



**LARIOTEX**

Integrated  
Report  
21

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**LARIOTEX**

INTEGRATED REPORT 21

# INTEGRATED REPORT ON OPERATIONS 2021

## Letter to stakeholders

### GRI 102-14

Benedict XVI, in his message for World Day of Peace 2010, wrote about the environment: “If in fact, because of human’s cruelty to one another, there are numerous threats to peace and genuine integral human development – wars, international and regional conflicts, terrorist acts and human rights violations – , no less worrying are the threats stemming from a lack of care – or even abuse – of the land and natural resources that God has bestowed.”

These times are such that we have to re-read these words and put them into context in the particular reality that we are experiencing and which presents us with images that deeply affect our consciences on a daily basis. Last year, here, we expressed a clear will: *“We also want it to be a daily commitment, spreading a message that can make us think and reflect about sustainable development and the future generations who we owe it to provide a better and different vision.”* What perspective can war give to those who come and will come after us? We can, in our small way, continue on the path mapped out, focusing our action on choices that aim to ensure the continuity and sustainability of our environment, understood in a sense that includes people, the relationship between them and all the social and economic dimensions that our daily habitat comprises. These are the issues that we have identified as the cornerstone of sustainability, a concept that is present and future at the same time.

This year we are proposing an **integrated report**, which is a further step forward from the decision to publish the sustainability report as a separate document with reference to the previous financial year 2020. This choice is intended to bring forward the European regulatory framework provided for by the EU CSRD (Corporate Sustainability Reporting Directive), and to align Lariotex with best practices.

But integrated reporting is essentially based on the knowledge that environmental and social aspects, including governance, are interlinked with economic and financial aspects, and that an enterprise’s valuation metrics should understand them.

Our effort is to make our action more transparent, aware of our role and our responsibilities, by addressing all those interlocutors who work and collaborate with Lariotex on a daily basis. The 2021 performance also includes environmental and social aspects. In this context, we would like to emphasise, in particular, our commitment to improving the performance rating of chemical management, which is a key area for our industry. We are also aware that sustainability has an important social component. Lariotex has a high level of inclusiveness regarding gender equality: almost 50% of our workforce is female, and, in particular, all heads of department are. In 2021, we also strengthened training for employees, in order to improve safety in the workplace.

As regards the economic and financial results, the financial statements for the year ended at 31 December 2021 closed with a net profit of €3,507,940. This result was achieved by allocating a tax amount of €1,313,834. The Notes to the Accounts provide information relating to the 2021 Financial Statements, including information concerning the financial position and the values relating to the financial resources that the company needed during the financial year, as well as their uses. The integrated report on operations contains information on operations performance.

Pierluigi Biondi



Sole Director

## Sustainability at a glance

		2019	2020	2021
<b>Economic performance</b>				
Economic value generated	EURO MILLIONS	68.9	51.9	76.7
Economic value distributed	EURO MILLIONS	65.8	48.8	74.4
<b>Quality, sustainability &amp; supply chain</b>				
Chemical management- 4sustainability® Lariotex audit results	%	-	64%	74%
Eco-friendly fabric collections	% OF TOTAL SALES	9.7%	28.5%	47.6%
Standards and certifications products/collections		GRS Global Recycle Standard - RCS Recycled Claim Standard FSC Forest Stewardship Council ECOVERO by Lenzing BCI Better Cotton Initiative STANDARD 100 by OEKO-TEX® - OEKO-TEX Standard 100 GOTS Global Organic Textile Standard		
<b>Human resources</b>				
Female staff	%	42.8%	38.5%	47%
Health and safety- work-related injuries	NUMBER	0-	0-	0-
<b>Environment</b>				
Energy consumption (internal)	GJOULE	1,202	1,015	1,242
Direct/indirect emissions (GHG Scope 1 - 2)	tCO <sub>2</sub> e	87	72	86
Indirect emissions (GHG scope 3) – Transport DHL/WtW- Well-to-Whee	tCO <sub>2</sub> e	-	1,332.5	1,086.6

## Methodological Note

**GRI** 102-45 · 102-46 · 102-48 · 102-49 · 102-50 · 102-51 · 102-52 · 102-53 · 102-54

### Integrated reporting

Integrated reporting aims to improve the quality of reporting by presenting a single annual document that accounts to all stakeholders on an enterprise's performance, following an approach to corporate reporting based on aspects related to strategy and objectives, governance and the economic, environmental and social performance of a value-creating company that endures over time. The approach is confirmed in a complex regulatory and regulatory framework, characterised not only by the proposed EU CSRD Corporate Sustainability Reporting Directive, which is under discussion in a legislative context and is coming into force, but also from the EU Taxonomy of sustainable activities and the rapid evolution of standards and reporting frameworks at European and

international level, including the ESRS European Sustainability Reporting Standards currently being published and which European companies will be required to adopt.

The Report on Operations ("**Integrated report on operations**") to the 2021 Financial Statements of Lariotex S.p.A. (hereinafter "Lariotex" or the "Company"), has been prepared taking into account the "International Integrated Reporting Framework" (<IR> Framework) guidelines, updated by the Value Reporting Foundation. The <IR> framework requires integrated reporting to highlight business strategy and prospects, information connectivity, stakeholder relationships, materiality, and that these aspects are handled with an approach based on conciseness, reliability and completeness, consistency and comparability. The <IR> framework outlines the key elements of integrated reporting, the presentation of the enterprise and the external environment, governance, business model, risks and opportunities, strategy and allocation of resources, performance, perspectives, basis of preparation and presentation.

The Integrated Report on Operations includes the information provided for in the Civil Code and the reference legislation, supplemented, according to the approach outlined, also with the sustainability report (reporting), covering in particular environmental, social and governance issues, to ensure an understanding of Lariotex's activities, performance, results and their impact. In the previous financial year 2020, this information was published in a separate document (Sustainability Report).

### Sustainability report

The Sustainability report contained in the Integrated Report on Operations is prepared in accordance with the methodologies and principles set out in the **GRI Sustainability Reporting Standards** (option "In accordance – core"), published by the Global Reporting Initiative ("GRI Standards").

The quantitative data and the information constituting Lariotex's Sustainability report are contained in the paragraphs of the Integrated Report on Operations identified by the infographic specification a **GRI** [nr indicator/GRI Standards].

The Integrated Report on Operations shall contain an appended summary index of the information relating to the various areas covered (GRI Content Index), to enable traceability of the



indicators and other quantitative and qualitative information presented in the document.

The general standards applied to the preparation of the Sustainability report are those established by the GRI Standards: relevance, inclusiveness, sustainability context, completeness, balance between positive and negative aspects, comparability, accuracy, timeliness, reliability and clarity.

The performance indicators used are those provided for by the reporting standards adopted, representing the specific areas of sustainability and consistent with the activities performed by Lariotex and the impacts it has. These indicators were selected according to the relevance analysis (“materiality”) provided for in the GRI Standards, as described in Chapter 02 *Strategy, sustainability and impacts – Impacts – Materiality analysis* section. The material topics identified are consistent with the <IR> guidelines, which define materials as aspects that significantly affect the ability of an organisation to create value in the short, medium and long term.

The scope of reporting the data and qualitative and quantitative information relates to the performance of Lariotex S.p.A. In order to allow a comparison of data over time and the assessment of the performance of Lariotex’s activities, comparative data from the two previous financial years have been included.

Managers of the various Lariotex departments have been involved in the drafting process.

This document (Lariotex annual financial statements, presented in the form of the Integrated Report) was approved by the Shareholders’ Meeting on 12 May 2022. The Sustainability report has been subject to a limited audit by Audirevi S.p.A. on the basis of the principles and indications contained in ISAE3000 (International Standard on Assurance Engagement 3000 - Revised) of the International Auditing and Assurance Standard Board (IAASB).

The annual financial statements, as indicated in the Notes to the Accounts, to which reference is made, have been drawn up in accordance with articles 2423 et seq. of the Civil Code and with the national accounting standards, as published by the Organismo Italiano di Contabilità (Italian Accounting Standard Setter). Audirevi S.p.A. is also the company responsible for auditing Lariotex’s annual financial statements.

This document is published on the Lariotex company website at the address [www.lariotex.com/sostenibilita](http://www.lariotex.com/sostenibilita). To request more information on this subject, go to the following address: [sustainability@lariotex.com](mailto:sustainability@lariotex.com).

# 1. Lariotex

## Profile and identity

**GRI** 102-1 · 102-2 · 102-3 · 102-4 · 102-5 · 102-10

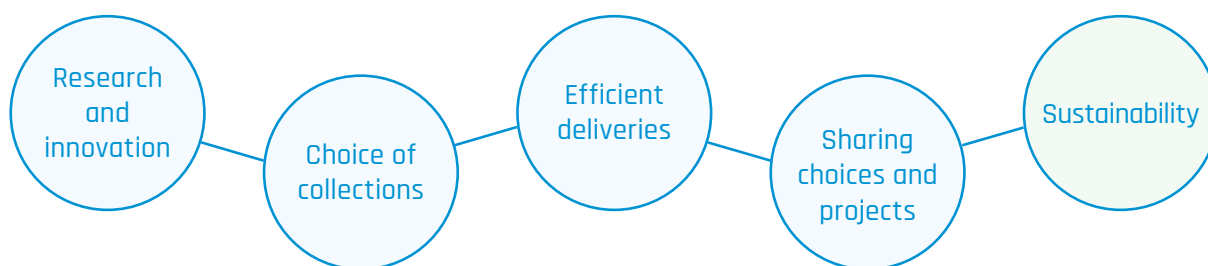
Founded in 2013, Lariotex is based in Vertemate con Minoprio (CO), in a region, that of the textile district of Como, historically devoted to the processing and trade of silk. Lariotex S.p.A. (Lariotex) operates in the wholesale trade of textile products sector, and is a leading partner of Italian and foreign business customers for ready to print and/or ready to dye textiles.

At 31 December 2021, the share capital of Lariotex amounted to €3 million, corresponding to 3 million shares with voting rights. The controlling shareholder is Lariotrade S.r.l. In the financial year 2021, Lariotex's revenue was €76.9 million. At 31 December 2021, the company had 17 employees.

Lariotex works daily to provide its customers with high standards: constant research, an extensive collection and fast and on-time deliveries. The company has one of the most comprehensive fabric offers, focused on fibres such as polyester, viscose, silk and cotton. Wool and flax items are also sold.

The search for innovative solutions to guarantee the quality and sustainability of the offer characterise the Lariotex business model and the relationships with stakeholders in the entire value chain (from the supply chain for the choice of fabrics and sharing of standards, to logistics management, to relationships with employees, relationships with business customers and observing market and consumer dynamics).

Lariotex believes that doing business is **communicating and collaborating to share choices, projects, innovative paths and development strategies throughout the entire value chain. Sustainability is an integral part** of every strategic company decision.



## Lariotex: recent history

**GRI 102-2**

Lariotex is an entity that, founded in the heart of the textile district of Como, is able to provide fabrics in rolls, ready for printing or for dyeing, composed of different types of textile fibres. The fabrics are mainly sourced from China, although to a lesser extent imports are made from other countries such as South Korea and India. Lariotex’s intention, right from its inception, has been to develop items that can satisfy the many requests in the district, not only as regards silk fabrics (a fibre that has historically been associated with the Como textile industry), but also and especially for items made from other, less valuable but mass-consumption fibres, such as polyester and viscose.

As an exclusively **commercial** company, Lariotex does not perform any type of production or working on the fabric, unless requested by the customer and, in this case, it is outsourced to third parties (quality control rather than a process of washing the fabric).



## The market, customers

**GRI 102-6 · 103-2**

The market, which has always been characterised by a small number of specialist importers located in Europe, has inevitably suffered the impact of the pandemic: we are moving on the one hand towards increasing the quantities handled to better exploit economies of scale, and on the other, towards diversification by sales channels, rather than by number of items as samples. We need, as we have already had the opportunity to write in the past, a greater eclectic and dynamic approach to the commercial proposal and to customer requests. Similarly, the supply difficulties linked to Chinese production cycles and the development of the market for ship oil (fewer shipments and more and more expensive spaces) require careful purchasing and planning policies, which only be achieved with close partnerships with customers. In addition, an open dialogue with suppliers enables optimal planning of product purchasing and development policies.

Depending on the market/channel concerned, there are basically 4 types of end customers:

**Fast Fashion** - Market with low-medium level products. Characterised by very high turnover of garments present in store that is reflected in a purchasing policy in which the times between choosing the garment and marketing it are very short. The main players are the Inditex Group (brands Zara, Bershka, Stradivarius, etc.), H&M, Mango, Calzedonia, etc.

**Luxury Fashion** - In the world of high fashion the times for the producing the various articles (clothing and accessories) are longer. Some of the most known brands are those belonging to the Kering Group (Gucci, Yves Saint Laurent, Balenciaga, Bottega Veneta), Dolce & Gabbana, Armani, Valentino, LVMH, etc.

**Ready-to-wear 'planned' fashion** - this is a medium-high range market, with operators such as Patrizia Pepe, Liu Jo, Pinko, Elisabetta Franchi, whose outputs are not as frequent as in fast fashion and which differ by the greater care and stylistic research that goes into the garments.

**Classic ready-to-wear fashion** - in this case, the market is particularly recognised by firms from the Prato district, with almost completely Chinese, low-cost and low-level production.

Most of the production, from the point of view of the end consumer, concerns female attire, which occupies significant slices of all the four sectors identified: exceptions can be found in the luxury sectors, in which accessories are a good component, while Fast Fashion is almost exclusively represented by women's ready-to-wear fashion.

## Research and Development

### GRI 103-2

Research and development, also understood as an ability to innovate, is today, for the reasons just seen, one of the drivers driving the development of the activity. Lariotex's know-how in this area, represented by a cultural heritage and sensitivity developed over time, is without doubt an 'intangible' value. This activity continues to be supported and valued within Lariotex, which continues to invest in people and systems to be able to 'interpret' a fast and dynamic market. It is about the ability to research the product which leads to an almost unique breadth of collections for a textile importer.

The choice of materials is based on the ability to meet customer needs, including sustainability and safety, which are other key issues in Lariotex's commercial policy.

## 2. Strategy, sustainability and impacts

### Reference scenario

**GRI 103-2**

#### **The European Union Green deal and the EU Strategy for sustainable textiles**

The textile sector is a **resource-intensive** sector with significant **climate and environmental impacts: water withdrawals, use of raw materials and greenhouse gas emissions (GHG)**. From a social point of view, the effects of this pressure on resources also occur in other geographical areas, where most of the production takes place.

At the end of March 2022, the European Commission published the EU strategy for sustainable textiles and the EU strategy for sustainable textiles (europa.eu), which was launched in 2021.

The strategy's objective is to move to a climate-neutral circular economy in which products are designed to be more durable, reusable, repairable, recyclable and energy-efficient.

*The textile and clothing sector is economically important in the Union and can play a decisive role in the circular economy. It comprises more than 160,000 companies, employs 1.5 million people and in 2019 generated a turnover of €162 billion. The COVID-19 pandemic has had a negative impact on the industry. Compared to 2019, EU turnover decreased by 9.2% in the textile sector and by 18.1% in the clothing sector in 2020. At the same time, during the pandemic, the textile ecosystem demonstrated proof of resources and ingenuity, managing to refocus production lines in record time and provide masks and other protective devices that were extremely necessary but were not available in sufficient quantities.*

SOURCE: COMMUNICATION FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND TO THE COMMITTEE OF THE REGIONS - EU STRATEGY FOR SUSTAINABLE TEXTILE PRODUCTS AND CIRCULARS COMMUNICATION FROM THE EUROPEAN COMMISSION OF 30 MARCH 2022.

The strategy for sustainable and circular textiles aims to create a coherent framework and vision for the transition of the textile sector, focusing in particular on **sustainable and recyclable products, to a large extent made of recycled fibres, free from dangerous substances and products with respect for social rights and the environment.**

The key actions for sustainable and circular textiles identified by the EU Commission are:

- Introduction of binding eco-compatible design specifications
- Put an end to the destruction of unsold fabrics
- Combating microplastic pollution
- Introduction of information requirements and a digital passport for products
- Environmental self-declarations for truly sustainable textile products
- Extended producer liability and promotion of the reuse and recycling of textile waste

In order to facilitate the transition of the textile industry and create favourable competitive conditions, the European Commission has identified some main lines of action: a) initiate the transition path for the textile ecosystem of the future; b) end overproduction and excessive consumption of clothing: make fast fashion go out of fashion; c) ensure fair competition and compliance with rules in a well-functioning internal market; d) support research, innovation and investment; e) development of the skills necessary for ecological and digital transitions.

The scenario outlined and the contextual and rapid technological changes also require new skills and the need for an international workforce ready to adapt continuously. Sustainability, understood in its economic – environmental – social and governance significance, is therefore a strategic priority for the sector, with impacts on the entire value chain: dissemination into the supply chain of sustainable practices (environmental, social and governance) and its traceability, capacity for innovation, responsible and efficient use of natural resources.

## Lariotex: sustainability by choice

### GRI 102-16

Lariotex pursues its market objectives by adopting policies and lines of action which place a considerable focus on the management of chemical materials and on the marketing of eco-friendly fabric lines, which complement sustainability and represent key points of reference of its business model:



#### **Chemical management**



#### **Eco-friendly fabrics**

Policies on the use of chemical components show a choice for the health of end-users and users of textile products, but also a willingness and commitment to minimise the environmental impacts associated with the processes of spinning, weaving and dyeing of raw materials and textile fibres.

## SDGs commitment – Sustainable Development Goals

Lariotex has defined its commitments to sustainable development with specific reference to the United Nations Agenda 2030 and the integral part of the Sustainable Development Goals (SDGs). Lariotex conducted an analysis of the 17 SDGs and 169 targets underlying them. Identifying those priority goals/targets, relative to its model, footprint and business and regional relationships.



## LARIOTEX

SDG & Target	Actions and scope of impact
 <p><b>3</b> GOOD HEALTH AND WELL-BEING</p> <p><b>Ensure healthy lives and promote well-being for all at all ages.</b></p> <p>3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<p>Adoption of PRSL 4sustainability and MRSL ZDHC protocols to control and eliminate toxic and harmful substances in the textile sector.</p>
 <p><b>5</b> GENDER EQUALITY</p> <p><b>Achieve gender equality and empower all women and girls.</b></p> <p>5.5 Ensure women's full and effective participation and equal opportunities for leadership.</p>	<p>Adoption of policies that ensure gender equality and female leadership (heads of departments/business areas)</p>
 <p><b>8</b> DECENT WORK AND ECONOMIC GROWTH</p> <p><b>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.</b></p> <p>8.1 Sustain per capita economic growth in accordance with national circumstances.</p> <p>8.8 Protect labour rights and promote safe and secure working environments for all workers.</p>	<p>Investment and economic development policies - business model.</p> <p>Policies to guarantee the working environment (health and safety at work and conditions guaranteeing the right to work).</p>
 <p><b>12</b> RESPONSIBLE CONSUMPTION AND PRODUCTION</p> <p><b>Ensure sustainable consumption and production patterns.</b></p> <p>12.4 (...) achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, (...), and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment.</p> <p>12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>	<p>Adherence to PRSL 4sustainability and MRSL ZDHC protocols to eliminate toxic and harmful substances in the textile sector.</p> <p>Development and gradual expansion of the weight of eco-friendly collections (use of recycled and reconditioned fabrics and related certifications).</p>
 <p><b>13</b> CLIMATE ACTION</p> <p><b>Promote actions, at all levels, to combat climate change.</b></p> <p>13.2 Integrate climate change measures into national policies, strategies and planning.</p>	<p>Monitoring of greenhouse gas emissions by logistics service providers and their choice based on environmental criteria.</p>
 <p><b>15</b> LIFE ON LAND</p> <p><b>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.</b></p> <p>3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.</p>	<p>Development and gradual expansion of the weight of eco-friendly collections and ensure sustainable forest management: a) use of recycled and reconditioned fabrics and related certifications b) Adherence to BCI better Cotton Initiative c) Use of FSC paper/cardboard packaging to guarantee proper forest management and product traceability.</p>

## Impacts - Materiality analysis

**GRI** 102-40 • 102-42 • 102-43 • 102-44 • 102-47 • 103-1

### Role and relations with stakeholders

Stakeholders are individuals or groups with interests, assessments and expectations. The company strategies are at, in constant discussions with its own stakeholders, through the system of relationships and dialogue, a crucial moment, which favours the conditions for a better definition of the business goals and actions. An appropriate system of stakeholder engagement and relationships enables market scenarios, the impacts of changes, risks and opportunities underway to be grasped and assessed. Lariotex manages the dialogue with the different categories of stakeholders according to different instruments and methods, which take into account the nature of the different categories of stakeholders.

