

The table below provides information on the changes in cash and cash equivalents

	Year opening balance	Change during the year	Year closing balance
Bank and post office deposits	1.197.120	1.224.269	2.421.389
Cash and other cash in hand	345	(153)	192
Total liquid funds	1.197.465	1.224.116	2.421.581

accrued income and prepayments

The table below provides information on the changes in accrued income and prepayments

	Year opening balance	Change during the year	Year closing balance
Deferred income	51.271	116.477	167.748

	Year opening balance	Change during the year	Year closing balance
Total accrued income and prepaid expenses	51.271	116.477	167.748

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Detail	Amount for the current fiscal year
<i>Accrued liabilities and deferred income</i>		
	Prepaid expenses	167.748
	Total	167.748

Prepaid expenses in detail:

Prepaid expenses rental fees € 495

Prepaid expenses ordinary telephone expenses € 100

Prepaid expenses lease fees € 3.007

Prepaid expenses insurance premiums € 975

Prepaid expenses bank fees on loans € 154.262

Prepaid expenses premiums Inail € 345

Prepaid expenses building rental fees € 8.564

It is pointed out that the sum of € 114.454 related to the prepaid expenses bank fees on loans concerns the share beyond the following fiscal year.

Capitalized financial assets

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code.

Supplementary notes, liabilities and net equity

A detailed analysis is provided below of the changes in the individual financial statement items, in accordance with the provisions of current legislation.

Shareholders' equity

Changes in shareholders' equity

In reference to the closing fiscal year, the tables below show the changes of the individual shareholders' equity, as well as the details of other reserves, if present in the financial statements.

	Year opening balance	Destination of the previous year's result	Other changes		Result for the year	Year closing balance
		Other destinations	Increases	Decreases		
Capital	1.000.000	-	2.000.000	-		3.000.000
Legal reserve	200.000	-	-	-		200.000
Other reserves						
Extraordinary reserve	3.466.249	2.065.980	-	2.900.001		2.632.228
Miscellaneous other reserves	1	-	1	-		2
Total other reserves	3.466.250	2.065.980	1	2.900.001		2.632.230
Reserve to hedge expected cash flow transactions	76.258	-	13.907	117.321		(27.156)
Profit (loss) for the year	2.065.980	(2.065.980)	-	-	2.474.067	2.474.067
Total shareholders' equity	6.808.488	-	2.013.908	3.017.322	2.474.067	8.279.141

Detail of changes in reserves (overview)

Description	Amount
Res. from rounding to euro units	2
Total	2

All subscribed shares are entirely paid in.

Use of shareholders' equity

The following schedules indicate the items of the equity investment, specifying their origin, possible utilization and distribution, as well as their utilization during the previous three fiscal years.

	Amount	Origin / nature	Possible use	Available amount	Summary of uses in the three previous years
					for other reasons
Capital	3.000.000	Share capital		-	-
Legal reserve	200.000	Profits	B	-	-
Other reserves					
Extraordinary reserve	2.632.228	Profits	A;B;C	2.632.228	3.980.000
Miscellaneous other reserves	2			-	-
Total other reserves	2.632.230			-	-
Reserve to hedge expected cash flow transactions	(27.156)			-	-

	Amount	Origin / nature	Possible use	Available amount	Summary of uses in the three previous years
					for other reasons
Total	5.805.074			2.632.228	3.980.000
Unavailable amount				88.517	
Residual available share				2.543.711	

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

Origin, possibility of use and leasability of miscellaneous other reserves (overview)

Description	Amount
Res. from rounding to euro units	2
Total	2

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

Changes to the reserve for hedge operations on expected cash flows

In accordance with art. 2427-bis, paragraph 1b-quater of the Italian Civil Code, the following schedule illustrates the movements of the fair value reserves that occurred during the fiscal year.

	Reserve to hedge expected cash flow transactions
Year opening balance	76.258
Changes during the year	
Increases for fair value change	13.907
Decreases for fair value change	117.321
Year closing balance	(27.156)

Provisions for risks and charges

The table below provides information on the changes in provisions for risks and charges

	Provisions for pension liabilities and similar obligations	Passive derivative financial instruments	Other funds	Total provisions for risks and charges
Year opening balance	32.358	3.949	202.004	238.311
Changes during the year				
Operating accrual	16.236	37.114	600.000	653.350
Use in the financial year	-	3.949	102.004	105.953
Total changes	16.236	33.165	497.996	547.397
Year closing balance	48.594	37.114	700.000	785.708

Other provisions

The following schedule shows the composition of the item in question, as entered in the financial statements, in accordance with art. 2427, par.1 of the Italian Civil Code.

Description	Detail	Amount for the current fiscal year
-------------	--------	------------------------------------

<i>other</i>	
Other prov.for defer.risks and charges	400.000
Prov. Risks obsolescence inventory	300.000
Total	700.000

Staff severance fund

The table below provides information on the changes in the employee severance indemnity

	Staff severance fund
Year opening balance	64.494
Changes during the year	
Operating accrual	17.234
Use in the financial year	13.080
Other changes	(177)
Total changes	3.977
Year closing balance	68.471

Payables due to companies controlled by parent companies

Payables changes and due date

The table below shows the information on changes in payables and any information related to their due dates.