Stakeholder	Strumenti di coinvolgimento / relazione
Shareholder	Shareholders' Meeting.
Banks/Lenders	Meetings - exchange of information, in particular on sustainability commitments - regular reports on request.
Employees	Dialogue with management and ongoing training activities (chemical management, sustainability, etc.) - Corporate welfare initiatives (open pension fund, meal vouchers) - Company intranet - Informal meetings and regular business events - survey (in the form of a survey) to assess the material topics.
Suppliers (goods and services)	Reporting supply chain environmental impacts – Sharing of chemical management practices – Business meetings and visits to the company and to suppliers' sites - Events and national and international industry trade fairs - Partnerships with suppliers to develop new articles and for optimal management of analyses of textiles of Chinese origin.
Customers	Business meetings and company visits - Self-assessment questionnaires - end customers/supply chain audits - Product research partnerships – sharing information on sustainability and textile chemicals presence
Public authorities	National and local public bodies/National/local authorities - Supervisory and regulatory bodies: meetings/sending and exchanging communications to meet requirements or specific requests.
Media	Institutional website – Publication of financial statements and sustainability commitment report on website.
Community and local area	Meetings with representatives of local communities - Visits to the company.

### Materiality analysis

The relevant aspects (topics, issues), as indicated by the GRI Standards are those topics that reflect **significant (positive and negative) impacts of a firm on the economy and the environment and people**, taking account of the expectations and interests and evaluations of its stakeholders.

The **European Commission**, most recently in the proposal for the new CSRD Directive (Corporate Sustainability Reporting Directive - April 2021) and previously in the guidelines published in June 2019 on climate change reporting (NFRD/Non-Financial Reporting Directive - Directive 95/2014), has integrated the definition of material topics, introducing the concept of double materiality.



According to this approach, material topics are (a) aspects that may have significant impacts on the development, performance and, consequently, on the financial value of a company; (b) social and environmental areas and issues on which the company, through its own activity, has a significant impact (Impact Materiality). The two directions of materiality are obviously interconnected.

The process of materiality analysis is aimed at identifying and evaluating impacts by the organisation, also through the involvement of stakeholders, systematic activities and not necessarily related to the sustainability reporting process. For the purposes of this document, the process has been structured as follows:

#### The process

1	Stakeholder mapping.
2	Sector benchmarking analysis (national and international comparables).
3	Macro trend analysis and market scenarios (intelligence).
4	Workshops with managers of Lariotex departments on the business model and company priorities.
5	Stakeholders - engagement evidence/activities carried out - feedback from recurrent engagement activities and interaction with stakeholders.
6	Specific survey on material topics carried out: management (with assessment for reference stakeholders) and employees.
7	Validation of the materiality topics and the level of priority by the Sole Director.

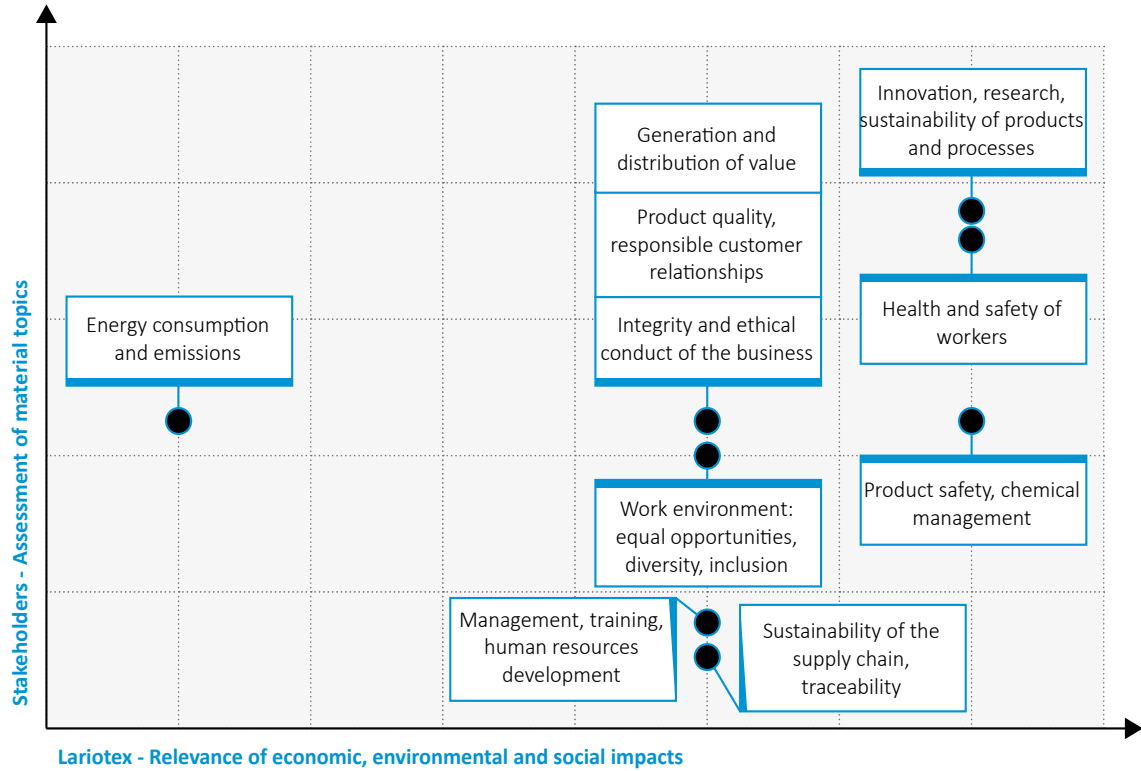
With respect to the materiality analysis for the 2020 Sustainability Report, some topics have been redefined and an examination process has been carried out, which has allowed an updated representation that reflects the correlations. In summary:

- Product quality has been considered a matter of concern within the customer relationship, labelling and responsible marketing policies;
- Innovation is part of the process related to the sustainability of materials and products (reduction of environmental impact);
- Product safety/customer health closely related to chemical management policies.
- A distinction has been made between human resources issues: management and development of skills in relation to the working environment (equal opportunities and diversity).

The material topics identified were grouped according to areas which allow them to be better represented. These topics have a different level of impact, but generally apply to all stakeholders. The impacts of the topics are generated by Lariotex, through relations with various stakeholders (internal and external).

Topics	Impacts and motivations relevance of the topic	Reporting GRI STANDARDS (SPECIFIC TOPICS)
Governance - Economic		
1 - Integrity and conduct business ethics	Compliance and integrity in conducting business are conditions necessary for the business and have impacts on relationships with all stakeholders. The governing body responsible for a company requires the standards to be followed and the ethical standards to be applied.	GRI 205 Anti-corruption GRI 206 Behaviour anti-competition GRI 307 Environmental compliance GRI 418 Customer privacy GRI 419 Socio-economic compliance
2 - Value generation and distribution	The ability to generate economic and financial value is an objective essential to ensure the continuity of the enterprise over time and the distribution of value to stakeholders.	GRI 201 Creation and distribution of value
Business model: Industry - Customers - Products		
3 - Product quality and responsible customer relationships	The quality of the product, the ability to respond to requests and policies on the transparency on product characteristics and responsible marketing have key impacts on customer relationships.	GRI 417 Marketing/ labelling of products and services
4 - Safety of the product and chemical management	Research on materials and fabrics is an aspect that strengthens a company's business model and its profile sustainability. Innovation in the sector reduces the environmental impacts related to production processes and raw materials used.	GRI 416 Health and safety of customers
5 - Innovation, research and sustainability products and processes	Research & innovation on textile products aims to reduce the significant environmental impacts of the entire industry: raw materials - innovative and eco-sustainable fabrics - circular economic models and practices, impact on overall waste & scrap production - packaging, guaranteeing the quality of the product, to strengthen the business model and the competitive position of companies.	GRI 301 Materials
6 - Sostenibilità della catena di fornitura e tracciabilità	A sustainable business model requires consistent management supply chain, i.e. qualification, selection and monitoring of suppliers based on criteria that also include environmental and social aspects. Supplier management according to environmental and social parameters also strengthens the degree of engagement and partnerships for sustainability.	GRI 308 Environmental assessment of suppliers GRI 414 Social assessment of suppliers
Environment		
7 - Energy consumption and emissions	The impact generated directly relates primarily to consumption for site operation. The topic has one significant importance for aspects related to Incoming logistics management (purchases).	GRI 302 Electricity GRI 305 Emissions
Human resources		
8 - Management, training and development human resources	Management and the ability to ensure adequate training paths and people development are enabling organisational conditions for the establishment and strengthening of the business model and the capacity of a company to achieve its goals and endure over time.	GRI 401 Employment GRI 404 Training and education
9 - Work environment: equal opportunities, diversity and inclusion	The quality of the work environment, which should encourage and improve the quality of the work environment overall performance of a company, includes the conditions of equal opportunities and promoting diversity (in its various forms), welfare tools, work-life balance and inclusion.	GRI 401 Employment GRI 405 Diversity and equal opportunities GRI 406 Non-discrimination
10 - Salute e sicurezza dei lavoratori	Business management sees the guarantee of health conditions and safety at work as an essential and cross-cutting aspect in relation to potential impacts. Constant monitoring is therefore required of sensitive processes, with particular regard to the prevention of accidents for all staff.	GRI 403 Health and safety at work

The materiality analysis carried out also included an assessment of the priority of the main topics, which is shown below visually. Priority topics are those linked to product and process innovation, health and safety at work and product safety.



### 3. Economic and financial sustainability

#### Performance over the period

The international situation that has been created is visible to everyone. In the last two years, here, we have found ourselves commenting on events that are absolutely unimaginable, both in their genesis and in their development, from the outbreak of the pandemic to the subsequent waves of contagion to the current events of the war in Ukraine.

The long-awaited recovery has been reduced by the adverse economic situation that has arisen because of the rising prices of raw materials, inflationary dynamics and the present and future consequences of the ongoing conflict. The most immediate and direct consequence of Lariotex's operations remains the incredible and disproportionate increase in ship freight, which increased tenfold compared to the previous 18/24 months.

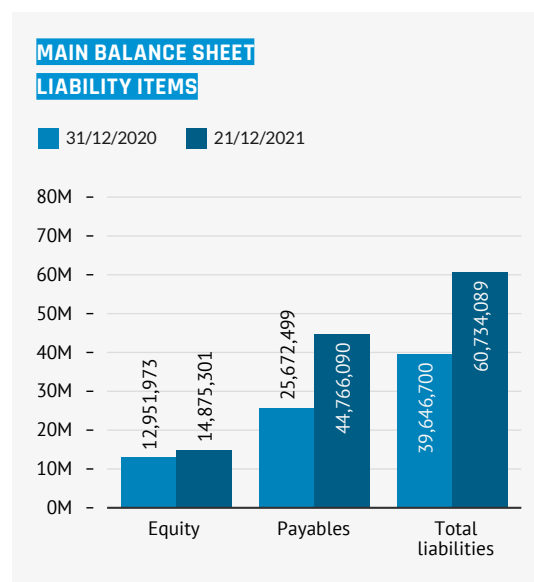
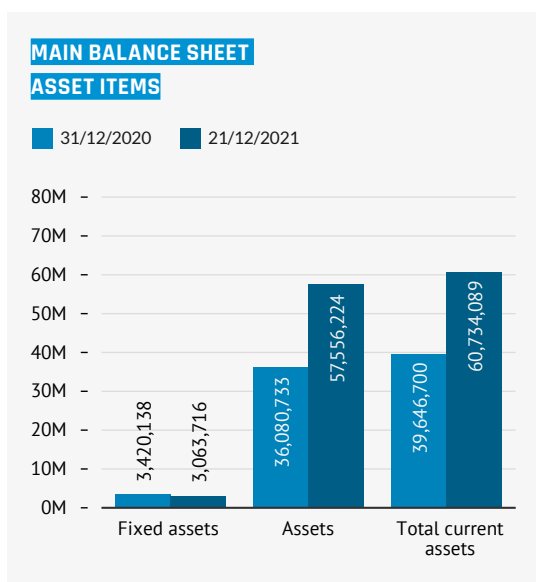
With reference to the information provided by art. 2428 of the Civil Code, the data and information concerning the Company's financial, asset and economic position are given below.

#### Asset and financial position

The balance sheet can thus be summarised in financial terms:

<b>BALANCE SHEET ASSETS</b>	<b>31/12/2021</b>	<b>31/12/2020</b>	<b>Diff.</b>	<b>Diff. %</b>
Receivables from shareholders	0	0	0	
Fixed assets	3,063,716	3,420,138	-356,422	-10.4%
Intangible	2,747,683	3,051,537	-303,854	-10.0%
Tangible Financial		240,212	-25,568	-10.6%
Finanziarie		128,389	-27,000	-21.0%
<i>of which Short-term loans</i>	0	0	0	
<i>of which Receivables from subsidiaries, associates, parent companies and companies subject to the control of parent companies</i>	0	0	0	
<i>of which Investments</i>	0	0	0	
<i>of which Financial derivative instrument assets</i>	0	0	0	
Current assets	57,556,224	36,080,733	21,475,491	59.5%
Inventory 23,271,285	23,271,285	17,890,218	5,381,067	30.1%
Tangible fixed assets intended for sale	0	0	0	
Receivables		15,396,467	10,813,816	70.2%
<i>of which Short-term loans</i>	25,831,419	15,173,364	10,658,055	70.2%
<i>of which m/l-term loans</i>	0	0	0	
<i>of which Pre-paid tax credits</i>	378,864	223,103	155,761	69.8%
<i>of which Trade receivables</i>	22,018,740	13,100,988	8,917,752	68.1%
Financial assets	658,422	919,606	-261,184	-28.4%
Cash and cash equivalents	7,416,234	1,874,442	5,541,792	295.7%
Pre-paid expenses and accrued income	114,149	145,829	-31,680	-21.7%
<b>Total assets</b>	<b>60,734,089</b>	<b>39,646,700</b>	<b>21,087,389</b>	<b>53.2%</b>

<b>BALANCE SHEET LIABILITIES</b>	<b>31/12/2021</b>	<b>31/12/2020</b>	<b>Diff.</b>	<b>Diff. %</b>
Equity	14,875,301	12,951,973	1,923,328	14.8%
Share capital	3,000,000	3,000,000	0	0.0%
Total Equity reserves	8,367,361	7,032,563	1,334,798	19.0%
<i>of which Share premium reserve</i>	0	0	0	
<i>of which Revaluation reserve</i>	2,373,971	2,607,772	-233,801	-9.0%
Profit (loss) carried forward	0	0	0	
Profit (loss) for the year	3,507,940	2,919,410	588,530	0
Loss covered over the year	0	0	0	
Minority shareholders' equity	0	0	0	
Capital and third-party reserves	0	0	0	
Third-party profit	0	0	0	
Provisions for risks and charges	888,407	931,678	-43,271	-4.6%
<i>of which Tax provisions</i>	0	0	0	
Severance pay		78,522	20,729	26.4%
Payables		25,672,499	19,093,591	74.4%
<i>of which Short-term payables</i>	36,469,856	15,059,470	21,410,386	142.2%
<i>of which Long-term payables</i>	8,296,234	10,613,029	-2,316,795	-21.8%
Short-term bank borrowings	9,589,034	7,004,291	2,584,743	36.9%
Medium/Long-term bank borrowings	8,296,234	10,613,029	-2,316,795	-21.8%
Payables to suppliers	25,343,561	6,782,609	18,560,952	273.7%
Payables to others	1,537,261	1,272,570	264,691	20.8%
Accrued liabilities and deferred income	105,040	12,028	93,012	773.3%
<b>Total liabilities</b>	<b>60,734,089</b>	<b>39,646,700</b>	<b>21,087,389</b>	<b>53.2%</b>



At the year-end date the net working capital, calculated as the difference between the gross working capital and payables due by the end of the following financial year, amounted to a total of €20,716,613, while on the same date of the previous financial year it amounted to a total of €20,931,961.

## Income statement

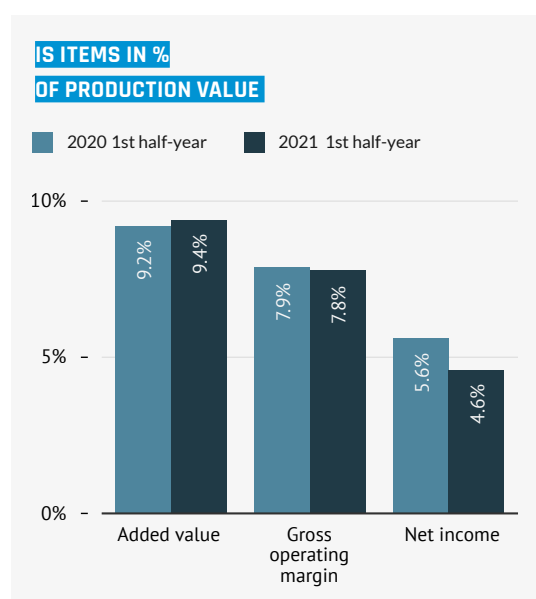
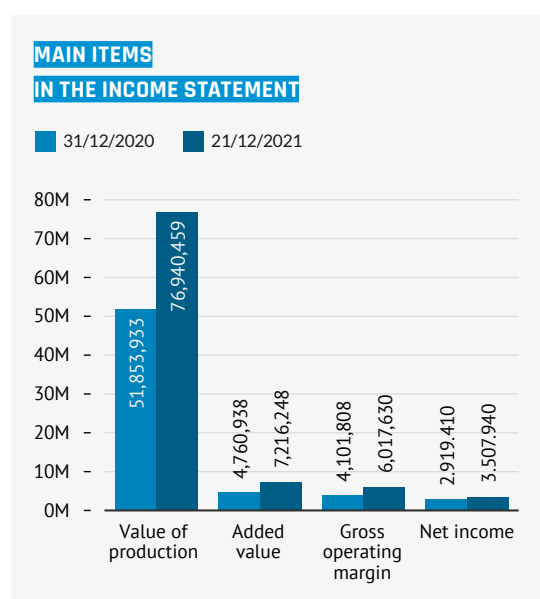
With regard to the performance of costs and revenue, the income statement is presented compared with the previous year by highlighting absolute deviations and percentages.

INCOME STATEMENT		31/12/2021	31/12/2020	Diff.	Diff. %
A)	PRODUCTION VALUE	76,940,459	51,867,861	25,072,598	48.3%
1)	Revenue from sales and services	76,795,050	51,794,749	25,000,301	48.3%
2)	Changes in inventories of unfinished, semi-finished and finished products	0	0	0	
3)	Change to work in progress made-to-order	0	0	0	
4)	Increases of assets for internal work	0	0	0	
5)	Other revenue and income	145,409	73,112	72,297	98.9%
	Operating grants	0	4,654	-4,654	-100.0%
	Revenue and sundry income	145,409	68,458	76,951	112.4%
B)	PRODUCTION COSTS	71,538,729	47,854,427	23,684,302	49.5%
6)	Costs for raw materials, supplies, consumables and goods	68,270,303	42,448,168	25,822,135	60.8%
7)	Costs for services	6,701,790	4,701,349	2,000,441	42.6%
8)	Costs for use of third-party assets	133,185	154,007	-20,822	-13.5%
9)	Staff costs	785,152	599,946	185,206	30.9%
a)	Salaries and wages	588,298	435,849	152,449	35.0%
b)	Social security charges	157,799	131,156	26,643	20.3%
c)	Employee's severance pay	39,055	32,941	6,114	18.6%
d)	Pension pay and similar obligations	0	0	0	
e)	Other staff costs	0	0	0	
10)	Depreciation and write-downs	729,720	120,368	609,352	506.2%
a)	Depreciation of intangible fixed assets	322,733	39,850	282,883	709.9%
b)	Depreciation of tangible fixed assets	48,870	45,518	3,352	7.4%
c)	Other fixed asset write-downs	0	0	0	
d)	Write-downs of loans included in current assets and cash available	358,117	35,000	323,117	923.2%
11)	Changes to stocks of raw materials, consumables, supplies and goods	-5,381,067	-210,529	-5,170,538	2456.0%
12)	Provision for risks	268,057	0	268,057	
13)	Other provisions	0	0	0	
14)	Sundry operating costs	31,589	41,118	-9,529	-23.2%
	<b>DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS</b>	<b>5,401,730</b>	<b>4,013,434</b>	<b>1,388,296</b>	<b>34.6%</b>
C)	FINANCIAL INCOME AND CHARGES	-564,570	-26,118	-538,452	2061.6%
15)	Income from investments	120	0	120	
	From subsidiaries	0	0	0	
	From associates	0	0	0	
	From parent companies	0	0	0	
	From companies subject to the control of parent companies	0	0	0	
	From other companies	120	0	120	
16)	Other financial income	78,589	45,687	32,902	72.0%
a)	Financial income from receivables entered in fixed assets	0	0	0	
	From subsidiaries	0	0	0	
	From associates	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 income from securities other than holdings entered in Fixed assets	0	0	0	
c)	Financial income from securities other than holdings entered in Current Assets	76,691	44,003	32,688	74.3%
d)	Other income	1,898	1,684	214	12.7%
	From subsidiaries	0	0	0	
	From associates	0	0	0	
	From parent companies	0	0	0	
	From companies subject to the control of parent companies	0	0	0	
	From other companies	1,898	1,684	214	12.7%
17)	Interest and other financial charges	316,129	363,738	-47,609	-13.1%
	To subsidiaries	0	0	0	
	To associates	0	0	0	
	To parent companies	0	0	0	
	To companies subject to the control of parent companies	0	0	0	
	To other companies	316,129	363,738	-47,609	-13.1%
17-bis)	Profit and loss on exchange rates	-327,150	291,933	-619,083	-212.1%
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	-15,386	-48,333	32,947	-68.2%
18)	Revaluations	0	0	0	
a)	Revaluations of shareholdings	0	0	0	
b)	Revaluations of financial fixed assets	0	0	0	
c)	Revaluations of securities entered in Current Assets	0	0	0	
d)	Revaluations of derivative financial instruments	0	0	0	
	Revaluations of financial assets for centralised treasury management	0	0	0	
19)	Write-downs	15,386	48,333	-32,947	-68.2%
a)	Write-downs of equity investments	0	0	0	
b)	Write-downs of financial fixed assets	0	0	0	
c)	Write-downs of securities entered in Current Assets	14,442	30,039	-15,597	-51.9%
d)	Write-downs of derivative financial instruments	944	18,294	-17,350	-94.8%
	Write-downs of financial assets for centralised treasury management	0	0	0	
	PRE-TAX PROFIT	4,821,774	3,938,983	882,791	22.4%
20)	Income tax for the year, current deferred and pre-paid	1,313,834	1,019,573	294,261	28.9%
	Current income tax for the year	1,469,595	939,076	530,519	56.5%
	Taxes relating to previous years	0	0	0	
	Deferred and pre-paid income tax for the financial year	-155,761	80,497	-236,258	-293.5%
	Income (charges) from joining the consolidated tax/tax transparency scheme	0	0	0	
21)	Profit (loss) for the year	3,507,940	2,919,410	588,530	20.2%
	Group profit (loss) for the year	0	0	0	
	Third-party profit (loss) for the year	0	0	0	
	<b>Profit (loss) for the year</b>	<b>3,507,940</b>	<b>2,919,410</b>	<b>588,530</b>	<b>20.2%</b>

As regards the income situation, I present the income statement reclassified for margins and correlated with the statement from the previous financial year.

RECLASSIFIED INCOME STATEMENT FOR MARGINS	31/12/2021	% of Prod. value	31/12/2020	% of Prod. value
PRODUCTION VALUE	76,940,459	100.0%	51,853,933	100.0%
- Materials consumption	62,889,236	81.7%	42,237,639	81.5%
- Overheads	6,834,975	8.9%	4,855,356	9.4%
ADDED VALUE	7,216,248	9.4%	4,760,938	9.2%
- Other revenue	145,409	0.2%	59,184	0.1%
- Staff costs	785,152	1.0%	599,946	1.2%
- Provisions	268,057	0.3%	0	0.0%
GROSS OPERATING MARGIN	6,017,630	7.8%	4,101,808	7.9%
- Depreciation and Write-downs	729,720	0.9%	120,368	0.2%
CORE OPERATING PROFIT (Net operating margin)	5,287,910	6.9%	3,981,440	7.7%
+ Other revenue	145,409	0.2%	59,184	0.1%
- Sundry costs	31,589	0.0%	41,118	0.1%
INCOME BEFORE FINANCIAL MANAGEMENT	5,401,730	7.0%	3,999,506	7.7%
+ Financial income	78,709	0.1%	45,687	0.1%
+ Profit and loss on exchange rates	-327,150	-0.4%	291,933	0.6%
OPERATING PROFIT (Current margin before financial)	5,153,289	6.7%	4,337,126	8.4%
- Financial charges	316,129	0.4%	363,738	0.7%
INCOME BEFORE FINANCIAL ASSET AND LIABILITY ADJUSTMENTS	4,837,160	6.3%	3,973,388	7.7%
+ Value adjustments of financial assets and liabilities	-15,386	0.0%	-48,333	-0.1%
+ Share from non-operating (area)	0	0.0%	13,928	0.0%
PRE-TAX INCOME	4,821,774	6.3%	3,938,983	7.6%
- Taxes	1,313,834	1.7%	1,019,573	2.0%
<b>NET INCOME</b>	<b>3,507,940</b>	<b>4.6%</b>	<b>2,919,410</b>	<b>5.6%</b>





Below, in accordance with that stated in article 2428 of the Italian Civil Code, some indicators concerning the financial and economic result are provided.

	31/12/2021	31/12/2021
<b>Profitability indices</b>		
ROE	23.58%	22.54%
ROI	8.71%	10.04%
ROS	7.03%	7.72%
ROA	8.89%	10.09%
GOM on Revenue	7.84%	7.92%
<b>Turnover ratios</b>		
Invested capital turnover	126.44%	130.64%
Working capital turnover	133.43%	143.55%
Warehouse turnover	330.00%	289.51%
<b>Balance sheet and financial ratios</b>		
Hedging of fixed assets	458.53%	378.70%
Banks to working capital	31.07%	48.83%
Short-term banks to working capital	16.66%	19.41%
Debt Ratio	75.51%	67.33%
Own funds/Invested capital	24.49%	32.67%
Borrowing costs to Revenue	0.41%	0.70%
Borrowing costs to GOM	5.25%	8.87%
<b>Productivity ratios</b>		
Added value to Revenue	9.40%	9.19%
<b>Liquidity ratios</b>		
Current ration	156.64%	238.88%
Immediate liquidity ratio (Acid Test)	93.02%	120.18%
Days of credit to customers (Duration of trade receivables)	104.65	92.58
Days of credit from suppliers	123.17	52.48
Days of stock (Duration of stocks)	110.61	126.42
Intensity rate of Current Assets	74.60%	69.51%

Lariotex's target markets are mainly Italy-based customers (76.1% in 2021). The share of sales revenue in the European Union was 19% in 2021.

	2019		2020		2021	
	Revenue	%	Revenue	%	Revenue	%
Italy	61,229	88.2%	41,894	80.9%	58,468	76.1%
European Union	7,681	11.1%	8,904	17.2%	14,599	19%
Other countries	520	0.7%	997	1.9%	3,728	4.9%
Total	69,430	100.0%	51,795	100.0%	76,795	100%

## Value generated and distributed

**GRI** 102-7 · 103-2 · 103-3 · 201-1

The direct economic value generated and distributed highlights the allocation of value distributed to the various internal and external stakeholders and is calculated by reclassifying the income statement from the annual financial statements. In particular, the value generated refers to Lariotex's net revenue (Revenue, Other operating income, Financial income, net of Losses on receivables), while the distributed Economic Value includes costs reclassified by stakeholder category, combined, where present, with dividends distributed to shareholders.

The economic value retained relates to the difference between the economic value generated and distributed, and includes depreciation of tangible and intangible assets, provisions, pre-paid and deferred taxes. To assess Lariotex's business model, the overwhelming majority of the value distributed is to suppliers. During the three-year period considered dividends totalling €1,700,000.00 were distributed.

<b>ECONOMIC VALUE GENERATED AND DISTRIBUTED</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
<b>Economic value generated</b>	<b>68,889,284</b>	<b>51,878,548</b>	<b>76,661,051</b>
<b>Economic value distributed</b>			
Suppliers - Operating expenses	(63,806,198)	(46,842,180)	(70,082,950)
Human resources - Staff costs	(660,677)	(599,946)	(785,152)
Banks and other lenders - Financial charges	(230,975)	(363,738)	(316,129)
Public authorities - Taxes	(1,137,953)	(939,076)	(1,469,595)
Shareholders - Dividends distributed	(900,000)	(615,000)	(1,700,000)
<b>Economic value distributed</b>	<b>(66,735,803)</b>	<b>(49,359,940)</b>	<b>(74,353,826)</b>
<b>Economic value retained</b>	<b>2,153,481</b>	<b>2,518,608</b>	<b>2,307,225</b>

## 4. Governance

### Governance of Lariotex

**GRI 102-10 · 102-18**

- **Shareholders' meeting** - matters required by law and the articles of Association.
- **Sole Director** - company management. The Sole Director is vested with the most extensive powers for ordinary and extraordinary company administration, with the right to carry out any actions he deems appropriate to achieve the corporate purpose, excluding those which the law reserves for the Shareholders' Meeting.
- **Statutory auditors** - supervision.

The statutory audit is entrusted to Audirevi S.p.A.

As a result of the adoption of the Organisation, Management and Control Model under the terms of Legislative Decree No. 231/2001 ("Model 231") a Supervisory Body was also appointed in 2021, which ensures correct operation of "Model 231" and ensures it is updated.

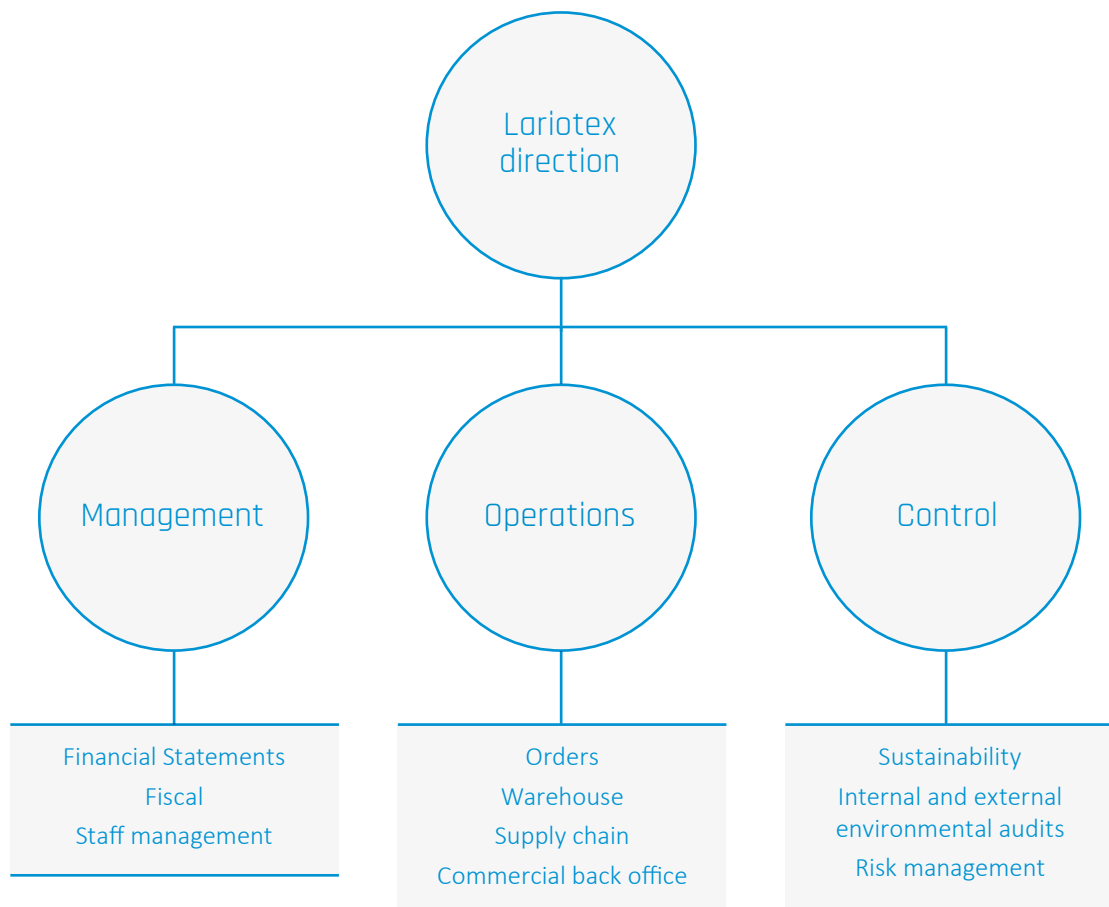
#### **Sole Director**

Pierluigi Biondi	Sole Director
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#### **Board of Statutory Auditors**

Francesco Gianluca Pecere	Chairman
Gianmario Ferrari	Auditor
Giuseppe Erba	Auditor
Public authorities	National and local public bodies/National/local authorities - Supervisory and regulatory bodies: meetings/sending and exchanging communications to meet requirements or specific requests.
Media	Institutional website – Publication of financial statements and sustainability commitment report on website.
Community and local area	Meetings with representatives of local communities - Visits to the company.

## Organisational structure



The 3 department managers, reporting directly to the Sole Director (Management) are female, two of whom have been executives since 2021.

## Associations and external initiatives

**GRI** 102-12 · 102-13

**Codes of conduct/standards adhered to** - Please refer to Chapter 5 (Quality, sustainability and the role of the supply chain) with regard to the information on the organisations and initiatives Lariotex adheres to, with specific reference to fabric production according to standards that are consistent with environmental and social sustainability, in particular, the BCI - Better Cotton Initiative and ZDHC – Zero Discharge Hazardous Chemicals.

**Associations** - Lariotex has been a member of Confindustria since 2021.

## Ethics and integrity in business management

**GRI** 103-2 · 103-3 · 205-3

### Organisation, Management and Control Model Legislative Decree No. 231/2001

The Organisation, Management and Control Model under the terms of Legislative Decree No. 231/2001 (“Model 231”) was adopted by a resolution of the Shareholders’ Meeting of **28 June 2021**.

**Legislative Decree 231/2001** concerning the “*Administrative liability of legal persons, companies and associations, also without a legal personality*” introduced the administrative liability of companies into our legislation. The afore-mentioned liability arises when a certain offence is committed, expressly set out in the Decree, in the interest or to the advantage of the company, by persons (and their subordinates) who exercise (de jure and de facto) representation, administration and management tasks. Administrative liability also applies to the offender’s staff and involves the application of sanctions (fines and disqualifications) to the company as an autonomous legal entity.

The purpose Model 231 is as a measure to **prevent** the risk of committing the offences expressly set out in Legislative Decree No. 231/2001. Model 231 also has an **exemption** effect, as it allows the company to be waived of any liability. For this purpose, pursuant to the provisions referred to in article 6 paragraph 2 of the Decree, Model 231 must meet the following **requirements**:

1. Identify sensitive activities where liable offences could be committed.
2. Produce specific protocols to define the making and implementation of company decisions in relation to preventing offences.
3. Identify the methods for managing the adequate financial resources to prevent the commission of these offences.
4. Provide information obligations in respect of the body tasked with monitoring operation and compliance with Model 231.
5. Introduce a suitable system to internally govern failure to comply with the measures indicated in Model 231.

Model 231 adopted by Lariotex consists of:

1. a **General Part**, with the related appendices, which contains an analysis of Legislative Decree No. 231/2001, a description of the business conducted by the company and a definition of the structure necessary for effective and efficient implementation of Model 231.
2. **Code of Ethics and Conduct**, which contains all the rights, duties and responsibilities of the company in respect of “stakeholders” (employees, suppliers, customers, Public Authorities, shareholders, financial markets, etc.). This code has the function of “recommending, promoting or banning certain behaviours, regardless of that expected at regulatory level, providing sanctions proportionate to the severity of the infringements committed”.
3. a Special Part, with the related appendices, whose purpose is to:
  - a. identify the sensitive activities of committing offences and the related preventive measures.

- b. specify the rules that the exponents and company departments are required to observe for correct application of Model 231.
- c. equip the Supervisory Board and the other control functions with the tools to carry out monitoring, control and audit tasks.

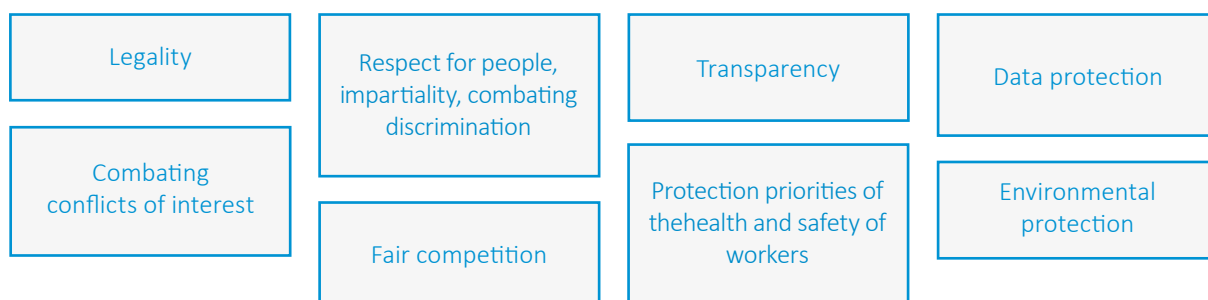
The Special Part comprises several sections that relate to the various corporate functions.

The adoption of Model 231 involved the setting up of the Supervisory Board (SB), which is entrusted with the task of supervising the operation and observance of Model 231 and ensuring it is updated. The SB is required to and carries out audit work aimed at checking the correct application of the rules defined and that Model 231 as a whole can respond to the risk profiles highlighted.