	Year opening balance	Change during the year	Year closing balance	Amount due within 12 months	Amount due beyond 12 months
Payables to banks	18.614.167	(456.291)	18.157.876	9.141.540	9.016.336
Payables to other financiers	2.475.732	(1.874.916)	600.816	600.816	-
Payables to suppliers	19.839.177	(5.740.243)	14.098.934	14.098.934	-
Tax payables	153.475	(24.667)	128.808	128.808	-
Payables due to social security and welfare institutions	55.590	(19.724)	35.866	35.866	-
Other payables	75.500	8.802	84.302	84.302	-
Total payables (D)	41.213.641	(8.107.039)	33.106.602	24.090.266	9.016.336

Payables due to banks

The following table shows the subdivision of the item "Debts to banks".

Entry	Debiti per conto corrente	Debiti per finanziamenti a breve termine	Debiti per finanziamenti a medio termine	Total
4)	6.580.836	2.560.704	9.016.336	18.157.876

Other payables

The following table shows the subdivision of the item "Other debts".

Description	Detail	Amount for the current fiscal year
<i>OTHER PAYABLES</i>		

Payables due to suppl. pension funds	6.722
Payables due to directors	11.913
Payables F.I.R.R.	7.076
Payables stamps	870
Personnel for remuneration	57.721
Total	84.302

Breakdown of payables by geographic area

The following table shows the distribution by geographical area of the debts.

Geographic area	Italy	CEE	EXTRA CEE	Total
Payables to banks	18.157.876	-	-	18.157.876
Payables to other financiers	600.816	-	-	600.816
Payables to suppliers	2.801.168	1.510.725	9.787.041	14.098.934
Tax payables	128.808	-	-	128.808
Payables due to social security and welfare institutions	35.866	-	-	35.866
Other payables	84.302	-	-	84.302
Payables	21.808.836	1.510.725	9.787.041	33.106.602

Payables covered by real guarantees on company assets

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, we declare that there are no company payables secured by collateral.

Loans by shareholders

The company did not receive any loans from shareholders.

accrued liabilities and deferred income

The table below provides information on the changes in accrued liabilities and deferred income

	Year opening balance	Change during the year	Year closing balance
Accrued liabilities	66.167	7.443	73.610
Total accrued liabilities and deferred income	66.167	7.443	73.610

The following schedule shows the composition of the items in question, as they result from the financial statements.

Description	Detail	Amount for the current fiscal year
<i>Accrued liabilities and deferred income</i>		
	Accrued liabilities	73.610
	Total	73.610

Accrued liabilities in detail:

Accrued liabilities bank interest expenses and commitment fees € 9.778

Accrued liabilities bank fees and charges € 4.542

Accrued liabilities insurance premiums € 59.290.

Supplementary notes, income statement

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong: ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature.

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity.

Value of production

Revenues are entered in the financial statements on accrual basis of accounting, net of returns, allowances, discounts, and bonuses, as well as of the taxes directly linked to them.

Revenues generated by the sale of goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits.

Breakdown of net revenue by business category

The following table illustrates the distribution of the revenues from sales and services by categories of activities.

Business category	Current year value
Sale of goods	69.430.032
Total	69.430.032

Breakdown of net revenue by geographic area

The following table illustrates the distribution of the revenues from sales and services by geographical area.

Geographic area	Current year value
Italy	61.229.532
CEE	7.680.750
EXTRA CEE	519.750
Total	69.430.032

Cost of production

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

Financial income and charges

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

Composition of share income

The dividends are recognized in the fiscal year in which their distribution is declared.

There is no income from equity investments as per article 2425 no. 15 of the Italian Civil Code other than dividends.

Breakdown of interest and other financial liabilities by payables type

The schedule below shows the interest expenses and other financial expenses as per article 2425, no. 17 of the Italian Civil Code, with specific division between those related to debenture bonds, payables due to banks and other types.

	Interest and other financial liabilities
Payables to banks	203.151
other	27.824
Total	230.975

Gains/losses on foreign exchange

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

Description	Amount shown in the balance sheet	Valuation portion	Realised portion
<i>Currency gains and losses</i>	<i>4.891</i>		
Gain on foreign exchange		39.966	449.888
Loss on foreign exchange		6.776	478.187
Total entry		33.190	28.299-

Amount and nature of the single income/cost items of exceptional size or effect

No revenues or other positive components derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

No costs derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

Income tax for the year, current, deferred and prepaid

The company has set aside a provision for taxes for the year in accordance with current tax laws. Current taxes refer to taxes for the year as stated in the tax returns; taxes relating to previous years include direct taxes for previous years, inclusive of interest and penalties and also refer to the positive (or negative difference) between the amount due following the definition of a dispute or an assessment compared to the value of the provision set aside in previous years. Lastly, deferred and prepaid taxes concern positive or negative income components to be taxed or deducted, respectively, in different years to the one in which they were recorded for statutory accounting purposes.

Deferred tax assets and liabilities

This item includes the impact of deferred taxes on these financial statements. It can be traced back to the temporary differences between the value attributed to an asset or liability in accordance with statutory criteria and the corresponding value recognized for these elements for tax purposes.

The company determined the deferred taxation exclusively for the IRES (24%), as there were no temporary changes of IRAP.

The information requested by art. 2427, n° 14 of the Italian Civil Code is shown below:

- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;

- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering;
- the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons

	Prepaid taxes 01.01.2019	Amount use 2019	Tax reversal IRES 24%	Amount 2019	IRES 24%	Prepaid taxes 31.12.19
Writedowns of accounts included among current assets	169.200	705.000	-169.200	565.000	135.600	135.600
Other provision	24.481	102.004	-24.481	400.000	96.000	96.000
Prov. Risks obsolescence inventory	0	0	0	300.000	72.000	72.000
Amount 31/12/2019	193.681		-193.681		303.600	303.600

Supplementary notes, financial statement

The company prepared the statement of cash flows, which is the summary document linking the changes in the company's balance sheet that occurred during the fiscal year with the changes in financial position; said statement shows the value of the financial resources that the company needed during the fiscal year and the uses of said resources.

With regard to the method used, it is specified that, in accordance with the provision of OIC 10, the company utilized the indirect method, on the basis of which the cash flow is reconstructed by adjusting the fiscal year income/loss results of the non-monetary components.

Supplementary notes, other information

The other information requested by the Italian Civil Code is shown below.

Employment data

The schedule below shows the average number of employees, broken down by category and calculated considering the daily average.

	Average number
Office staff	8
Blue collar workers	6
Total employees	14

Remuneration, advances and credits granted to directors and auditors and commitments on their behalf

The following schedule shows the information requested by art. 2427, n° 16 of the Italian Civil Code; it is specified that there are no advances and credits and that no commitments were assumed on behalf of the administrative body as a result of providing any type of guarantee.

	Directors	Auditors
Remuneration	260.000	6.240

Remuneration to legal auditor or audit company

The following table shows the remunerations payable to the auditing firm, subdivided by the types of services provided.

	Value
Legal audit of annual accounts	12.480
Total remuneration due to the legal auditor or audit firm	12.480

Category of shares issued by the company

The schedule below shows the number and nominal value of company's shares, as well as any changes occurring during the fiscal year.

Description	Shares underwritten during the year, number	Final amount, number
AZIONI ORDINARIE	3.000.000	3.000.000

Securities issued by the company

The company did not issue securities.

Details of other financial instruments issued by the company

The company did not issue other financial instruments in accordance with article 2346, paragraph 6, of the Italian Civil Code.

Commitments, guarantees and potential liabilities not posted to the balance sheet

The following table shows the information required by art. 2427, n° 9 of the Italian Civil Code.

	Amount
Commitments	34.305

Information on assets and loans addressed to specific deals

Assets destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no assets dedicated to a specific business transaction as per n° 20 of art. 2427 of the Italian Civil Code.

Financing destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no loans dedicated to a specific business transaction as per n° 21 of art. 2427 of the Italian Civil Code.

Information on transactions with correlated parties

For the purpose of the requirements of the legislation in effect, transactions were conducted with related parties during the fiscal year.

The following table shows the information required by art. 2427, n° 9 of the Italian Civil Code about guarantees received by the holding Lariotrade Srl.

Bank	Amount 31/12/19	Kind guarantees	Guarantor	Guaranteed
Bank Pop. Sondrio	825.000	Surety	Lariotrade Srl	Lariotex Spa
Bank BPM	1.000.000	Surety	Lariotrade Srl	Lariotex Spa
Bank Desio	750.000	Surety	Lariotrade Srl	Lariotex Spa
Bank Credit Agricole	1.915.000	Patronage letter	Lariotrade Srl	Lariotex Spa
Bank Intesa San Paolo	1.000.000	Surety	Lariotrade Srl	Lariotex Spa
Bank Unicredit	1.500.000	Surety	Lariotrade Srl	Lariotex Spa
Bank Bper	4.900.000	Patronage letter	Lariotrade Srl	Lariotex Spa
Bank BNL	770.000	Surety	Lariotrade Srl	Lariotex Spa
Bank BNL	800.000	Surety	Lariotrade Srl	Lariotex Spa
Amount 31/12/2019	13.960.000,00			

The company also concluded other commercial businesses with the company C.T.C. SRL site in Busto Arsizio (Va) Via Orrù 1 C.F./P.IVA 03525780122, but these businesses were concluded according to the market value..

Information on agreements not posted to the balance sheet

No agreements not entered on the Balance Sheet were undertaken during the fiscal year.