During the financial year 2021, as well as in previous financial years subject to reporting, no episodes of asset or liability corruption were established involving directors or employees of Lariotex.

### Code of Ethics and Conduct - General standards

The Code of Ethics and Conduct (“Code”) is an integral part of Model 231 adopted by the Company and contains a series of business ethics standards, i.e. a set of rights and obligations of the Company in relation to stakeholders. The values and standards contained in the Code reflect the ethical standards on which the Company’s work is based, hereinafter called:



The “Code” and Model 231 are available using this link: [Institutional communications - LARIOTEX](#).

## Sustainability policy

**GRI 102-15 · 103-2 · 103-3**

Lariotex does not believe ethics and profit conflict, since there can be no economic development that is separate from social and environmental matters. Since 2018, the company has consequently adopted a Sustainability policy, which envisages **objectives related to environmental and social aspects**. The aim is to contribute to generating positive change globally, taking clear environmental and social responsibility.

### Environmental responsibility

Lariotex tackles the aim of reducing the environmental impact its business, by adopting an approach to monitoring and continuous improvement of performance, starting from compliance with the regulations in force with a constant focus on innovation, research and development.

In this respect, see Chapter 05 *Quality, sustainability and the role of the supply chain – Chemical management of this Report*. Specifically:

- Reducing the release of pollutants in the productive processes of its supply chain and respecting the limits for the presence of hazardous chemical substances for humans and the environment (in increasingly restrictive terms).
- Seek partnerships with organisations that share the same values of attention to protecting the environment, people and focussed on innovation.

#### Reduced environmental impact

- Implement a chemical risk management system, aimed at reducing the environmental impact caused by using harmful chemical substances for humans and for the environment in the production processes along the production chain, according to the state of progress of technical knowledge in the field, by means of implementing the MRSL, ZDHC (Manufacturing Restricted Substances List).
- Ensure the constant monitoring and improvement of the quality of the wastewater directly and indirectly connected to Lariotex production.
- Inform and train employees on the company's activities in the context of sustainability to stimulate research and innovation.
- Search for legislative compliance by constantly seeking partners and suppliers who share the same values and strategic objectives.
- Use cutting-edge technical and managerial tools to improve performance in the context of sustainability.
- Periodically share the results achieved and the new improvement objectives defined with stakeholders.
- Correctly and responsibly manage waste resulting from the production process.
- Favour, where possible, raw materials with a lower environmental and social impact, such as raw materials that are recycled or reconditioned, traced and traceable, organic and/or related to sustainable initiatives.
- Seek and favour solutions aimed at reducing waste production and/or increase reuse and recycling practices.
- Limit the impact on forests caused by using components derived from plant raw material, originating from them and linked to situations of: i) illegal logging or trade in wood or illegal cellulose; ii) breach of human rights in forestry activities; iii) destruction of areas of particular botanical interest; iv) significant conversion of forests into plantations; v) the introduction of GMOs into forestry activities; vi) breach of the ILO Convention on the rights of workers involved in the related supply chain.

#### Social responsibility

In a social-ethical context, Lariotex undertakes to respect workers' rights according to the Universal Declaration of Human Rights and respect the main conventions of the International

Labour Organisation (ILO), national legislation and the conditions laid down by national collective bargaining on the matter of

- Freedom of unions and the right to collective bargaining.
- Child and minor labour.
- Forced labour.
- Health and safety.
- Prevention of every case of discrimination and abuse.
- Regularity and transparency in employment contracts, logging of work time, payment of the salary due.

Lariotex also undertakes to favour collaborative relationships with partners that pursue the same social objectives, in accordance with the applicable regulations and to ensure, where possible, their correct application in partner companies.

#### **Disclosure**

Lariotex has undertaken to disclose the contents of the Sustainability policy within its own organisation, so that it is known and pursued at all levels. At the same time, all the tools for disclosing these purposes to external entities that the company is in contact have been set up; mainly customers and suppliers, as they are directly related to the manufacturing cycle, but also reference associations, communities and public institutions, to raise awareness of the attention to sustainability issues.

## **Following the rules - Compliance**

**GRI** 206-1 • 307-1 • 417-2 • 418-1 • 419-1

Model 231, governance instruments and Lariotex's Sustainability policy define the main reference parameters on the matter of legislative compliance.

#### **Following the environmental rules**

During the year, and in the previous one, no events have occurred that have given rise to sanctions and/or disputes for non-compliance with laws, rules or regulations on environmental matters. Similarly, on the date of this Sustainability report, no environmental disputes are in progress.

#### **Non-compliance with laws and regulations in the social, economic and tax area**

On the date of this document, there are no existing cases of breaches of the laws and/or regulations relating to provisions of a social, economic and tax nature. No sanctions of this type were received in 2021 and no important proceedings in this respect are indicated.

#### **Human rights**

The issue of human rights can potentially affect processes related to the supply chain. See in this regard that specified in the Sustainability policy mentioned above and in the paragraph dedicated to managing relations with suppliers.



**Procedures for respecting competition**

During the reporting period in question, there have been no episodes and/or the opening of proceedings or legal action in respect of Lariotex relating to a breach of free competition, monopolistic practices or antitrust.

**Health and safety of customers - Compliance and labelling of products**

In 2021, there were no episodes and/or opening of proceedings or legal actions in respect of Lariotex relating to the consequences on the health and safety of customers resulting from the use of Lariotex products, product and/or labelling non-compliance. There are not proceedings in progress in this regard.

**Security of data and information and Privacy Notice**

Any dispute, complaint by an external party or by regulators has been received to date by the company with respect to breaches of legislation, data subject rights and the personal information of which the company is the data controller.

## 5. Quality, sustainability and the role of the supply chain

Lariotex occupies and oversees a niche market characterised by the presence of companies that are interested not only in the ready-to-print fabric but also in the world of yarns. The service offered by Lariotex allows customers not only to purchase a diverse choice of fabrics, in terms of type and size. It is precisely the quality of its offer that makes Lariotex stand out in the market, placing a strong focus on the issues of environmental impacts and the safety of the materials that it acquires and sells.

### Chemical management

**GRI** 103-2 · 103-3 · 416-1 · 416-2

Regulatory compliance and responsibility: these are the guidelines that Lariotex has decided to follow in order to reduce the risks to the environment and human health arising from the use of chemicals. The theme is one of the main aspects of Lariotex's Sustainability Policy.

### The 4sustainability® commitment and ZDCH



The chemical management system adopted by LARIOTEX comprises a series of initiatives and operational practices. Lariotex has joined in particular the [4sustainability®](#) commitment, implementation framework and registered trademark, which guarantees the sustainability performance of the fashion supply chain.

Lariotex has taken initiatives to comply with the strict requirements of the framework and, in particular, the PRSL 4sustainability® protocol, (Product Restricted Substances List), in accordance with the main international standards and guidelines. The release and maintenance of the 4sustainability® brand is subject to the implementation of one or more consistent initiatives, as well as to strict requirements that are constantly monitored.

Adherence to the 4sustainability® roadmap involves:

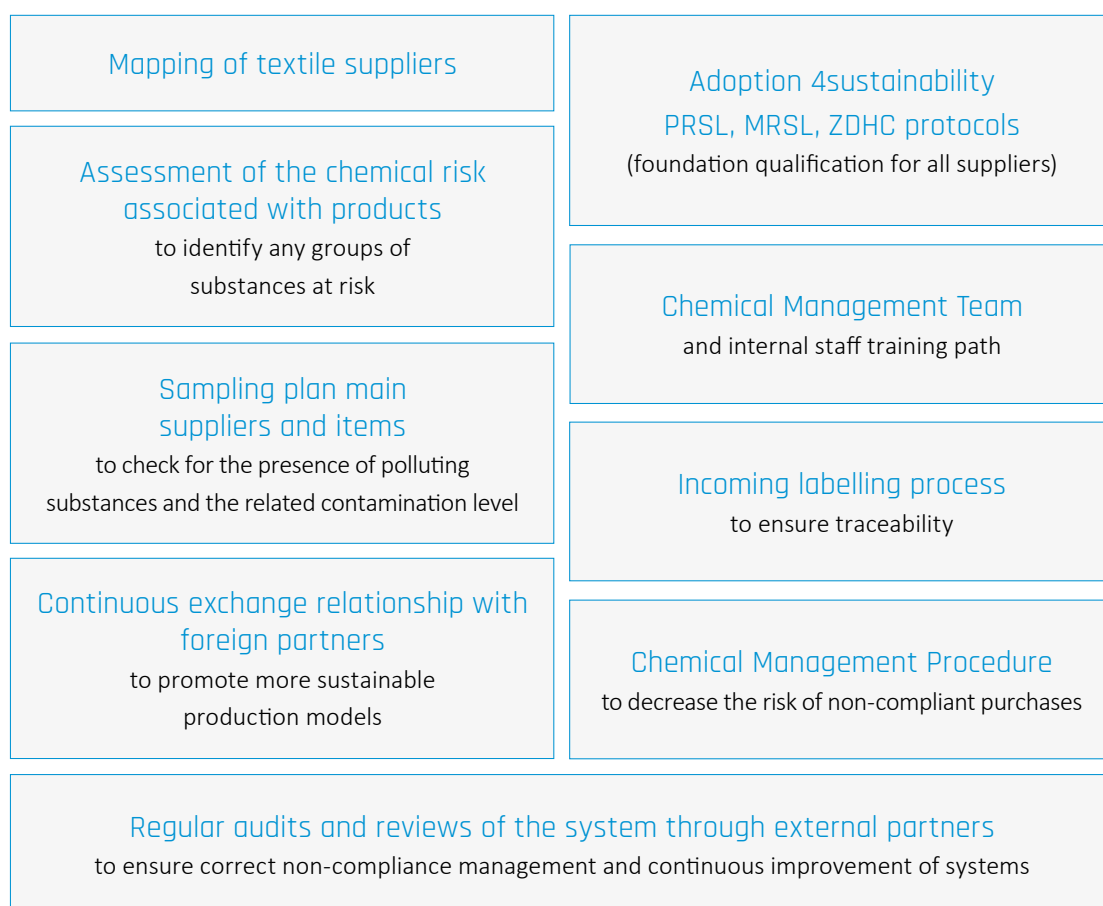
- Conversion to the use of lower impact materials for sustainable production;
- Elimination of toxic and harmful chemicals from production cycles;
- Traceability of processes and monitoring of the supply chain;
- Development of reuse and recycling practices.

# Ø ZDHC

The adoption of the PRSL 4sustainability® protocol has also allowed Lariotex to sign up to the Chemical Management Protocol for the elimination of toxic and harmful substances in ZDHC (Zero discharge of Hazardous Chemicals) production / [Roadmap to Zero](#), obtaining the Foundational Certificate ZDHC. Lariotex adheres to ZDHC's MRSL (Manufacturing Restricted Substances List), which aims to eliminate toxic and harmful substances from the textile sector.

## The Lariotex policy

Lariotex's approach to strict compliance with the highest international standards underpins Lariotex's relations with all its stakeholders. An internal Chemical Management Team has also been set up to train staff with regard to chemical management issues.



The policy for managing chemical substances is disseminated within the company, to be known and pursued at all levels. At the same time, tools have been developed for dissemination to customers and suppliers - because it is directly linked to the manufacturing cycle. The involvement of stakeholders has also involved reference associations, communities and public institutions, to strengthen the attention paid to sustainability issues.

### Lariotex's chemical management results

Adhering to the 4sustainability® Process Factory also requires evidence of the adherence of textile companies, fashion & luxury and the sustainability roadmap. The implementation of each initiative is checked and measured annually, based on a structured protocol of activities. The audit carried out during the first few months of 2022 (4s Audit Report Chemical Management) assigned Lariotex the significant audit overall rating of *74% Implementation Level - Advanced*, improving the performance of 2021 (64%). In particular, and with respect to the different areas of analysis:

- Management System 85.7%.
- Materials Risk Management 73.3%.
- Supply Management 80%.
- Process Management 100%.

### Purchases of fabrics - Eco-friendly fabrics

**GRI** 103-2 · 103-3 · 301-1 · 301-2 · 417-1

#### Fabrics: collection volumes

The data presented below show the weight of the different fabrics in the purchases made by Lariotex in the three-year period 2019-2021. The largest volume of purchases comes from China (75.66% of the total metres purchased). In addition to China, the countries where textiles are mainly purchased are Italy (4.25%), Germany (4.13%) and South Korea (3.64%).

#### QUANTITY SOLD

By fibre type	2019		2020		2021		Renewable materials
	METRES	%	METRES	%	METRES	%	
Polyester	17,864,610	50.6%	15,190,767	52.5%	20,848,546	51.1%	
Viscose	11,605,302	32.9%	8,086,945	28.0%	11,110,622	27.2%	material of base of natural /renewable origin
Silk	2,310,947	6.5%	1,520,715	5.3%	2,269,447	5.6%	material of natural origin /renewable origin
Cotton	2,800,306	7.9%	3,928,156	13.6%	5,629,181	13.8%	material of natural origin /renewable origin
Other fibres	707,350	2.0%	201,599	0.7%	929,088	2.3%	
<b>Total</b>	<b>35,288,515</b>	<b>100.0%</b>	<b>28,928,183</b>	<b>100.0%</b>	<b>40,786,884</b>	<b>100.0%</b>	

## The Lariotex Eco collections

# LARIOTEXECO

The catalogue of Lariotex's offer includes an environmentally-friendly product line, which meets the needs of customers and the needs of the market. The LARIOTEX ECO brand identifies certified products within the catalogue, which has recently been digitised to improve customer experience and strengthen the sustainability profile of the line.

During the three-year period 2019-2021, the sale of products of the Eco-Friendly collections rose from 9.7% to 47.6% in 2021, compared to 0.1% in 2018.

## QUANTITY SOLD

By collection	2019		2020		2021	
	METRES	%	METRES	%	METRES	%
Basic	24,721,239	70.1%	15,010,833	51.9%	14,409,322	35.3%
Echo	3,419,410	9.7%	8,246,377	28.5%	19,411,667	47.6%
Fashion	7,147,866	20.3%	5,670,973	19.6%	6,859,794	16.8%
Home	-	-	-	-	106,101	0.3%
<b>Total</b>	<b>35,288,515</b>	<b>100.0%</b>	<b>28,928,183</b>	<b>100.0%</b>	<b>40,786,884</b>	<b>100.0%</b>

The fabrics in the ECO collection may originate from recycling/regeneration, certified according to sector standards or meet both the characteristics/conditions. In detail:

## ECO-FRIENDLY COLLECTION

Prevailing fibre	2019		2020		2021		Material origin /certifications
	METRI	%	METRI	%	METRI	%	
Polyester	1,700,381	49.7%	3,115,435	37.8%	8,004,022	41.2%	<ul style="list-style-type: none"> <li>• From recycling</li> <li>• GRS Global Recycle Standard</li> </ul>
Viscose	1,467,691	42.9%	3,059,935	37.1%	7,857,761	40.5%	<ul style="list-style-type: none"> <li>• RCS Recycled Claim Standard</li> <li>• FSC Forest Stewardship Council</li> <li>• ECOVERO by Lenzing</li> </ul>
Silk	17,006	0.5%	56,235	0.7%	219,576	1.1%	<ul style="list-style-type: none"> <li>• GOTS – Organic</li> </ul>
Cotton	234,332	6.9%	2,014,772	24.4%	3,299,473	17%	<ul style="list-style-type: none"> <li>• GOTS – Organic BCI</li> </ul>
Other					30,835	0.2%	
<b>Total</b>	<b>3,419,410</b>	<b>100.0%</b>	<b>8,246,377</b>	<b>100.0%</b>	<b>19,411,667</b>	<b>100.0%</b>	

**Fabrics**

<p>Polyester</p>	<p>Items with some recycled material (from 30% to 70% PET Post consumer)</p> <p><u>GRS Global Recycle Standard</u> - Mark that certifies products obtained from material to be recycled in the manufacturing activity and enhances the environmental and social criteria of the supply chain.</p>
<p>Viscose</p>	<p><u>RCS Recycled Claim Standard</u></p> <p><u>FSC Forest Stewardship Council</u> - International organisation recognised as a certifying body of correct forestry management and traceability of the sustainable product.</p> <p><u>ECOVERO by Lenzing</u> - One of the most famous brands in the Lenzing group to identify revolutionary and innovative fibres. Derived from certified sources of renewable wood that use an eco-responsible production process that meet high environmental standards.</p>
<p>Cotton</p>	<p><u>BCI Better Cotton Initiative</u> - The Better Cotton Initiative (BCI) is a global not-for-profit organisation and the largest cotton sustainability programme in the world. BCI exists to improve the global production of cotton for the people who produce it and to reduce its environmental impact.</p>
<p>Flax</p>	<p><u>EUROPEAN FLAX</u> - A standard that guarantees the traceability of flax fibre grown in Europe, without artificial irrigation and without GMOs.</p>
<p>Polyester, viscose, cotton and linen</p>	<p><u>STANDARD 100 by OEKO-TEX®</u>.OEKO-TEX Standard 100 - Single standard of certification and control in the field of textile raw materials, at all stages of processing that identifies products that do not present any risk to the consumer's health.</p> <p><u>GOTS Global Organic Textile Standard</u> - It is the most important international standard for the certification of the textile products made with natural fibres from organic farming.</p>



## Supply chain management

**GRI** 102-9 • 102-10 • 103-2 • 103-3 • 308-1 • 414-1

Consistent with the operating model adopted by Lariotex, a key role is the selection, collaboration and management of the supply chain.

### Converters and suppliers collaboration

- Close collaboration with the converters of the textile sector - to share research and studies on articles requested - and with our suppliers to offer products

### Supply chain check Green compliance

- Direct import to guarantee a controlled and guaranteed supply chain in terms of sustainability and green compliance
- Technical analysis of fabrics

### Logistics and sustainable mobility

- Logistic proximity to customers and speedy deliveries.
- Efficient logistics (central warehouse + external DHL hub) for a sustainable logistics and transport, mobility system

### The role and monitoring of the supply chain - Chemicals

The supply chain plays a key role, in particular in the activities of the chemical management system. Lariotex's supply chain qualification and monitoring system involves updating the mapping of its suppliers updated in the Platform 4s, software by Process Factory, dedicated to chemical management and management of related activities.

For 2021, the analysis carried out in the field of chemical management showed 68% of the suppliers mapped achieved a "High Rating" with respect to the chemical analyses carried out on the raw materials used to manufacture textiles.

Also in 2021, Lariotex introduced the 4s TRACE initiative (also developed within Platform 4s software) for the first time which covered 100% of its suppliers in terms of the traceability of materials used and water analysis downstream of processes. The level reached is BASIC, and is a starting point for future supply choices.

### Purchases of other materials - packaging

In 2021, two initiatives were taken in relation to packaging:

- Notice to customers that the cellophane purchased from the suppliers does not contain BHT (Butylated hydroxytoluene);
- Replacement of plastic bags used for transporting and sending textile samples with FSC certified paper bags.

In addition, the last quarter of 2021 saw the purchase of pallets coming from recovery activities (this concerns 608 pallets out of 1,830 purchased in the last quarter), a choice that Lariotex wants to maintain and extend for the future.

### Logistics and environmental impact

The efficiency of the logistics is decisive in ensuring the punctuality of the deliveries. Due to the peculiarities of the sector, it is also one of the elements of the Lariotex value chain that has the most environmental impact. The logistics sector (transport/mobility) is, moreover, one of the sectors most responsible for releasing CO<sub>2</sub> into the atmosphere.