Information on significant events after yearend

With regard to point 22-quater of Art. 2427 Italian Civil Code, with regard to reporting important events after the close of the financial year that significantly affected financial performance, we specify as follows:

As noted, since January 2020, the national and international scene has been characterized by the spread of the coronavirus and the consequent restrictive measures to contain it imposed by the public authorities of the countries affected. These circumstances, extraordinary in terms of both their nature and their breadth, have had direct and indirect repercussions on economic activity and have created a situation of general uncertainty whose developments and relative effects are difficult to predict. Although at present business continuity has not been jeopardized, the potential effects of this phenomenon on the financial statements cannot be determined at present and will be constantly monitored as the year goes on.

Nevertheless, the company is proceeding to take all steps to guarantee business continuity, in particular:

- to preserve the health of its employees and associates in the various work environments;
- to optimally manage relationships with customers in order to preserve their goodwill if it becomes impossible to fulfill orders in the event of a production slowdown or interruption;
- the company has made use of the Cassa Integrazione (Temporary Layoff Fund) for its employees, as provided by the measures to support businesses and income set out in the Cura Italia Decree of March 2020.

Companies that draft the largest/smallest group of companies that they belong to as subsidiary

In accordance with art. 2427, numbers 22-quinquies and 22-sexies of the Italian Civil Code, the following schedule shows the name and registered office of the company that writes the consolidated financial statements of the larger or smaller group of companies to which the company belongs as a consolidated company.

In addition, said schedule indicates where the copy of the consolidated financial statement is available.

	Larger unit
Company name	LARIOTRADE SRL
Town (if in Italy) or foreign state	Busto Arsizio (Va)
Tax code (for Italian companies)	03576270122
Place where consolidated balance sheet is filed	Busto Arsizio (Va)

Information regarding derivative financial instruments as per art. 2427-b Civil Code

In compliance with the requirements of art. 2427-bis of the Italian Civil Code, in accordance with the principle of truthful and accurate reporting of the company's commitments, the appropriate information is provided below.

KIND	ISSUER	FAIR VALUE
Forward purchase	Intesa San Paolo	€ - 1.656,00
Forward purchase	Intesa San Paolo	€ - 1.640,00
Forward purchase	Intesa San Paolo	€ - 1.651,00
Option on currency	Intesa San Paolo	€ + 782,00
Option on currency	Intesa San Paolo	€ + 1.307,00
Option on currency	Intesa San Paolo	€ - 7,00
Option on currency	Intesa San Paolo	€ + 1.615,00
Option on currency	Intesa San Paolo	€ - 97,00
Option on currency	Intesa San Paolo	€+ 1.912,00
Option on currency	Intesa San Paolo	€ - 379,00
Option on currency	Intesa San Paolo	€ + 2.088,00
Option on currency	Intesa San Paolo	€ - 650,00
Option on currency	Intesa San Paolo	€ + 2.254,00
Option on currency	Intesa San Paolo	€ - 980,00

Option on currency	Intesa San Paolo	€ - 6.737,00
Option on currency	Intesa San Paolo	€ - 16.288,00
Terminable option on currency	Banca Popolare di Sondrio	€ - 900,34
Terminable option on currency	Banca Popolare di Sondrio	€ - 951,88
Cap	Banca Popolare di Sondrio	€ + 2,66
Cap	Banca Popolare di Sondrio	€ + 150,22
Cap	Banca Popolare di Sondrio	€ + 946,69
Cap	Banca Popolare di Sondrio	€ + 2.609,32
Cap	Banca Popolare di Sondrio	€ + 3.483,10
Cap	Banca Popolare di Sondrio	€ + 5.206,00
Cap	Banca Popolare di Sondrio	€ + 4.166,16
Cap	Banca Popolare di Sondrio	€ + 2.674,61
Fxforward	Unicredit	€ - 562,76
Forward sale	Monte Dei Paschi	€ - 1.371,88
Forward sale	Monte Dei Paschi	€ - 1.409,99
Forward sale	Monte Dei Paschi	€ - 1.442,50
Out	Bnl	€ - 390,11

Summary of balance sheet of the company exercising management and coordination activities

In accordance with art. 2497-bis, par. 4 of the Italian Civil Code, it is certified that the company is not subject to management and coordination activity by other companies.

Proposed use of profits or hedging of losses

Dear Shareholders: in view of the discussion above, the administrative body proposes to allocate the profit for fiscal year Euro 2.474.067,35:

Euro 123.703,37 to the legal reserve post 2017

Euro 2.350.363,98 to the the extraordinary reserve post 2017.

Supplementary notes, final part

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, statement of cash flows, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/12/2019 together with the proposed destination of the fiscal year income/loss, as set forth by the administrative body.

The financial statements are true and real and correspond to accounting records.

VERTEMATE CON MINOPRIO, 16/05/2020

Pierluigi Biondi, Chief

MANAGEMENT REPORT

Dear Shareholders,

The financial statements for the year ending at 31 December 2019 that I am submitting for your approval show a net profit of €2,474,067. This result is based on a tax allocation of €1,028,034. The Explanatory Notes provide clarifying information on the Financial Statements at 31.12.2019. The cash flow statement reports figures for the financial resources that the company required during the year, as well as the relative investments, while this report provides information on management.

In particular, please note the following with regard to Art. 2428 Italian Civil Code.