In 2021, Lariotex changed the policy of providing logistics services, with more than 60% of the transport being supported by Jet Line, an actor in the Larian territory. The reasons for this preference lie in the overall optimisation of the supply service: better

availability of ship spaces, flexibility of urgent deliveries, efficiency of the groupage service. It should be noted that this latter characteristic translates into lower environmental impacts, thanks to the grouping of goods (also of different customers), in order to travel minimising economic costs and maximising carrier payloads.

Most of the remaining logistics are covered (35%) by DHL, one of the world's leading transport services companies with specific sustainability goals:

- Electrification of 60% of last-mile delivery vehicles with 86% electricity from renewable sources;
- Measures, in particular in Third World countries, to offset the CO2 produced by implementing renewable energy projects;
- Increase in the share of sustainable fuel by more than 30% by 2030 on air, sea and land shipments.
- Development of hydrogen technology.
- Eco-compatible guide training for employees.

#### **Lariotex's commitment – Social aspects**

Lariotex is engaged in defining a path to gradually improve its "procurement policy" (processes involving the qualification, selection and evaluation of suppliers) which also includes social criteria, in a structured and explicit way, in addition to the environmental criteria, now adopted systematically for the chemical management part.



## 6. Human resources

### People management

**GRI 103-2 · 103-3 · 406-1**

Human resources management is based on that indicated in the Sustainability policy, referred to in Chapter 05 above. The values to which Lariotex's staff policy is based are also mentioned in the Code of Ethics.

Lariotex undertakes to respect workers' rights according to the Universal Declaration of Human Rights and respect the main conventions of the International Labour Organisation (ILO), national legislation and the conditions laid down by national collective bargaining on the matter of: Freedom of association and the right to collective bargaining - Child labour and minor labour - Forced labour - Health and safety - Prevention of all forms of discrimination and abuse - Regularity and transparency in employment contracts, logging of work time, payment of the salary due.

As regards the management of the second year marked by the **Covid-19** pandemic, the Company, in addition to complying with the specific legislation and the related protocols, has implemented all the measures at its disposal to protect the health and safety of workplaces. In 2021, neither the use of smart working or the activation of the Wage Integration Fund (Fondo Integrazione Salariale (F.I.S.)) became necessary. New initiatives in 2021 included the introduction of Euro 5 meal vouchers for all workers, including interim ones.

### Employees

**GRI 102-8 · 102-41 · 103-2 · 103-3 · 401-1 · 401-3 · 401-4 · 405-1**

At 31 December 2021, Lariotex had 17 employees. The following data representing the workforce are calculated with reference to employees at the end of each reference period (HC/Head Count). The existing contracts with employees are all permanent except one that is fixed-term, while female employees at 31 December 2021 represented 47% of the total. There are 3 part-time contracts. Lariotex applies the NCEC - national collective labour agreement for the Trade sector.

	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
<b>Employees at the end of the period</b>	<b>6</b>	<b>8</b>	<b>14</b>	<b>5</b>	<b>8</b>	<b>13</b>	<b>8</b>	<b>9</b>	<b>17</b>
<b>By contract type</b>									
Permanent	6	8	14	5	8	13	7	9	16
Temporary	-	-	-	-	-	-	1	-	1

## Diversity

By type of employment	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Full-time	5	8	13	4	8	12	5	9	14
Part-time	1	-	1	1	-	1	3	-	3

For 2022, the presence of two people (both female) covering the role of Manager (level introduced in 2021) is confirmed.

		2019			2020			2021					
		women	men	total	women	men	total	women	men	total			
<b>Total</b>	UNIT	6	8	14	5	8	13	8	9	17			
	%	42.9%	57.1%	100.0%	38.5%	61.5%	100.0%	47.1%	52.9%	100.0%			
<b>Per category</b>													
Clerical staff	UNIT	5	3	8	4	3	7	7	3	7			
	%	35.7%	21.4%	57.1%	30.8%	23.1%	53.8%	41.2%	17.6%	58.8%			
Manual workers	UNIT	1	5	6	1	5	6	1	6	6			
	%	7.1%	35.7%	42.9%	7.7%	38.5%	46.2%	5.9%	35.3%	41.2%			
<b>By age group</b>													
< 30	UNIT	2	-	2	1	-	1	2	1				
	%	14.3%	-	14.3%	7.7%	-	7.7%	7.7%	5.9%	3			
30 ÷ 50	UNIT	1	5	6	1	5	6	1	4	17.6%			
	%	7.1%	35.7%	42.9%	7.7%	38.5%	46.2%	7.7%	23.5%	5			
> 50	UNIT	3	3	6	3	3	6	5	4	29.4%			
	%	21.4%	21.4%	42.9%	23.1%	23.1	46.2%	23.1%	23.5%	9			
<b>Category/age group</b>													
Clerical staff	UNIT	< 30	30÷50	> 50	total	< 30	30÷50	> 50	total	< 30	30÷50	> 50	total
	%	14.3%	21.4%	21.4%	57.1%	7.7%	23.1%	23.1%	53.8%	11.8%	17.6%	29.4%	58.8%
Manual workers	UNIT	-	3	3	6	-	3	3	6	1	2	4	7
	%	-	21.4%	21.4%	42.9%	-	23.1%	23.1%	46.2%	5.9%	11.8%	23.5%	41.2%

## Turnover

The turnover of Lariotex staff during the three-year period 2019-2021 saw a total of 5 new recruits, including one in 2019 (male/age group 30 to 50 years) and 4 in 2021 (two women over 50 years old, a woman and a man under the age of 30). The only termination (for voluntary reasons) was recorded in 2021. Lariotex also used the services of 11 temporary workers in 2021.

Turnover rates by gender	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Hires	-	-	-	-	-	-	60.0%	12.5%	<b>30.8%</b>
Terminations	-	14.3%	<b>7.7%</b>	16.7%	-	<b>7.1%</b>	-	-	-

## Maternity leave

During the period considered, there were no cases of maternity leave, meaning compulsory and optional maternity related to the birth of a child.

## Training

In 2020, training activities contracted in particular with the Covid-19 pandemic. During 2021, these activities resumed, for a total of 72 hours, to which an additional 80 hours should be added for workers administered (for an average of 4.2 hours per employee).

Training hours average per capita	2019			2020			2021		
	women	men	total	women	men	total	women	men	total
Executives	-	-	-	-	-	-	-	-	-
Managers	-	-	-	-	-	-	7.0	-	<b>7.0</b>
Clerical staff	8.0	10.3	<b>8.9</b>	2.0	0.3	<b>1.2</b>	2.8	-	<b>1.8</b>
Manual workers	10.0	8.0	<b>8.3</b>	-	1.2	<b>1.0</b>	-	7.3	<b>6.3</b>
Average	8.3	8.9	<b>8.6</b>	1.2	0.9	<b>1.0</b>	3.5	4.9	<b>4.2</b>

Specific training was carried out in 2021 with respect to the adoption of Model 231/2001 and joining the pension fund.

## Occupational health and safety

**GRI** 103-2 · 103-3 · 403-1 · 403-2 · 403-3 · 403-4 · 403-5 · 403-6 · 403-7 · 403-8 · 403-9

### Occupational health and safety policy

Lariotex considers the promotion of health, safety and personal well-being a value and a priority standard of its way of working. The protection of employees, customers and suppliers and, in general, of anyone who enters the Company's sphere of influence, in fact, guides both the

approach to everyday activities and the strategic approach to business.

Lariotex is committed to spreading a culture of safety, promoting responsible behaviour and aware of the risks and making organisational and financial resources available with the aim of not only preventing accidents and occupational diseases, but also continually improving the conditions involving occupational health and safety, in particular, to:

- Minimise the risks to the health and safety of all the staff that access the workplaces.
- Continuously improve our performance in relation to occupational health and safety and the related management methods.
- Promote a “culture of safety” throughout, the company, i.e. adopt behaviour based on protecting our own and others’ health and safety, through continuous training and information programmes.

### Lariotex Spa’s health and safety management system

Lariotex is committed to implementing a health and safety management system in line with the requirements of international standard ISO 45001. With this in mind the regular safety meeting (art. 35 Legislative Decree 81/08) is also convened which includes the presence of a WSR, RSSP (manager of the prevention and protection service) and a competent doctor.

- **Compliance with applicable regulations.** Lariotex acts, as a minimum requirement, in full compliance with the applicable regulations on the subject of health and safety, with a view to continuous improvement.
- **Health and safety first.** Lariotex does not compromise in its effort to ensure safe workplaces and conditions. Compliance with the strict health and safety standards is indeed a prerequisite for implementing any decision of a strategic and operational nature.
- **Shared responsibility and involvement of people.** In accordance with their respective tasks and responsibilities, everyone is called on to make their own active contribution to promoting a safe working environment. The contribution of each and every single person is, in fact, decisive: every individual must be an example and a promoter of culture of prevention. Everyone is required to take all necessary preventive measures to avoid putting their safety or that of other people at risk and being proactive, reporting any hazardous behaviour or working conditions. In addition, every employee is aware of the importance of leaving the workplace in the event of a risk situation. Lariotex undertakes to consult and inform its own people, also via their representatives, who ensure their participation. The latter shall be assigned the task of reporting the presence of any situations that are critical to the safety of workers. Their role makes it unnecessary to set up a joint management-workers committee.
- **Preventive approach.** In all work activities, Lariotex works to prevent accidents and occupational diseases from occurring, adopting a preventive approach that provides for adequate protective devices, compliance with the requirements for ergonomic work stations, working procedures, regular health monitoring and a thorough audit and risk assessment, resulting in implementation of improvement plans. With this in mind, the regular maintenance of workplaces, equipment, systems and safety and protective

devices play an important role for protection and prevention. In addition, Lariotex works to prepare all fire protection activities in accordance with current legislation.

- **Continuous improvement.** Lariotex's health and safety management system is subject to continuous review and is constantly changing in line with the dynamics of business development and with the identification of areas of improvement.
- **Health beyond safety.** Lariotex is mindful of health in all its meanings and it undertakes to assess and prevent work-related stress and to promote training initiatives on issues of well-being, diet and cancer prevention. By means of regular health monitoring, Lariotex promotes maintaining the highest degree of physical, mental and social well-being of workers in all occupations, preventing any damage caused to health by conditions linked to work. The employment and retention of workers in occupations well suited to their physiological and psychological aptitudes falls under the Occupational Medicine goals.

Lariotex prohibits the use, possession, sale and the distribution of illegal substances in work environments and requires each activity to be carried out by workers in full possession of their faculties. Therefore, it prohibits the abuse of alcoholic beverages and/or the use of drugs or any other substance that can prevent work being performed safely and effectively.

- **Respect for people.** Lariotex promotes a work environment that respects people and most categorically does not tolerate any form of aggression, be it physical or verbal.
- **Communication and training.** Training is a fundamental tool for spreading the culture of health and safety, to create an awareness of the risks and promote safe conduct. Lariotex prepares educational programmes every year on matters involving the health and safety of workplaces. Lariotex supports the development of the skills necessary for the purpose of carrying out work activities, delivering training programmes and training useful to correctly identify and manage risks.
- **Product safety.** Lariotex undertakes to develop and create products that meet the strictest standards applicable in matters involving health and safety.
- **Health and safety along the supply chain.** Lariotex requires its suppliers to define and adopt behaviours and health and safety standards aligned with its policy, with a view to minimising the risks to all workers involved in its operations and business relations.

The policy is regularly updated to stay in line with international best practices and extends to include administered workers.

### Accidents

Lariotex monitors occupational health and safety risk situations annually at the regular safety meeting. In the three-year period 2019-2021, there were no accidents at work.

## 7. The environment

### Environmental policy and commitment

**GRI 103-3**

The contents of the environmental policy are included in the Sustainability policy recalled in more detail in Chapter 3 of this document, which should be referred to. The most relevant aspects affect management of the supply chain and chemical management.

### Energy and emissions

**GRI 103-2 · 103-3 · 302-1 · 302-3 · 305-1 · 305-2 · 305-3 · 305-4**

#### Direct energy consumption

The data presented relate to **internal energy consumption in the three-year period 2019-2021**. The data are summarised in GJoule. At the moment, energy consumption does not include energy from renewable sources. The figures show a growing trend, particularly as a result of the increase in fuel consumption for company vehicles.

<b>ENERGY CONSUMED</b>			
GJOULE	2019	2020	2021
Electricity - purchased	360	317	355
Fuel - diesel	791	642	739
Methane gas	52	56	62
<b>Total energy consumption</b>	<b>1,202</b>	<b>1,015</b>	<b>1,242</b>

#### Energy consumption intensity

<b>ENERGY INTENSITY</b>	2019	2020	2021
Total energy consumption	1,202	1,015	1,242
Metres sold	35,288,515	28,928,183	40,786,884
<b>Intensity Index</b>	<b>3.41</b>	<b>3.51</b>	<b>3.05</b>

For the calculation of the emission intensity indices the figure of the metre sold was taken as a reference, which was considered to be significant due to the concentration of energy consumption by Lariotex under the heading for transport. The calculation of the indices shows an improvement over the three-year period: the metres sold increase proportionally more than energy consumption, a sign that productivity is increasing more than the demand for energy.

#### Emissions

The emissions data is reported in tonnes of carbon dioxide equivalent (tCO<sub>2</sub>e). The tables show the data relating to direct emissions (Scope 1 GHG - Greenhouse Gases), combined with indirect emissions associated with the consumption of electricity purchased from the grid (GHG Scope 2).

The quantitative data presented, determined based on the estimates are derived from converting the amount of the different energy sources consumed.

The calculations are presented according to the **location-based** method where you enter the emissions from electricity consumption, by applying national average emission factors for the various countries electricity is purchased in.

<b>GHG Scope 1 emissions</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
tCO <sub>2</sub> e			
Fuel - diesel	57	46	52
Fuel – LPG	-	-	6
Methane gas	3	3	3
<b>Total GHG Scope 1 emissions</b>	<b>60</b>	<b>49</b>	<b>61</b>
<b>GHG Scope 2 emissions</b>			
tCO <sub>2</sub> e - LOCATION-BASED METHOD			
Electricity	27	22	25
<b>Total GHG Scope 2 emissions – Location-based</b>	<b>27</b>	<b>22</b>	<b>25</b>
<b>Total GHG Scope 1/Scope 2 emissions</b>			
tCO <sub>2</sub> e	<b>87</b>	<b>71</b>	<b>86</b>

#### SOURCES OF EMISSION FACTORS

- METHANE GAS/EMISSION FACTOR EU ETS/MINISTRY OF THE ENVIRONMENT - TABLE OF NATIONAL PARAMETERS FOR CALCULATING EMISSIONS
- DIESEL/DEFRA (UK DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS) COEFFICIENTS
- ELECTRICITY/ISPRA - SISANET/NATIONAL ENVIRONMENTAL INFORMATION SYSTEM NETWORK - EMISSION FACTORS FOR PRODUCTION
- AND ELECTRICITY CONSUMPTION IN ITALY (UPDATED IN 2019 AND PRELIMINARY ESTIMATES FOR 2020)

For comparison, Scope 2 emissions are also reported according to the **market-based** methodology, which requires the determination of GHG – Scope 2 emissions from the purchase of electricity by considering the specific emission factors reported by suppliers. Where specific contracts for the supply of electricity from renewable sources have not been defined, as in the case of Lariotex, the approach under consideration is to use national residual mix emission factors, where technically applicable/available.

<b>GHG Scope 2 emissions</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
tCO <sub>2</sub> e - LOCATION-BASED METHOD			
Electricity	47	40	45
<b>Total GHG Scope 2 emissions – Market-based</b>	<b>47</b>	<b>40</b>	<b>45</b>

#### SOURCES (RESIDUAL MIX)

EUROPA - AIB (AIB-NET.ORG) - EUROPEAN RESIDUAL MIX

### Emission intensity

<b>EMISSION INTENSITY</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Total GHG Scope 1/Scope 2 emissions			
tCO <sub>2</sub> e	87	71	86
Metres sold	35,288,515	28,928,183	40,786,884
<b>Emission intensity index</b>	<b>2.46</b>	<b>2.46</b>	<b>2.11</b>

The evolution of emission intensities reflects that of energy consumption: emissions fell over the three-year period, even though metres sold went up. This indicates a good level of decoupling between the increase in production activities and the development of emissions.

### Emissions resulting from transport activities (GHG - Scope 3)

Lariotex's sustainability reporting process also includes the estimation of GHGs (greenhouse gas) emission data for the major textile procurement logistics providers. This item represents the most relevant impact category for Lariotex, given the long distances the purchased materials have travelled to reach the company's site.

In particular, the data of the two main suppliers in the field of logistics are presented: Jet Line, which covers more than 60% of shipments, and DHL, which is responsible for 35% of all shipments. The data, reported in tons of CO<sub>2</sub> equivalents (tCO<sub>2</sub>e), cover more than 95% of Lariotex's Scope 3 emissions.

It should be noted that transport emission data managed by DHL were directly collected by the supplier, while, as far as Jet Line is concerned, the data were estimated on the basis of a comparison of the weight of the goods transported with that of DHL.

Emission data are expressed in terms of:

- **TtW / Tank-to-Wheel** (vehicle processes): all direct emissions resulting from operating a vehicle.
- **WtW / Well-to-Wheel** (vehicle energy processes): the sum of the well-to-tank and tank-to-wheel emissions, i.e. direct and indirect emissions.

### Other indirect (GHG Scope 3) emissions

#### Transport activity

Transport activity tCO <sub>2</sub> e	2020		2021	
	TtW Tank- to-Wheel	WtW Well- to-Wheel	TtW Tank- to-Wheel	WtW Well- to-Wheel
Means of transport				
<b>Total emissions</b> tCO <sub>2</sub> e	1,086.8	<b>1,332.5</b>	928.2	<b>1,086.6</b>

### Water and waste

The water resource is sampled by the local aqueduct network and exclusively for sanitary uses. In relation to waste, it is highlighted how Lariotex management does not generate significant amounts of waste.



## 8. Other information

In accordance with paragraph 2 of art. 2428 in addition to the above, the following is highlighted:

1. In relation to relations with subsidiaries and associates, reference is made to the Notes to the Accounts in relation to relations with the parent company Lariotrade Srl and the company Ctc Srl.
2. we do not have any treasury shares
3. no treasury shares have been bought or sold during the financial year

It is also recalled that the trademark was revalued and to release the related revaluation reserve under the terms of DL 104/2020.

## 9. Risks and uncertainties the company is exposed to

The situation in the international context, which is well-known and established, has generated, among other things, the following phenomena which could indirectly affect Lariotex's business:

- increased market volatility (think of the EUR/USD exchange rate)
- investors' risk aversion (and thus lower confidence that negatively affects consumption propensity, although Lariotex's business sector benefits from the relaxation of the Covid-19 restrictions and thus greater freedom of people and opportunities for leisure and purchasing).

## 10. Business outlook

The figures as at 31 March 2022 show turnover close to €32 million (+122.43% on the previous year), well over the budget forecast (+61.53%). From the point of view of profitability, it is noted that the impact of transport, and in particular of freight rates, is having a significant impact on purchase prices and it is not always possible to recover these higher charges in sales prices.

## 11. Use by the company of financial instruments

In the financial field, the Company has identified the currency area as a particularly sensitive area for its business, with particular reference to the performance of the Euro/US Dollar exchange rate. This is a typical risk for importing companies that typically purchase in a different currency than the one they invoice and make their sales in. In order to mitigate this exchange rate risk, the company contracts exchange (typically derivative finance instruments) with its banking counterparts, with various formulas and deadlines based on the flow of purchases of goods expressed in currency.