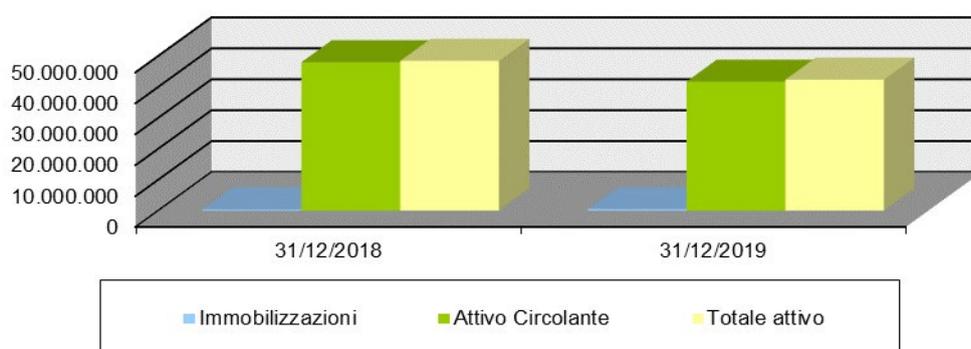
With regard to the company's financial situation, the balance sheet may be summarized as follows in financial terms:

BALANCE SHEET ASSETS

	31/12/2019	31/12/2018	Diff.	Diff. %
Receivable from shareholders	0	0	0	
Non-current assets	448,073	389,863	58,210	14.9%
Intangible	88,517	57,615	30,902	53.6%
Tangible	244,667	230,859	13,808	6.0%
Financial	114,889	101,389	13,500	13.3%
of which Short-term receivables	0	0	0	0
of which Rec. from subsid. / assoc. / parent cos., / subject to control of parent cos.	0	0	0	0
of which Equity investments	0	0	0	0
of which Financial derivative assets	0	0	0	0
Current assets	41,697,711	47,949,967	-6,252,256	-13.0%
Inventory	17,679,689	19,423,647	-1,743,958	-9.0%
Tangible assets held for sale	0	0	0	0
Receivables	20,615,346	26,554,995	-5,939,649	-22.4%
of which Short-term receivables	20,311,746	26,361,314	-6,049,568	-22.9%
of which Med./long-term receivables	0	0	0	0
of which Receivable for taxes paid in advance	303,600	193,681	109,919	56.8%

of which	Receivable from customers	19,675,915	26,169,663	-6,493,748	-24.8%
Financial assets		981,095	773,860	207,235	26.8%
Cash and cash equivalents		2,421,581	1,197,465	1,224,116	102.2%
Prepayments and accrued income		167,748	51,271	116,477	227.2%
Total assets		42,313,532	48,391,101	-6,077,569	-12.6%

Principali voci dell'Attivo di Stato Patrimoniale



Principal Balance Sheet Entries under Assets

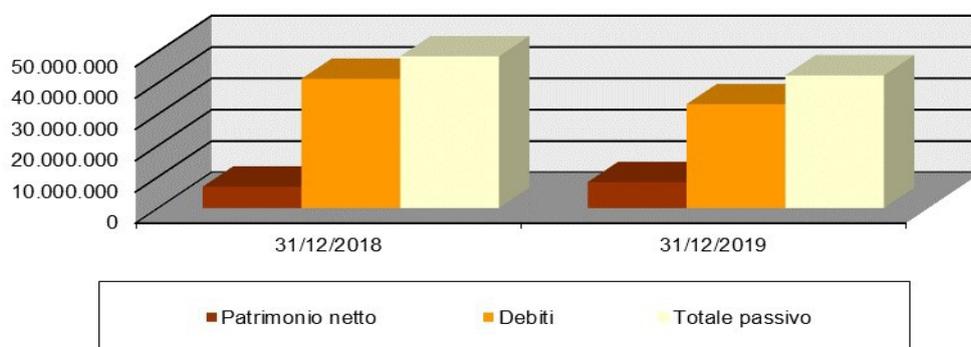
- Non-current assets
- Current Assets
- Total Assets

BALANCE SHEET LIABILITIES

	31/12/2019	31/12/2018	Diff.	Diff. %
Shareholders' equity	8,279,141	6,808,488	1,470,653	21.6%
Share capital	3,000,000	1,000,000	2,000,000	200.0%
Total Shareholders' Equity reserves	2,805,074	3,742,508	-937,434	-25.0%
of which Share premium reserve	0	0	0	0
of which Monetary revaluation reserve	0	0	0	0
Profits (losses) carried forward	0	0	0	0
Profit (loss) for the year	2,474,067	2,065,980	408,087	19.8%
Loss covered during the year	0	0	0	0
Minority interests in shareholders'	0	0	0	0
Minority interests in capital and reserves	0	0	0	0
Total minority interests	0	0	0	0
Provisions for liabilities and charges	785,708	238,311	547,397	229.7%
of which Provision for Taxes	0	0	0	0
Employee Severance Indemnity	68,471	64,494	3,977	6.2%
Payables	33,106,602	41,213,641	-8,107,039	-19.7%
of which Short-term payables	24,090,266	39,848,017	15,757,751	-39.5%

of which Long-term payables	9,016,336	1,365,624	7,650,712	560.2%
Short-term payables to banks	9,141,540	17,248,543	-8,107,003	-47.0%
Med./long-term payables to banks	9,016,336	1,365,624	7,650,712	560.2%
Payable to Suppliers	14,098,934	19,839,177	-5,740,243	-28.9%
Payable to Others	849,792	2,760,297	-1,910,505	-69.2%
Deferred income and accrued expenses	73,610	66,167	7,443	11.2%
Total liabilities	42,313,532	48,391,101	-6,077,569	-12.6%

Principali voci del Passivo di Stato Patrimoniale



Principal Balance Sheet Entries under Liabilities

- Shareholders' equity
- Payables
- Total liabilities

At year end, net current assets, calculated as the difference between gross current assets and payables due within 12 months thus totaled €17,397,983, while on the same date during the previous year they totaled €7,893,373. With regard to the performance of costs and revenues, following is the income statement with a comparison to the previous year, showing absolute and percentage differences.

INCOME STATEMENT

		31/12/2019	31/12/2018	Diff.	Diff. %
A)	VALUE OF PRODUCTION	69,455,846	65,259,214	4,196,632	6.4%
1)	Revenues from sales and services	69,430,032	65,221,737	4,208,295	6.5%
2)	Variation in inventories of products in process, unfinished and finished products	0	0	0	
3)	Variation in contract work in progress	0	0	0	
4)	Increases of non-current assets through in-house production	0	0	0	

5)	Other revenues and proceeds	25,814	37,477	-11,663	-31.1%
	Grants for current expenses	0	0	0	
	Other revenues and proceeds	25,814	37,477	-11,663	-31.1%
B)	COSTS OF PRODUCTION	65.749.818	61.724.886	4.024.932	6.5
6)	Costs of raw and secondary materials, consumables and goods	57,080,162	64,263,592	-7,183,430	-11.2%
7)	Costs of services	4,360,916	3,751,433	609,483	16.2%
8)	Costs of leased assets	177,387	180,421	-3,034	-1.7%
9)	Personnel costs	660,677	591,856	68,821	11.6%
a)	Wages and salaries	479,642	428,097	51,545	12.0%
b)	Social charges	148,022	134,316	13,706	10.2%
c)	Severance indemnity	33,013	29,443	3,570	12.1%
d)	Pension benefits and similar	0	0	0	
e)	Other personnel costs	0	0	0	
10)	Amortization, depreciation and write-downs	678,052	812,569	-134,517	-16.6%
a)	Amortization of intangible assets	39,379	26,050	13,329	51.2%
b)	Depreciation of tangible assets	38,673	36,519	2,154	5.9%
c)	Other write-downs of non-current assets	0	0	0	
d)	Write-downs of receivables under current assets and cash and cash equivalents	600,000	750,000	-150,000	-20.0%
11)	Variations in inventories of raw and subsidiary materials, consumables and goods	1,743,958	-8,561,506	10,305,464	-120.4%
12)	Provisions for risks	600,000	185,000	415,000	224.3%
13)	Other provisions	0	0	0	
14)	Sundry operating expenses	448,666	501,521	-52,855	-10.5%
	DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION	3,706,028	3,534,328	171,700	4.9%
C)	FINANCIAL PROCEEDS AND CHARGES	-192,646	-472,392	279,746	-59.2%
15)	Proceeds from equity investments	3	143	-140	-97.9%
	From subsidiaries	0	0	0	
	From affiliates	0	0	0	
	From parent companies	0	0	0	
	From companies subject to the control of parent companies	0	0	0	
	From other companies	3	143	-140	-97.9%
16)	Other financial proceeds	33,435	21,734	11,701	53.8%
a)	Financial proceeds from receivables under Non-Current Assets	0	0	0	

	From subsidiaries	0	0	0	
	From affiliates	0	0	0	
	From parent companies	0	0	0	
	From companies subject to the control of parent companies	0	0	0	
	From other companies	0	0	0	
b)	Financial proceeds from securities other than equity investments under Non-Current Assets	0	0	0	
c)	Financial proceeds from securities other than equity investments under Current Assets	31.970	17.592	14.378	81.7%
d)	Proceeds other than the above	1,465	4,142	-2,677	-64.6%
	From subsidiaries	0	0	0	
	From affiliates	0	0	0	
	From parent companies	0	0	0	
	From companies subject to the control of parent companies	0	0	0	
	From other companies	1,465	4,142	-2,677	-64.6%
17)	Interest and other financial charges	230,975	241,494	-10,519	-4.4%
	From subsidiaries	0	0	0	
	From affiliates	0	0	0	
	From parent companies	0	0	0	
	From companies subject to the control of parent companies	0	0	0	
	From other companies	230,975	241,494	-10,519	-4.4%
17-bis)	Currency gains and losses	4,891	-252,775	257,666	-101.9%
D)	ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS	-11.281	-55.790	44.509	-79.8%
18)	Write-ups	0	0	0	
a)	Write-ups of equity investments	0	0	0	
b)	Write-ups of financial assets	0	0	0	
c)	Write-ups of securities under Current Assets	0	0	0	
d)	Write-ups of financial derivatives	0	0	0	
	Write-ups of financial assets for centralized treasury management	0	0	0	
19)	Write-downs	11,281	55,790	-44,509	-79.8%
a)	Write-downs of equity investments	0	0	0	
b)	Write-downs of financial assets	0	0	0	
c)	Write-downs of securities under Current Assets	0	55,400	-55,400	-100.0%