The Sole Director is fully available to shareholders at the shareholders' meeting for any further clarification about the formation of the Financial Statements as at 31/12/2021 with the valuation criteria and the facts that characterised the management that has taken place and to assure you of the correspondence of the data reported therein with the findings in the accounting records.

The Sole Director ask you to approve them together with the proposal for the allocation of the net profit earned amounting to €3,507,940.38 to the extraordinary reserve post 2017.

VERTEMATE CON MINOPRIO, 12/04/2022

Pierluigi Biondi



*Sole Director*

## GRI Content Index

### GRI 102-55

Where not otherwise specified, the GRI Standards published in 2016 have been used. 403 Occupational health and safety published in 2018 has been used for the “Occupational health and safety” policy.

### GRI General information

GRI Sustainability Reporting Standard	Chapter/Paragraph References	Notes Standard application
<b>102 GENERAL INFORMATION</b>		
<b>ORGANISATIONAL PROFILE</b>		
102-1 Name of organisation	01 Lariotex/Profile and Identity	
102-2 Activities, brands, products and services	01 Lariotex/Profile and Identity 01 Lariotex/Lariotex: recent history	
102-3 Location of headquarters	01 Lariotex/Profile and Identity	
102-4 Location of activities	01 Lariotex/Profile and Identity	
102-5 Ownership and legal form	01 Lariotex/Profile and Identity	
102-6 Markets served	01 Lariotex/The market, customers	
102-7 Size of organisation	03 Economic and financial sustainability/ Value generated and distributed	
102-8 Information on employees and other workers	06 Human resources/Employees	
102-9 Supply chain	05 Quality, Sustainability and the role of the Supply Chain/Supply chain management	
102-10 Significant changes to the organisation and its supply chain	01 Lariotex/Profile and Identity 05 Quality, Sustainability and the role of the Supply Chain/Supply chain management	
102-11 Precautionary principle		“For the purposes of decisions and operational choices Lariotex takes into account a risk assessment that incorporates the precautionary principle”
102-12 External initiatives	04 Governance/Associations and external initiatives	
102-13 Membership of associations	04 Governance/Associations and external initiatives	
<b>STRATEGY</b>		
102-14 Statement from another executive	Letter to stakeholders	
<b>THICS AND INTEGRITY</b>		
102-16 Values, principles, standards, and norms of behaviour	02 Strategy, Sustainability and Impacts/ Lariotex: Sustainability by choice 04 Governance/Sustainability policy	
<b>GOVERNANCE</b>		
102-18 Governance structure	04 Governance/Lariotex Governance	

GRI Sustainability Reporting Standard	Chapter/Paragraph References	Notes Standard application
<b>INVOLVEMENT OF STAKEHOLDERS</b>		
102-40	List of stakeholder groups	02 Strategy, Sustainability and Impacts/ Impacts - Materiality analysis
102-41	Collective bargaining agreements	06 Human Resources/Employees
102-42	Identifying and selecting stakeholders	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
102-43	Approach to involve stakeholder engagement	02 Strategy, Sustainability and Impacts/ Impacts - Materiality analysis
102-44	Key issues and issues raised	02 Strategy, Sustainability and Impacts/ Impacts - Materiality analysis
<b>REPORTING PRACTICES</b>		
102-45	Entities included in the consolidated financial statements	Methodological note
102-46	Defining report content and topic boundaries	Methodological note
102-47	List of material topics	02 Strategy, Sustainability and Impacts/ Impacts - Materiality analysis
102-48	Review of information	Methodological note
102-49	Changes to reporting	Methodological note
102-50	Reporting period	Methodological note
102-51	Date of the most recent report	Methodological note
102-52	Reporting frequency	Methodological note
102-53	Contact point for questions regarding the report	Methodological note
102-54	Reporting statement in accordance with GRI Standards	Methodological note
102-55	GRI Contents Index	GRI Contents Index
102-56	External assurance	Auditing firm relations

## GRI Standards – Specific indicators/Material topics

Material topic		Integrity and ethical conduct of the business
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its boundary	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	04 Governance/Ethics and integrity in business management
103-3	Evaluation of the management approach	04 Governance/Ethics and integrity in business management
102-43	Approach to involve stakeholder engagement	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
102-44	Key topics and concerns raised	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
<b>GRI Specific Topics</b>		
<b>205</b>	<b>Anti-corruption</b>	
205-3	Confirmed incidents of corruption and actions taken	04 Governance/Ethics and integrity in business management
<b>206</b>	<b>Anti-competitive behaviour</b>	
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	04 Governance/Following the rules - Compliance
<b>307</b>	<b>Environmental compliance</b>	
307-1	Non-compliance with environmental laws and regulations	04 Governance/Following the rules - Compliance
<b>418</b>	<b>Customer privacy</b>	
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	04 Governance/Following the rules - Compliance
<b>419</b>	<b>Socio-economic compliance</b>	
419-1	Non-compliance with laws and regulations in the social and economic area	04 Governance/Following the rules - Compliance
Material topic		Value generation and distribution
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its boundary	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	03 Economic and financial sustainability/Value generated and distributed
103-3	Evaluation of the management approach	03 Economic and financial sustainability/Value generated and distributed
<b>GRI Specific Topics</b>		
<b>201</b>	<b>Economic performance</b>	
201-1	Direct economic value generated and distributed	03 Economic and financial sustainability/Value generated and distributed
Material topic		Product quality and responsible customer relationships
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its boundary	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	01 Lariotex/The market, customers 05 Quality, Sustainability and the role of the Supply Chain /Procurement of fabrics - Eco-friendly fabrics
103-3	Assessment of the management approaches	05 Quality, Sustainability and the role of the Supply Chain /Purchases of fabrics - Eco-friendly fabrics

<b>GRI Specific Topics</b>		
<b>417</b>	<b>Marketing and labelling</b>	
417-1	Information and labelling requirements for products and services	05 Quality, Sustainability and the role of the Supply Chain/Purchases of fabrics - Eco-friendly fabrics
417-2	Incidents of non-compliance concerning product and service information and labelling	04 Governance/Following the rules - compliance
<b>Material topic</b>		<b>Product safety and chemical management</b>
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its scope	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	05 Quality, Sustainability and the role of the Supply Chain/Chemical management 05 Quality, Sustainability and the role of the Supply Chain/Supply chain management
103-3	Evaluation of the management approach	05 Quality, Sustainability and the role of the Supply Chain/Chemical management 05 Quality, Sustainability and the role of the Supply Chain/Supply chain management
<b>GRI Specific Topics</b>		
<b>416</b>	<b>Customer health and safety</b>	
416-1	Health and safety impact assessment by product and service category	05 Quality, Sustainability and the role of the Supply Chain/Chemical management
416-2	Incidents of non-compliances involving impacts on the health and safety of products and services	04 Governance/Following the rules - compliance
<b>Material topic</b>		<b>Innovation, research and sustainability products and processes</b>
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its scope	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	01 Lariotex/Research and development 02 Strategy, Sustainability and Impacts/ Reference scenario 04 Governance/Sustainability policy
103-3	Evaluation of the management approach	04 Governance/Sustainability policy 07 The environment/Environmental policy and commitment
<b>GRI Specific Topics</b>		
<b>301</b>	<b>Material</b>	
301-1	Materials used by weight or volume	05 Quality, Sustainability and the role of the Supply Chain/Purchases of fabrics - Eco-friendly fabrics
301-2	Recycled material inputs used	05 Quality, Sustainability and the role of the Supply Chain/Purchases of fabrics - Eco-friendly fabrics
<b>Material topic</b>		<b>Sustainability of the supply chain and traceability</b>
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its scope	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	05 Quality, Sustainability and the role of the Supply Chain/Supply chain management
103-3	Evaluation of the management approach	05 Quality, Sustainability and the role of the Supply Chain/Supply chain management
<b>GRI Specific Topics</b>		
<b>308</b>	<b>Environmental assessment of suppliers</b>	
308-1	New suppliers that were assessed using environmental criteria	05 Quality, Sustainability and the role of the Supply Chain/Supply chain management

<b>414</b>	<b>Social assessment of suppliers</b>	
414-1	New suppliers that have been assessed by using social criteria	05 Quality, Sustainability and the role of the Supply Chain/Supply chain management
<b>Material topic</b>		<b>Energy consumption and emissions</b>
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its scope	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	07 Environment/Energy and emissions
103-3	Evaluation of the management approach	07 Environment/Energy and emissions
<b>GRI Specific Topics</b>		
<b>302</b>	<b>Energy</b>	
302-1	Energy consumption within the organisation	07 Environment/Energy and emissions
302-3	Energy intensity	07 Environment/Energy and emissions
<b>305</b>	<b>Emissions</b>	
305-1	Direct (Scope 1) GHG emissions	07 Environment/Energy and emissions
305-2	Indirect GHG emissions from energy consumption (Scope 2)	07 Environment/Energy and emissions
305-3	Other indirect (Scope 3) GHG emissions	07 Environment/Energy and emissions
305-4	Intensity of GHG emissions	07 Environment/Energy and emissions
<b>Material topic</b>		<b>Management, training and human resources development</b>
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its scope	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	06 Human resources/People management 06 Human resources/Employees
103-3	Evaluation of the management approach	06 Human resources/People management 06 Human resources/Employees
<b>GRI Specific Topics</b>		
<b>401</b>	<b>Employment</b>	
401-1	New employee hires and employee turnover	06 Human resources/Employees
<b>404</b>	<b>Training and education</b>	
404-1	Average hours of annual training per employee	06 Human resources/Employees
<b>Material topic</b>		<b>Work environment: equal opportunities, diversity and inclusion</b>
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its scope	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	06 Human resources/Employees
103-3	Evaluation of the management approach	06 Human resources/Employees
<b>GRI Specific Topics</b>		
<b>401</b>	<b>Employment</b>	
401-3	Parental leave	06 Human resources/Employees
<b>405</b>	<b>Diversity and equal opportunities</b>	
405-1	Diversity of governance bodies and employees	06 Human resources/Employees
<b>406</b>	<b>Non-discrimination</b>	
406-1	Incidents of discrimination and corrective measures taken	06 Human resources/People management Health and safety of workers

Material topic		Health and safety of workers
<b>103</b>	<b>Management approach</b>	
103-1	Explanation of the material topic and its scope	02 Strategy, Sustainability and Impacts/Impacts - Materiality analysis
103-2	The management approach and its components	06 Human resources/Occupational health and safety
103-3	Evaluation of the management approach	06 Human resources/Occupational health and safety
	<b>GRI Specific Topics</b>	
<b>403</b>	<b>Occupational health and safety</b>	
403-1	Occupational health and safety management system	06 Human Resources/Occupational health and safety
403-2	Hazard identification, risk assessment, and accident investigations	06 Human Resources/Occupational health and safety
403-3	Occupational health and safety services	06 Human Resources/Occupational health and safety
403-4	Participation and consultation of workers and communication on occupational health and safety	06 Human Resources/Occupational health and safety
403-5	Worker training on occupational health and safety	06 Human Resources/Occupational health and safety
403-6	Promotion of the health of workers	06 Human Resources/Occupational health and safety
403-7	Prevention and mitigation of impacts on occupational health and safety within business relationships	06 Human Resources/Occupational health and safety
403-8	Workers covered by an occupational health and safety management system	06 Human Resources/Occupational health and safety
403-9	Accidents in the workplace	06 Human Resources/Occupational health and safety





**LARIOTEX**

INTEGRATED REPORT 21

# FINANCIAL STATEMENTS

BALANCE SHEET ASSETS	TOTAL 2021	TOTAL 2020
<b>B) Fixed assets</b>		
I - Intangible fixed assets		
3) industrial patents and intellectual property rights	25,725	18,600
4) concessions, licences, trademarks and similar rights	2,700,000	3,000,000
7) other	21,958	32,937
Total intangible fixed assets	2,747,683	3,051,537
II - Tangible fixed assets		
2) plant and machinery	129,879	144,628
3) industrial and commercial equipment	13,982	23,016
4) other assets	70,783	72,568
Total tangible fixed assets	214,644	240,212
III - Financial fixed assets		
3) other securities	101,389	128,389
Total financial fixed assets	101,389	128,389
Total fixed assets (B)	3,063,716	3,420,138
<b>C) Current assets</b>		
I - Inventory		
4) finished products and goods	23,271,285	17,890,218
Total inventories	23,271,285	17,890,218
II - Receivables		
1) trade receivables	22,018,740	13,100,988
payable within next financial year	22,018,740	13,100,988
payable after next financial year		
5-bis) tax credits	37,943	1,919,608
payable within next financial year	37,943	1,919,608
5-ter) deferred taxes	378,864	223,103
5-quater) from others	3,774,736	152,768
payable within next financial year	3,774,736	152,768
payable after next financial year		
Total receivables	26,210,283	15,396,467
III - Financial assets that do not constitute fixed assets		
5) financial derivative instrument assets	87,428	944
6) other securities	570,994	918,662
Total financial assets that do not constitute assets	658,422	919,606
IV - Cash and cash equivalents		
1) bank and postal deposits	7,416,102	1,874,411
3) cash and cash values	132	31
Total cash and cash equivalents	7,416,234	1,874,442
Total current assets (C)	57,556,224	36,080,733
<b>D) Prepayments and accrued income</b>	114,149	145,829
<b>Total assets</b>	<b>60,734,089</b>	<b>39,646,700</b>

BALANCE SHEET LIABILITIES	TOTAL 2021	TOTAL 2020
<b>A) Equity</b>	<b>14,875,301</b>	<b>12,951,973</b>
I - Share capital	3,000,000	3,000,000
III - Revaluation reserve	2,373,971	2,607,772
IV - Legal reserve	600,000	323,703
VI - Other reserves, separately indicated		
Extraordinary reserve	5,310,706	4,367,592
Other sundry reserves	(2)	(1)
Total other reserves	5,310,704	4,367,591
VII - Reserve for hedging operations of expected cash flows	82,686	(266,503)
IX - Profit (loss) for the year	3,507,940	2,919,410
Total equity	14,875,301	12,951,973
<b>B) Provision for risks and charges</b>		
1) Provision for pensions and similar obligations	83,665	66,180
3) financial derivative instrument liabilities	4,742	266,503
4) other	800,000	598,995
Total provisions for risks and charges	888,407	931,678
<b>C) Employees' leaving entitlement</b>	<b>99,251</b>	<b>78,522</b>
<b>D) Payables</b>		
4) payables to banks	17,885,268	17,617,320
payable within next financial year	9,589,034	7,004,291
payable after next financial year	8,296,234	10,613,029
5) payables to other lenders	620,728	459,875
payable within next financial year	620,728	459,875
payable after next financial year		
7) payables to suppliers	25,343,561	6,782,609
payable within next financial year	25,343,561	6,782,609
payable after next financial year		
12) tax payables	765,649	687,157
payable within next financial year	765,649	687,157
payable after next financial year		
13) payables to employee benefit and social security institutions	38,332	32,336
payable within next financial year	38,332	32,336
payable after next financial year		
14) other payables	112,552	93,202
payable within next financial year	112,552	93,202
payable after next financial year		
Total payables	44,766,090	25,672,499
<b>E) Accrued expenses and deferred income</b>	<b>105,040</b>	<b>12,028</b>
<b>Total liabilities</b>	<b>60,734,089</b>	<b>39,646,700</b>

INCOME STATEMENT	TOTAL 2021	TOTAL 2020
<b>A) Production value</b>		
1) revenue from sales and services	76,795,050	51,794,749
5) other revenue and income		
operating grants		4,654
other	145,409	68,458
Total other revenue and income	145,409	73,112
Total production value	76,940,459	51,867,861
<b>B) Production costs</b>		
6) for raw materials, supplies, consumables and goods	68,270,303	42,448,168
7) for services	6,701,790	4,701,349
8) for use of third-party goods	133,185	154,007
9) for staff		
a) salaries and wages	588,298	435,849
b) social security charges	157,799	131,156
c) severance pay	39,055	32,941
Total personnel expenses	785,152	599,946
10) depreciation and write-downs		
a) depreciation of intangible fixed assets	322,733	39,850
b) depreciation of tangible fixed assets	48,870	45,518
d) write-downs of receivables included in current assets and cash available	358,117	35,000
Total depreciation and write-downs	729,720	
11) Changes to inventories of raw materials, supplies, consumables and goods	(5,381,067)	(210,529)
12) provisions for risks	268,057	
14) charges other than operating	31,589	41,118
Total production costs	71,538,729	47,854,427
<b>Difference between production value and costs (A - B)</b>	<b>5,401,730</b>	<b>4,013,434</b>
<b>C) Financial income and charges</b>		
15) income from shareholdings		
other	120	
Total income from holdings	120	
16) other financial income		
c) from securities entered in current assets that do not constitute holdings	76,691	44,003
d) income other than the previous income		
other	1,898	1,684
Total other income	1,898	1,684
Total other financial income	78,589	45,687
17) interest and other financial charges		
other	316,129	363,738
Total interest and other financial charges	316,129	363,738
17-bis) profit and loss on exchange rates	(327,150)	291,933
Total financial income and charges (15+16-17+-17-bis)	(564,570)	(26,118)

**D) Value adjustments to financial assets and liabilities**

19) write-downs		
c) of securities entered in current assets that do not constitute holdings	14,442	30,039
d) from derivative financial instruments	944	18,294
Total write-downs	15,386	48,333
Total adjustments of value of financial assets and liabilities (18-19)	(15,386)	(48,333)
<b>Pre-tax profit (A-B-C+-D)</b>	<b>4,821,774</b>	<b>3,938,983</b>

**20) Income tax for the year, current, deferred and pre-paid**

current taxes	1,469,595	939,076
deferred and pre-paid taxes	(155,761)	80,497
<b>Total income tax for the year, current, deferred and pre-paid</b>	<b>1,313,834</b>	<b>1,019,573</b>

<b>21) Profit (Loss) for the year</b>	<b>3,507,940</b>	<b>2,919,410</b>
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## INDIRECT CASH FLOW STATEMENT

TOTAL 2021

TOTAL 2020

## Indirect cash flow statement

## A) Cash flows from operating activities (indirect method)

Profit (loss) for the year	3,507,940	2,919,410
Income tax	1,313,834	1,019,573
Interest expense/(income)	237,540	318,051
(Dividends)	(120)	-
(Capital gains)/losses arising from the sale of assets	(46,118)	(12,099)
1) Profit (loss) for the year before income tax, interest, dividends and capital gains	5,310,704	4,367,591
/losses from disposal	5,013,076	4,244,935
Adjustments for non-monetary elements that do not have a balancing entry under net working capital		
Provisions for funds	218,490	17,586
Fixed asset depreciation	371,603	85,368
Write-downs for impairment losses	14,442	30,039
Value adjustments to financial assets and financial liabilities of derivative financial instruments	944	18,294
that do not involve monetary movements	800,000	598,995
Other increases/(decreases) for non-monetary items	21,311	14,447
Total adjustments for non-monetary items that have not had a counterpart in	626,790	165,734
2) Cash flow before net working capital changes	5,639,866	4,410,669
Changes to net working capital		
Decrease/(increase) in inventories	(5,381,067)	(210,529)
Decrease/(increase) in trade receivables	(8,917,752)	6,574,927
Increase/(decrease) in payables to suppliers	18,560,952	(7,316,325)
Decrease/(Increase) in pre-paid expenses and accrued income	31,680	21,919
Increase/(decrease) in accrued expenses and deferred income	93,012	(61,582)
Other decreases (Other increases) in net working capital	(1,792,226)	(792,329)
Total changes to net working capital	2,594,599	(1,783,919)
3) Cash flows after changes in net working capital	8,234,465	2,626,750
Other adjustments		
Interest received/(paid)	(237,540)	(318,051)
(Income tax paid)	(1,313,834)	(1,019,573)
Dividends received	120	-
(Use of provisions)	-	(101,005)
Other receipts/(payments)	(582)	(4,398)
Total other adjustments	(1,551,836)	(1,443,027)
Cash flows from operating activity (A)	6,682,629	1,183,723

## B) Financial flows arising from investment activities

Tangible fixed assets	105,040	12,028
(Investments)	(23,302)	(41,295)
Divestments	-	3
Intangible fixed assets		
(Investments)	(18,879)	(3,002,870)
Financial fixed assets		
(Investments)	-	(13,500)
Divestments	27,000	-
Short-term financial assets		
(Investments)	(301,756)	(101,000)
Divestments	681,100	116,525

Financial flow of investment activities (B)	364,163	(3,042,137)
<b>C) Financial flows arising from financing activities</b>		
Third-party financing		
Increase/(decrease) in short-term payables to banks	2,584,743	(2,137,249)
Loans taken out	160,853	1,596,693
(Loans repaid)	(2,316,795)	(140,941)
Own funds		
Capital increase with payment	(233,801)	2,607,772
(Dividends and advances on dividends paid)	(1,700,000)	(615,000)
Cash flows from financing activities (C)	(1,505,000)	1,311,275
<b>Increase/(decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>5,541,792</b>	<b>(547,139)</b>
Opening cash and cash equivalents		
Bank and postal deposits	1,874,411	2,421,389
Cash and cash values	31	192
Total cash and cash equivalents at the start of the year	1,874,442	2,421,581
Cash and cash equivalents at the year-end		
Bank and postal deposits	7,416,102	1,874,411
Cash and cash values	132	31
<b>Total cash and cash equivalents at the year-end</b>	<b>7,416,234</b>	<b>1,874,442</b>

## Notes to the Annual Financial Statements for the year closed at 31/12/2021

Dear Shareholders, these notes form an integral part of the financial statements at 31/12/2021.