d)	Write-downs of financial derivatives	11,281	390	10,891	2792.6%
	Write-downs of financial assets for centralized treasury management	0	0	0	
	RESULTS BEFORE TAXES	3,502,101	3,006,146	495,955	16.5%
20)	Income taxes for the year, current, deferred and paid in advance	1,028,034	940,166	87,868	9.3%
	Current income taxes for the year	1,137,953	1,052,150	85,803	8.2%
	Taxes for previous years	0	0	0	
	Income taxes deferred and paid in advance	-109,919	-111,984	2,065	-1.8%
	Proceeds (charges) under tax consolidation/ fiscal transparency regime	0	0	0	
21)	Profit (loss) for the year	2,474,067	2,065,980	408,087	19.8%
	Profit (loss) for the year - Group	0	0	0	
	Profit (loss) for the year - minority interests	0	0	0	
	Profit (loss) for the year	2,474,067	2,065,980	408,087	19.8%

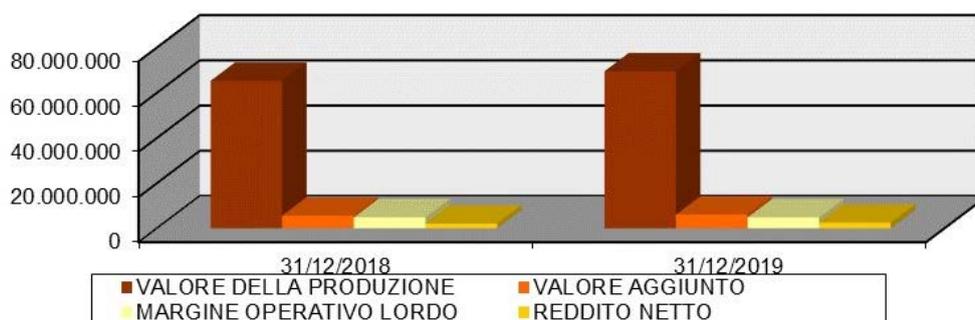
With regard to the income situation, following is the reclassified income statement by margins, correlated to the previous year's statement.

INCOME STATEMENT RECLASSIFIED BY MARGINS

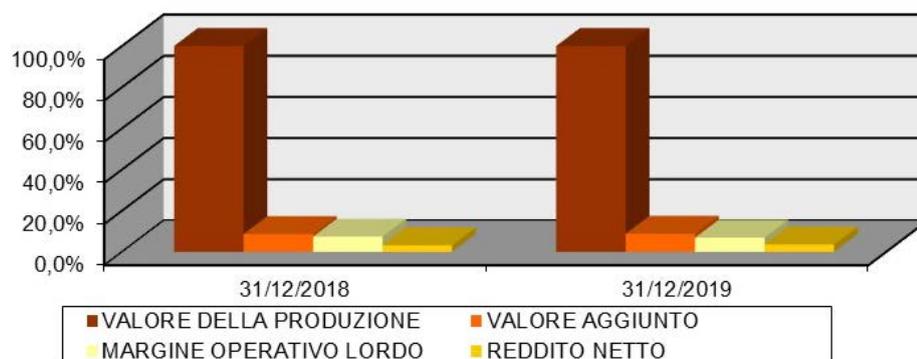
	31/12/2019	% value of prod.	31/12/2018	% value of prod.
VALUE OF PRODUCTION	69,455,846	100.0%	65,259,214	100.0%
-Consumption of materials	58,824,120	84.7%	55,702,086	85.4%
-Overheads	4,538,303	6.5%	3,931,854	6.0%
ADDED VALUE	6,093,423	8.8%	5,625,274	8.6%
-Other revenues	25,814	0.0%	37,477	0.1%
-Personnel costs	660,677	1.0%	591,856	0.9%
-Provisions	600,000	0.9%	185,000	0.3%
EBITDA	4,806,932	6.9%	4,810,941	7.4%
- Amortization, depreciation and write-downs	678,052	1.0%	812,569	1.2%
CHARACTERISTIC OPERATING RESULT (EBIT)	4,128,880	5.9%	3,998,372	6.1%
+ Other Revenues	25,814	0.0%	37,477	0.1%
- Sundry Charges	448,666	0.6%	501,521	0.8%
INCOME BEFORE FINANCIAL MANAGEMENT	3,706,028	5.3%	3,534,328	5.4%
+ Financial proceeds	33,438	0.0%	21,877	0.0%
+ Currency gains and losses	4,891	0.0%	-252,775	-0.4%

OPERATING RESULT (Current margin before financial charges)				
	3,744,357	5.4%	3,303,430	5.1%
- Financial charges	230,975	0.3%	241,494	0.4%
INCOME BEFORE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES				
	3,513,382	5.1%	3,061,936	4.7%
+ Adjustments in value of financial assets and liabilities	-11,281	0.0%	-55,790	-0.1%
+ Non-operating share	0	0.0%	0	0.0%
INCOME BEFORE TAXES				
	3,502,101	5.0%	3,006,146	4.6%
-Taxes	1,028,034	1.5%	940,166	1.4%
NET INCOME				
	2,474,067	3.6%	2,065,980	3.2%

Principali voci di Conto Economico



Principali voci del Conto Economico in % del Valore della Produzione



Principal Items in Income Statement

- Value of Production
- Added Value
- Gross Operating Margin
- Net Income

Principal Items in Income Statement in % of Value of Production

- Value of Production
- Added Value
- Gross Operating Margin
- Net Income

The year 2019 was a year of consolidating turnover, characterized by a succession of highs and lows in our specific sector. The first quarter was especially positive, while the market struggled to recover after the summer break. Results were nevertheless gratifying and contributed to consolidating the structure of the financial statements and strengthening capital resources, an element that will be particularly important as we face the future. We could never have imagined a similar situation in the country,

after first learning about the coronavirus early in the year. Based on what we know as of the date of this report, the current COVID-19 emergency must be analyzed in terms of both its immediate and medium-/long-term repercussions.

With regard to sales performance, figures for the first quarter of 2020 are substantially in line with the same period for the previous year¹; prospects for the year underway have led us to completely revise the budgets. April will close with a little over zero turnover, and for the month of May we estimate a drop of at least 30%-40% compared to the budget. Moreover, we must still assess how long it will take for the recovery of end markets and the consequent orders, which are influenced by the recovery of the fast fashion sector and confirmation of the business models adopted by major players in the sector. For these reasons, therefore, given the many uncertainties, under the current circumstances we consider it difficult to make a solid forecast. At present we are more confident about the period following the summer break, when we hope that consumer confidence will begin to return.

With regard to business continuity, in terms of competitiveness, cohesiveness and cost effectiveness, that is the company's ability to produce positive results and generate related financial flows over time, we should note that the company's streamlined structure, along with a large number of variable costs, should allow us to adequately handle the emergency and its consequences, provided that the standstill in business recovery does not continue for too long. It should be remembered that most receivables are covered by insurance and that robust provisions guarantee us a certain leeway.

Finally, we are not aware of any particular problems related to unforeseeable events such as tax or labor disputes.

In accordance with Article 2428 Italian Civil Code, following are certain indicators related to financial results.

¹ Note that business activity was suspended on 19/03/2020.

Profitability Ratios	31/12/2019	31/12/2018
ROE	29.88%	30.34%
ROI	9.76%	8.26%
ROS	5.34%	5.42%
ROA	8.76%	7.30%
EBITDA	6.92%	7.38%

Turnover Ratios	31/12/2019	31/12/2018
Invested capital turnover	164.08%	134.78%
Working capital turnover	166.51%	136.02%
Inventory turnover	392.71%	335.79%

Capital and Financial Ratios	31/12/2019	31/12/2018
Coverage of non-current assets	1.847.72%	1.746.38%
Amounts payable to banks over Working Capital	43.55%	38.82%
Short-term amounts payable to banks over Current Assets	21.92%	35.97%
Ratio of indebtedness	80.43%	85.93%
Equity / Invested capital	19.57%	14.07%
Financial charges over Sales	0.33%	0.37%
Financial charges over EBITDA	4.81%	5.02%

Productivity Ratios	31/12/2019	31/12/2018
Value added over Sales	8.78%	8.62%

Liquidity Ratios	31/12/2019	31/12/2018
Current ratio	172.00%	119.78%
Quick ratio (Acid Test)	98.83%	71.11%
Days outstanding - receivables (Duration of credit to customers)	102.02	144.45
Days outstanding – payables	82.37	104.73
Days of inventory (Duration of inventory)	91.67	107.21
Current assets to earnings	59.86%	73.30%

Moreover, in accordance with the provisions of paragraph 2 of Art. 2428, note that:

- 1) we have not engaged in any research and development
- 2) there are no relationships with subsidiaries and affiliates
- 3) we have no treasury shares

4) no treasury shares were bought or sold during the year

5) dividends of €900,000 were approved during 2019

I am at your complete disposal during the shareholders' meeting for any additional clarifications regarding preparation of the Financial Statements at 31.12.2019, accounting principles, and the events that have characterized operations. With the assurance that the data reported correspond to accounting entries, I thus ask you to approve them along with the proposed allocation of profits for the year of €2,474,067.35 as follows:

Euro 123,703.37 to the legal reserve post 2017

Euro 2,350,363.98 to the extraordinary reserve post 2017.

In the meantime, I thank you for the confidence you have placed in me.

VERTEMATE CON MINOPRIO, 12 April 2020

THE SOLE DIRECTOR

(PIERLUIGI BIONDI)

LARIOTEX