These financial statements comply with the provisions of article 2423 and following articles of the Italian Civil Code and the accounting standards promulgated by the Italian Accounting Standard Setter (OIC). Consequently, they fairly present and give a true and fair view of the Company's financial position and results of operations for the year.

The contents of the balance sheet and the income statement complies with the provisions of articles 2424 and 2425 of the Italian Civil Code, while the cash flow statement has been prepared pursuant to art. 2425-ter.

These notes, which have been prepared pursuant to article 2427 of the Italian Civil Code, provide all information required for a fair interpretation of the financial statements.

The financial year 2021 was marked by a significant upturn in sales following the contraction in 2020 due to the pandemic, thus reaching pre-crisis growth levels.

### **Formation criteria**

#### **Preparation of the Financial Statements**

The information set out herein is presented in line with the presentation order of financial statements items.

With respect to the introductory section of these notes, it is noted that, pursuant to article 2423.3 of the Italian Civil Code, should the legally-required information fail to give a true and fair view of the Company's position, additional disclosure is given as required.

The financial statements and these notes have been prepared in euros.

### **Basis of preparation**

Financial statement items have been valued on a prudent, relevant and going concern basis. In accordance with art. 2423-Bis, paragraph 1, point 1-bis of the Italian Civil Code, the recognition and presentation of entries is carried out taking into account the substance of the operation or contract. When preparing the annual financial statements, income and

charges have been recognised on an accruals basis, regardless of their collection or payment dates and only profits made by the balance sheet date are indicated in the financial statements. Account was taken of the risks and losses for the financial year even if recognised after the year-end.

The elements comprising each entry and items in assets or liabilities have been valued separately, to prevent the capital gains of some elements being able to offset the capital losses of others.

Where offsetting is permitted by law, the gross amounts to be offset shall be indicated in the notes to the accounts.



### Structure and content of the Financial Statements

The balance sheet, income statement and cash flow statement set out in these notes are consistent with the accounting records from which they directly derive.

Neither the balance sheet or the income statement include any grouping of captions preceded by Arabic numbers, as optionally permitted by article 2423-ter of the Italian Civil Code.

In accordance with article 2424 of the Italian Civil Code, it is noted that there are no asset or liability items which fall under more than one financial statements item.

### Exceptional cases pursuant to art. 2423, paragraph 5 of the Italian Civil Code

There have not been any exceptional cases that have made it necessary to appeal to the exceptions referred to in art. 2423, paragraphs 4 and 5 of the Italian Civil Code;

### Changes to the accounting standards

There have not been any exceptional cases that have made it necessary to appeal to the exceptions referred to in art. 2423-bis, paragraph 2 of the Italian Civil Code;

### Comparability and adaptation problems

In accordance with article 2423 ter of the Italian Civil Code, it is noted that all captions can be compared with prior year figures. Consequently, no prior year caption was adjusted.

### Valuation criteria used

The valuation criteria applied to financial statements items and adjustments comply with the Italian Civil Code and the accounting standards promulgated by the Italian Accounting Standard Setter (OIC). These have remained unchanged from the previous year.

Pursuant to article 2427, paragraph 1.1 of the Italian Civil Code, the main valuation criteria used in accordance with the provisions of article 2426 of the Italian Civil Code are described below, focusing, in particular, on those items to which different valuation and adjustment criteria may be used or for which no specific criteria exist.

Values expressed in foreign currencies have been entered, after having been converted into euros using the exchange rate at the time they were recognised or the exchange rate at the end of the financial year according to accounting standard OIC 26.

### Intangible fixed assets

Intangible fixed assets, using the conditions laid down by the accounting standards, are stated under balance sheet assets at cost and/or at production cost and are amortised on a straight-line basis over their useful lives.

They are stated net of amortisations and write-downs.

Amortisation is charged based on a pre-established plan which is deemed to ensure an adequate allocation of cost incurred over the assets' useful life:

Intangible fixed asset items	Period
Software	5 years on a straight-line basis
Trademarks	10 years on a straight-line basis
Other multi-year expenses	5 years on a straight-line basis

Intangible fixed assets are amortised systematically every year over the residual income generating potential of individual assets or costs.

The next table details, pursuant to and for the effects of art. 10 of the law of 19 March 1983, No. 72, as well as also drawn from subsequent monetary revaluation laws, for such intangible assets a monetary revaluation was performed by highlighting the related amount.

Description	Amount
Concessions, licences, trademarks and similar rights	
Decree Law No. 104/2020	2,997,439

The Company, in the year 2020, in accordance with art. 110 paragraph 1 of Legislative Decree 104/2020 converted into Law No. 126/20 has decided to revalue the trademark respecting the criteria indicated by OIC No. 24 and there are the legal requirements by way of derogation from article 2426 of the Italian Civil Code. The Trademark revaluation value is €2,997,439, a value that falls within the range identified in the valuation report by the company M.B.C.- Merchant Banking Consulting, responsible for assessing the estimate of this intangible asset being revalued, which in this specific case used the royalty rates method.

The Company has checked that:

- the value of the asset (Trademark) does not exceed the recoverable value;
- the income statement for subsequent years can permit higher depreciation;
- the accounting method used for the revaluation was increasing the historic cost (as set out in DM 126/2001).

Intangible assets have not suffered write-downs for impairment losses, since they are not the recoverable amount, less than the value entered in the accounts, as defined by accounting standard OIC 9.

### Tangible fixed assets

Assets belonging to the category of tangible assets, recognised on the date on which the transfer of the risks and benefits related to the asset acquired, are entered in the balance sheet at cost, plus any extra charges incurred up to the time when the assets are ready for use and in any case within the limit of their recoverable value.

These assets are recorded in the assets side of the balance sheet net of the amortisation and depreciation funds.

The book value of the assets, grouped into uniform classes by nature and by year of acquisition, is split over the financial years in which the assets are likely to be utilised. This procedure is implemented by means of the systematic allocation of depreciation corresponding to pre-

established schedules defined when the assets become ready for use, with reference to their estimated useful lives.

These schedules, subject to annual verification, are formed with reference to the gross value of the assets and an assumed net realisable value of zero at the end of the process.

Property, plant and equipment with limited useful lives have been depreciated in accordance the following pre-defined schedule:

<b>Tangible fixed asset items</b>	<b>Rates %</b>
Plant and machinery	7.50%
Specific plants	7.50%
Equipment	15.00%
Electronic office equipment	20.00%
Furniture and fixtures	12.00%
Vehicles	20.00%
Vehicles	25.00%

For fixed assets acquired during the course of the financial year the above rates were reduced by half since the depreciation amount thus obtained does not significantly deviate from the rate calculated starting from when the asset is available and ready to use.

The depreciation criteria applied are unchanged from the previous year.

Pursuant to article 10 of Law No. 72 of 19 March 1983 and subsequent monetary revaluation laws, it is noted that no monetary revaluation was carried out on recognised tangible fixed assets.

Tangible assets have not suffered write-downs for impairment losses, since they are not the recoverable amount, less than the value entered in the accounts, as defined by accounting standard OIC 9.

### **Financial fixed assets**

#### **Other securities**

Financial assets consisting of other securities have been recognised in the financial statements at cost including any additional charges, as the application of the amortised cost criterion irrelevant.

No write-downs of securities were recognised pursuant to article 2426, paragraph 1.3 of the Italian Civil Code. Indeed, in accordance with OIC 9, no potential impairment indicators were identified.

#### **Financial leasing transactions**

Assets acquired under leasing are accounted for using the equity method, as provided for by legislation, with leasing fees recognised in operating costs.

#### **Inventory**

Inventories of assets are valued at weighted average cost.

The purchase cost includes any additional direct charge costs.

#### **Receivables recognised under current assets**

The receivables entered in the assets were recognised in the financial statements according to the presumed realisable value, given the irrelevance of the application of the amortised and/or discounted cost method, due to the need to give a true and correct representation of the

company's financial and economic situation.

The adjustment to the presumed realisable value was performed by the establishment of a provision for bad debts amounting to €700,000.

### **Financial assets that do not constitute fixed assets**

#### **Financial derivative instrument assets**

Financial derivative instrument assets relate to hedging instruments of cash flows or the fair value of a short-term asset. These were valued at fair value pursuant to art. 2426, paragraph 1.11-bis and the positive or negative changes to the fair value between two financial years are recorded in the appropriate items of the Income Statement "D.18.D - Revaluation of financial derivatives" and "D.19.D - Write-downs of financial derivatives" respectively, with the exception of changes to derivatives of cash flow hedging for which accounting in shareholders' equity item "VII - Reserve for hedging operations of expected cash flows". With regard to the procedures for determining the fair value, it was determined according to the market value because it was possible to easily identify an active market.

#### **Other securities**

Short-term securities that are fungible in nature were valued based on the lesser value between the initial recognition cost and the realisable value based on market trends. For the valuation of the initial recognition cost, the weighted average cost method was adopted as an alternative to the specific cost.

### **Cash and cash equivalents**

Cash and cash equivalents are valued using the following criteria:

- money, at par value;
- bank deposits and cheques in cash, at the presumed realisable value. In the specific case, the realisable value matches the par value.

### **Pre-paid expenses and accrued income**

They are calculated on an accruals basis, by allocating costs and/or revenue common to several financial years.

### **Equity**

Items are shown at their carrying amount in accordance with OIC 28.

### **Provisions for risks and charges**

Provisions for risks and charges have been set aside to cover liabilities whose existence is certain or likely, the amount of which and/or date of occurrence cannot be determined at the year-end.

The provisions have been established based on the principles of prudence and accrual basis accounting, observing the requirements of accounting standard OIC 31. The related provisions are recognised in the income statement for the year in question, based on the "due to the nature" of the costs classification criterion.

### **Employee's severance pay**

This provision was calculated in accordance with article 2120 of the Italian Civil Code, considering the law, the specific nature of contracts and professional categories. It includes the amounts accrued annually and the revaluations based on ISTAT coefficients.

This provision is recognised net of advances and the amounts used following the employment relationships terminated during the year. It punctually reflects the amount due to employees at the balance sheet date.

### **Payables**

The payables have been recognised in the financial statements according to the par value, given the irrelevance of the application of the amortised and/or discounted cost method, due to the need to give a true and correct representation of the company's financial and economic situation.

### **Accrued liabilities and deferred income**

They are calculated on an accruals basis, by allocating costs and/or revenue common to several years.

## **Other information**

### **Forward contracts**

During the year, pursuant to article 2427, 6-ter of the Italian Civil Code, the Company certifies that it did not enter into any forward contracts.

## Notes to the Accounts, assets

The movements of the individual financial statement items are analysed in detail below, according to that laid down in the current legislation.

### Fixed assets

#### Intangible fixed assets

##### Changes in intangible fixed assets

After depreciation for the financial year, amounting to €322,733, the intangible fixed assets amount to €2,747,683.

Changes in intangible fixed assets are shown in the table.

	Industrial patent and use of creative work rights	Concessions, licenses, trademarks and similar rights	Other intangible fixed assets	Total intangible fixed assets
<b>Value at the start of the year</b>				
Cost	18,600	3,000,000	32,937	3,051,537
Carrying amount	18,600	3,000,000	32,937	3,051,537
<b>Changes in the year</b>				
Increases for acquisitions	18,879	-	-	18,879
Depreciation for the year	11,754	300,000	10,979	322,733
Total changes	7,125	(300,000)	(10,979)	(303,854)
<b>Value at the end of the year</b>				
Cost	25,725	2,700,000	21,958	2,747,683
Carrying amount	25,725	2,700,000	21,958	2,747,683

## Tangible fixed assets

### Changes to tangible fixed assets

Tangible fixed assets amount to €425,570, gross of accumulated depreciation of €210,926. The following table shows the changes to the tangible fixed assets in question.

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total tangible fixed assets
<b>Value at the start of the year</b>				
Cost	199,203	60,224	142,841	402,268
Depreciation (Depreciation fund)	54,575	37,208	70,273	162,056
Carrying amount	144,628	23,016	72,568	240,212
<b>Changes in the year</b>				
Increases for acquisitions	-	-	23,302	23,302
Depreciation for the year	14,749	9,034	25,087	48,870
Total changes	(14,749)	(9,034)	(1,785)	(25,568)
<b>Value at the end of the year</b>				
Cost	199,203	60,224	166,143	425,570
Depreciation (Depreciation fund)	69,324	46,242	95,360	210,926
Carrying amount	129,879	13,982	70,783	214,644

## Finance leases

The following table provides the information required by Italian legislation in order to reflect, off-the-books, the effects of the different recognition using the financial method, in which the company user would enter the asset received in leasing in fixed assets and would calculate the related accumulated amortisation on this asset, while at the same time showing the payable for the capital share of the fees to be paid. In this case, the interest and depreciation amounts for the year in question would be entered in the income statement. It should be noted that at the end of the financial year there are no longer any leasing contracts, as the last asset for which we had a contract in 2021 was redeemed.

	Amount
Concessions, licences, trademarks and similar rights	42

## Financial fixed assets

### Movements of shareholdings, other securities and financial derivative fixed asset instruments

The movements of the fixed assets in question are shown in the following table.

	Other securities
<b>Value at the start of the year</b>	
Cost	128,389
Carrying amount	128,389
<b>Changes in the year</b>	
Decreases for sales (of the carrying amount)	27,000
Total changes	(27,000)
<b>Value at the end of the year</b>	
Cost	101,389
Carrying amount	101,389

### Carrying amount of financial fixed assets

Financial fixed assets were not recognised at above their fair value.

## Current assets

### Inventory

The following table provides the information related to changes to inventories.

	Value at the start of the year	Change over the year	Value at the end of the year
Finished products and goods	17,890,218	5,381,067	23,271,285
Total inventories	17,890,218	5,381,067	23,271,285

### Receivables recognised under current assets

#### Changes to maturities of receivables entered in current assets

The following table shows changes in receivables entered in current assets and, where significant, information about their due date.

	Value at the start of the year	Change over the year	Value at the end of the year	Portion due within the year
Trade receivables entered in current assets	13,100,988	8,917,752	22,018,740	22,018,740
Tax receivables entered in current assets	1,919,608	(1,881,665)	37,943	37,943
Pre-paid tax assets entered in current assets	223,103	155,761	378,864	
Receivables from others entered in current assets	152,768	3,621,968	3,774,736	3,774,736
Total receivables entered in current assets	15,396,467	10,813,816	26,210,283	25,831,419



### Breakdown of receivables recognised under current assets by geographical area

The following table gives a breakdown of receivables by geographical area entered in current assets.

Geographical area	ITALY	EEC	EXTRA-EEC	Total
Trade receivables recognised under current assets	14,914,766	5,467,182	1,636,792	<b>22,018,740</b>
Tax receivables entered in current assets	37,943	-	-	<b>37,943</b>
Pre-paid tax assets entered in current assets	378,864	-	-	<b>378,864</b>
Receivables from others entered in current assets	3,759,356	-	15,380	<b>3,774,736</b>

### Financial assets that do not constitute fixed assets

Variations of financial assets that are not fixed assets

The following table provides the information related to changes to financial assets that are not fixed assets

	Value at the start of the year	Change over the year	Value at the end of the year
Short-term financial derivative instrument assets	944	86,484	87,428
Other securities that are not short-term	918,662	(347,668)	570,994
Total financial assets that do not constitute assets	919,606	(261,184)	658,422

### Cash and cash equivalents

The following table provides the information related to changes to pre-paid expenses and accrued income.

	Value at the start of the year	Change over the year	Value at the end of the year
Bank and postal deposits	1,874,411	5,541,691	7,416,102
Cash and other cash values	31	101	132
Total cash and cash equivalents	1,874,442	5,541,792	7,416,234

### Pre-paid expenses and accrued income

The following table provides the information related to changes to pre-paid expenses and accrued income.

	Value at the start of the year	Change over the year	Value at the end of the year
Accrued income	-	320	320
Pre-paid expenses	145,829	(32,000)	113,829
Total pre-paid expenses and accrued income	145,829	(31,680)	114,149

The following table provides a breakdown of the items in question, as recorded in the financial statements.

Description	Breakdown	Current year
<b>Accrued liabilities and deferred income</b>		
	Accrued income	320
	Pre-paid expenses	113,829
	<b>Total</b>	<b>114,149</b>

Accrued income is divided as follows:

- Accrued income for contingent assets €. 320
- Pre-paid expenses are divided as follows:
  - Pre-paid expenses rental €. 400
  - Pre-paid expenses computerised services €. 5,075
  - Pre-paid expenses insurance policies €. 642
  - Pre-paid expenses loans €. 90,238
  - Pre-paid expenses surety expenses €. 1,441
  - Pre-paid expenses consultancy €. 6,253
  - Pre-paid expenses subscriptions books, magazines, publications €. 1,283
  - Pre-paid expenses rent €. 8,497

It is pointed out that the amount of €53,909 relating to pre-paid expenses loans concerns the amount after the next financial year.

### Capitalised financial charges

All interest and other financial charges have been fully expensed during the year. For the purposes of article 2427, paragraph 1(8) of the Italian Civil Code, it is confirmed that there are no capitalised financial costs.

## Notes to the Accounts, liabilities and equity

The movements of the individual financial statement items are analysed in detail below, according to that laid down in the current legislation.

### Equity

#### Changes in equity items

The following tables show the changes in the individual equity items and provide a breakdown of other reserves, where present.

	Value over the year	Allocation of profit from the previous year	Other changes		Profit for the year	Value at the end of the year
		Allocation of dividends	Increases	Decreases		
Capital	3,000,000	-	-	-		3,000,000
Revaluation reserves	2,607,772	-	-	233,801		2,373,971
Legal reserve	323,703	276,297	-	-		600,000
Other reserves						
Extraordinary reserve	4,367,592	2,643,114	-	1,700,000		5,310,706
Other sundry reserves	(1)	(1)	-	-		(2)
Total other reserves	4,367,591	2,643,113	-	1,700,000		5,310,704
Reserve for hedging operations of expected financial flows	(266,503)	-	353,931	4,742		82,686
Profit/(loss) for the year	2,919,410	(2,919,410)	-	-	3,507,940	3,507,940
Total equity	12,951,973	-	353,931	1,938,543	3,507,940	14,875,301

#### Breakdown of other miscellaneous reserves

Description	Importo
Euro rounding reserve	(2)
Total	(2)

Pursuant to the amendments made by article 1(622) to (624) of Law 234/2021 (Budget Law 2022), in respect of the intangible assets revalued in the financial year 2020 subject to depreciation in 1/18 (e.g. trademarks and goodwill), the company opted for the payment of a further 9% substitute tax in view of the possibility of continuing to deduct the increased value attributed to the brand in the revaluation stage for an amount of 1/18, by the payment of a further substitute tax.

The exercise of this option has consequently led to a reduction in the revaluation reserve Legislative Decree 104/2020. All the subscribed shares have been fully paid up.

### Availability and use of equity

The following tables give a breakdown of equity items together with their origin, possible use and ability to be distributed, and their use in the three previous financial years.

It should be noted that the revaluation reserve, indicated below with the possibility of using A,B,C, appears to have been released with taxation of 10%, as set out by the revaluation law Legislative Decree 104/2020.

	Amount	Origin/nature	Possibility of use	Share available	Summary of uses made in the three previous financial years for other reasons
Capital	3,000,000	Capitale		-	-
Revaluation reserves	2,373,971		A;B;C	2,373,971	-
Legal reserve	600,000	Utili	B	-	-
Other reserves					
Extraordinary reserve	5,310,706	Utili	A;B;C	5,310,704	5,215,000
Other sundry reserves	(2)			-	-
Total other reserves	5,310,704			5,310,704	-
Reserve for hedging operations of expected cash flows	82,686			-	-
<b>Total</b>	<b>11,367,361</b>			<b>7,684,675</b>	<b>5,215,000</b>
Residual distributable share				7,684,675	

LEGEND - A: FOR CAPITAL INCREASE B: FOR LOSS COVERAGE C: FOR DISTRIBUTION TO SHAREHOLDERS D: FOR OTHER STATUTORY OBLIGATIONS E: OTHER

### Origin, possible use and ability to be distributed of other sundry reserves

Description	Amount	Origin/nature
Euro rounding reserve	(2)	Capital
Total	(2)	

### Changes to the reserve for hedging operations of expected cash flows

Pursuant to art. 2427-bis, paragraph 1b-quarter of the Italian Civil Code, the following table shows the movements of the fair value reserves that occurred in the financial year.

Reserve for hedging operations of expected cash flows	
Value at the start of the year	(266,503)
Changes in the year	
Increase due to fair value changes	(4,742)
Decrease due to fair value changes	(353,931)
Value at the end of the year	82,686

## Provisions for risks and charges

The following table provides the information related to changes to provisions for risks and charges.

	Fund for pensions and similar obligations	Financial derivatives Liabilities	Other provisions	Total provisions for risks and charges
Value at the start of the year	66,180	266,503	598,995	931,678
Changes in the year				
Provisions for the year	17,485	-	268,057	285,542
Utilisation of the year	-	266,503	67,052	333,555
Provisions for the year	-	4,742	-	4,742
Utilisation of the year	17,485	(261,761)	201,005	(43,271)
Value at the end of the year	83,665	4,742	800,000	888,407

### Other funds

The following table provides a breakdown of the item in question, as recorded in the financial statements, pursuant to art. 2427 paragraph 1 of the Italian Civil Code.

Description	Breakdown	Current year
<b>Other</b>		
	Other provisions for deferred risks and charges	300,000
	Warehouse obsolescence risk provision	500,000
	<b>Total</b>	<b>800,000</b>

## Employee's severance pay

The following table provides the information related to changes to employee's severance pay

	Employee's severance pay
Value at the start of the year	78,522
Changes in the year	
Provisions for the year	21,311
Other changes	(582)
Total changes	20,729
Value at the end of the year	99,251

## Payables

### Changes to payables and due dates thereof

The following table shows changes in payables and, where necessary, information about their due date.

	Value at the start of the year	Change over the year	Value at the end of the year	Portion payable within	Portion payable after the year
Payables to banks	17,617,320	267,948	17,885,268	the year	8,296,234
Payables to other lenders	459,875	160,853	620,728	620,728	-
Trade payables	6,782,609	18,560,952	25,343,561	25,343,561	-
Tax payables	687,157	78,492	765,649	765,649	-
Payables to employee benefit and social security institutions	32,336	5,996	38,332	38,332	-
Other payables	93,202	19,350	112,552	112,552	-
<b>Total payables</b>	<b>25,672,499</b>	<b>19,093,591</b>	<b>44,766,090</b>	<b>36,469,856</b>	<b>8,296,234</b>

### Payables to banks

The following table presents the breakdown of the item "Payables to banks".

Item	Payables for current account	Payables for short-term loans	Payables for medium-term loans	Total
4)	5,934,359	3,654,675	8,296,234	17,885,268

### Other payables

The following table presents the breakdown of the item "Other payables".

Description	Breakdown	Current year
<b>Other payables</b>		
	Customer advances account in the name and on behalf	2,498
	Payables to complementary pension schemes	7,112
	Payables to directors	14,765
	Various Payables	8,435
	Payables for FIRR (Employment Termination Compensation Fund)	7,680
	Payables for electronic invoices stamp duty	482
	Remuneration	71,580
	<b>Total</b>	<b>112,552</b>

### Breakdown of payables by geographical area

The following table gives a breakdown of payables by geographical area.

Geographical area	ITALY	EEC	EXTRA-EEC	Total
Payables to banks	17,885,268	-	-	17,885,268
Payables to other lenders	620,728	-	-	620,728
Trade payables	4,276,850	2,774,255	18,292,456	25,343,561
Tax payables	765,649	-	-	765,649
Payables to employee benefit and social security institutions	38,332	-	-	38,332
Other payables	112,552	-	-	112,552
<b>Payables</b>	<b>23,699,379</b>	<b>2,774,255</b>	<b>18,292,456</b>	<b>44,766,090</b>

### Payables secured by collateral on company assets

Pursuant to article 2427, paragraph 1(6) of the Italian Civil Code, it is noted that there are no social security charges payable secured by collateral.

### Shareholder loans

The company has not received any loans from shareholders.

### Accrued liabilities and deferred income

The following table provides the information related to changes to accrued liabilities and deferred income.

	Value at the start of the year	Change over the year	Value at the end of the year
Accrued liabilities	12,028	93,012	105,040
<b>Total accrued liabilities and deferred income</b>	<b>12,028</b>	<b>93,012</b>	<b>105,040</b>

The following table provides a breakdown of the items in question, as recorded in the financial statements.

Description	Breakdown	Current year
<b>Accrued liabilities and deferred income</b>		
	Deferred liabilities	105,040
	<b>Total</b>	<b>105,040</b>

Deferred income is divided as follows:

- Deferred income INAIL €. 593
- Deferred income bank charges €. 2,637
- Deferred income insurance policies €. 95,632
- Deferred income overdraft fees €. 6,178.

## Notes to the Accounts - Income Statement

The income statement highlights the economic performance for the year.

It provides a representation of management operations by means of a summary of the positive and negative components of income that contributed to economic performance. The positive and negative components of income, entered in the financial statements as provided for by article 2425-bis of the Italian Civil Code, are separated according to the various operations they belong to: characteristic, ancillary and financial.

The characteristic activity identifies the income components generated from operations that occur on a permanent basis and in the relevant sector for management performance, that identify and qualify the distinctive and particular part of the economic activity carried out by the company, that it is supposed to perform.

The financial activity consists of operations that generate income and expenses of a financial nature.

Residually, additional business comprises operations that generate income components that are part of ordinary activities but do not come under characteristic and financial activity.

### Production value

Revenue is recognised on an accruals basis, net of returns, rebates, discounts and premiums as well as taxes directly related thereto.

As regards the sale of goods, the related revenue is entered when the substantial and non-formal transfer of ownership occurred taking as a point of reference for the substantial transfer, the transfer of risks and benefits

### Breakdown of revenue from sales and services by category of activity

The following table analyses revenue from sales and services by type..

Asset category	Current year value
Sale of goods	76,795,050
<b>Total</b>	<b>76,795,050</b>

### Breakdown of revenue from sales and services by geographical area

The following table analyses revenue from sales and services by geographical area.

Geographical area	Current year value
ITALY	58,467,999
EU	14,598,682
OUTSIDE OF EU	3,728,369
<b>Total</b>	<b>76,795,050</b>



## Financial income and charges

They are recognised on an accruals basis based on the portion accrued during the year.

### Breakdown of income from investments

Dividends are recognised in the financial year in which the distribution was approved.

There is no income from investments pursuant to article 2425.15 of the Italian Civil Code other than from dividends.

### Breakdown of interest and other financial charges by type of payables

The below table provides details of the interest and other financial charges pursuant to art. 2425, No. 17 of the Italian Civil Code, with a specific breakdown of those relating to debenture loans and bank and other payables.

<b>Interest and other financial charges</b>	
Payables to banks	296,653
Other	19,476
<b>Total</b>	<b>316,129</b>

### Exchange rate gains and losses

The following table provides information about exchange rate gains and losses, indicating the realised portion arising from the measurement of foreign currency assets and liabilities recognised at year end.

	Recorded amount	Unrealised	Realised
<b>Profit and loss on exchange rates</b>	<b>327,150 -</b>		
Exchange rate gains		294,708	344,024
Exchange rate losses		-	965,882
<b>Total entry</b>		<b>294,708</b>	<b>621,858 -</b>

## The amount and nature of the individual revenue/cost items of an exceptional magnitude or impact

During this year, no revenue or other positive components resulting from of an exceptional magnitude or impact were recorded.

During this year, no costs resulting from an event of an exceptional magnitude or impact were recorded.

## Income tax for the year, current, deferred and pre-paid

The Company recognised the taxes for the year on the basis of the applicable tax rules and regulations. Current taxes relate to income tax of the year as well as resulting from tax declarations. Taxes relating to previous years include direct tax from previous years, including interest and penalties and are also refer to the positive (or negative) difference between the amount due as a result of the resolution of a dispute or an investigation with respect to the value

of the provision set aside in previous years. Deferred tax liabilities and deferred tax assets, finally, relative to the related income or loss components subject to taxation or deduction in financial years different from the statutory accounting.

### Deferred and pre-paid taxes

This item covers the impact of deferred taxation on these financial statements. The same should be ascribed to temporary differences between the values attributed to an asset or liability according to civil law criteria and the corresponding values recognised in these elements for tax purposes.

Pre-paid taxes were calculated at the IRES rate of 24% and the IRAP rate of 3.90%. Below, where present, is the information required by art. 2427 No. 14 of the Civil Code, or rather:

- a description of the temporary differences that led to the recognition of deferred tax assets and liabilities, specifying the tax rate applied and the changes on the prior year, the amounts credited or debited to the income statement or equity.
- the amount of deferred tax assets recorded in the financial statements relating to losses during the financial year or preceding financial years and the reason for the entry;
- the amount not yet recorded and the reasons for not having entered it;
- the items excluded from the calculation and the reasons why.

	Pre-paid tax cred. 01/01/21	Taxable uses 2021	Tax reversal Pre-paid I RES 24%	Taxable allocation 2021	Pre-paid tax IRES 24%	Pre-paid tax IRAP 3.90%	Pre-paid tax credit at 31/12/2021
Advance provisions for bad debt trade receivables	79,344			293,000	70,320		149,664
Advance provisions for deferred risks and charges	71,759	67,052	(16,093)	68,057	16,334		72,000
Advance provisions for warehouse obsolescence	72,000			200,000	48,000		120,000
Fisc. non-deductible trademark deprec.				133,333	32,000	5,200	37,200
Value at 31/12/2021	223,103	67,052	(16,093)	694,390	166,654	5,200	378,864

## Notes to the Accounts - Cash Flow Statement

The company has prepared the cash flow statement which represent the summary document that links the changes in the company's assets during the financial year with the changes in the financial situation; it highlights the values of the financial resources needed by the company during the financial year and their use.

In relation to the method used, it is specified that it adopted, according to that laid down in OIC 10, the indirect method on the basis of which the cash flow is reconstructed by adjusting the operating result of non-monetary components.

## Notes to the Accounts, other information

The other information required by the Italian Civil Code is given below.

### Employment data

The table below shows the average number of employees, broken down by category and calculated based on the daily average.

	Average number
Managers	2
Clerical staff	7
Manual workers	6
<b>Total employees</b>	<b>15</b>

### Fees, advances and loans granted to directors and statutory auditors and commitments entered into on their behalf

The following table provides the information requested in art. 2427, No. 16 of the Italian Civil Code, stating that there are no advances and loans and no commitments have been entered into on behalf of the Board of Directors due to any type of guarantees provided.

	Directors auditors	Statutory
Fees	288,000	21,840

### Fees to the statutory auditor or audit firm

The table below indicates, divided by type of services rendered, the fees payable to the audit firm.

	Value
External audit of the annual accounts	17,000
<b>Total fees due to the statutory auditor or audit firm</b>	<b>17,000</b>

## Category of shares issued by the Company

The following table indicates the number and par value of the company's shares, as well as any movements that have occurred during the financial year.

Description	End number, par value
Ordinary shares	3,000,000

## Securities issued by the Company

The Company did not issue any securities or similar instruments covered by art. 2427 No. 18 of the Italian Civil Code.

## Details of the financial instruments issued by the company

The company has not issued any financial instruments pursuant to art. 2346, paragraph 6 of the Italian Civil Code.

## Commitments, guarantees and contingent liabilities that do not appear in the balance sheet

There are no commitments, guarantees or contingent liabilities not arising from the balance sheet; there is no longer any lease agreement at the end of the year.

## Information on assets and funding allocated to a specific transaction

### Assets allocated to a specific transaction

On the reporting date, there are no assets allocated to a specific transaction, pursuant to art. 2427, (20) of the Italian Civil Code.

### Funding for a specific transaction

On the reporting date, there are no loans allocated to a specific transaction, pursuant to art. 2427, (21) of the Italian Civil Code.

## Information on transactions with related parties

For the purposes of that provided by the current regulations, transactions were carried out with related parties during the financial year.

The following table provides the information required by art. 2427 No. 9 of the Civil Code in so far as it has guarantees received from the parent company Lariotrade Srl.

BANK	AMOUNT AT 31/12/21	TYPE OF GUARANTEE	GUARANTOR	PARTY GUARANTEED
Popolare di Sondrio Bank	825,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
BPM Bank	1,500,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Desio Bank	750,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Intesa San Paolo Bank	1,500,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Unicredit Bank	1,500,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Bper Bank	3,025,000.00	Binding Patronage	Lariotrade Srl	Lariotex Spa
Carige Bank	250,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
<b>TOTAL 31/12/202</b>	<b>9,350,000.00</b>			

We must mention that the company has established operations of a commercial nature with the company C.T.C. SRL whose registered office is in Busto Arsizio (Va) Via Orrù 1 Tax Code/VAT No. 03525780122, but that these operations were still performed with market values.

### Information on agreements that do not appear in the balance sheet

During the year, no off-balance sheet arrangement was agreed.

### Information on significant events occurring after the financial year-end

Pursuant to art. 2427 No. 22-quater of the Civil Code, significant events since the end of the financial year include the conflict in Ukraine following the Russian invasion, which began in February 2022, and the resulting international sanctions against Russia. These sanctions have not so far had any direct impact on how the Company conducts its business, even if the difficulty remains, in this international context, of making reasonably reliable forecasts for the near future. The conflict is exacerbating tension on the raw materials market worldwide, which already showed significant price increases and supply difficulties in the financial year 2021 and the first few months of the financial year 2022. In addition, energy and oil prices are rising. The Company, however, is constantly monitoring the situation and is applying management and cost mitigation actions.

The emergency situation resulting from the COVID-19 pandemic has also not yet finished. However, the vaccination campaign, government support measures and other measures to control the epidemic have avoided the negative economic effects of the 2020 financial year, allowing for gradual global economic growth.

### Companies that prepare the consolidated financial statements of a larger/smaller body of companies that the company is part of as a subsidiary

The table below, pursuant to art.2427, 22-quinquies and 22-sexies of the Italian Civil Code, shows the name and registered office of the company that prepares the consolidated financial statements of a larger or smaller body of companies that the company is part of as a consolidated company.

It also indicates where a copy of the consolidated financial statements is available.

<b>Largest body</b>	
Name of the company	LARIOTRADE SRL
City (if in Italy) or foreign state	Busto Arsizio (Va)
Tax code (for Italian companies)	03576270122
Location where the consolidated financial statements are filed	Busto Arsizio (Va)

## Information relating to financial derivatives pursuant to art. 2427-bis of the Italian Civil Code

In compliance with the requirements of art. 2427-bis of the Italian Civil Code, in respect of the principle of a true and correct representation of the business commitments, we have provided the appropriate information below.

<b>Nature</b>	<b>Issuer</b>	<b>Fair Value</b>
Interest Rate Swap	Intesa San Paolo	€. + 2,022.00
Forward purchase	Intesa San Paolo	€. + 16,333.00
Forward purchase	Intesa San Paolo	€. - 2,921.00
Currency option	Intesa San Paolo	€. + 28,930.00
Currency option	Intesa San Paolo	€. + 12,213.00
Currency option	Intesa San Paolo	€. + 2,491.00
Currency option	Intesa San Paolo	€. - 1,821.00
Forward purchase	BPM	€. + 11,917.86

## Summary financial statements of the company exercising management and coordination

Pursuant to art. 2497-bis para. 4 of the Italian Civil Code, this is to certify that the company is not subject to management and coordination activities by others.

## Information pursuant to art. 1, paragraph 125 of Law No. 124 of 4 August 2017

In relation to the provision referred to in art. 1, paragraph 125-bis of Law 124/2017, concerning the obligation to give evidence in the notes to the accounts of sums of money possibly received in the financial year by way of grants, subsidies, benefits, contributions or aid, in cash or in kind, not general in nature and without a settlement, pay or compensatory nature of any kind from public administrations and the subjects referred to in paragraph 125-bis of the same article, it is specified that any support elements that the company has benefited from during the year, and which has been produced for it by the body that gives notice to the competent bodies, can be consulted at: <https://www.rna.gov.it/RegistroNazionaleTrasparenza/faces/pages/TrasparenzaAiuto.jspx>.

## Proposal for the allocation of profit or loss

Dear Shareholders, in light of the above, the Board of Directors proposes allocating the profit earned for the year totalling €3,507,940.38 to the extraordinary reserve post 2017.

## Notes to the Accounts, final part

Dear Shareholders, we confirm that these financial statements, composed of the Balance Sheet, the Income Statement, the Cash Flow Statement and the Notes to the Accounts, give a true and fair view of the Company's financial position and results of operations for the financial year and are consistent with the accounting records. We therefore invite you to approve the financial statements at 31/12/2021 together with the Board of Director's proposal for the allocation of the profit for the year.

These financial statements are true and real and are consistent with the accounting records.

VERTEMATE CON MINOPRIO, 12/05/2022

Pierluigi Biondi



Sole Director

**LARIOTEX**

INTEGRATED REPORT 21

REPORT OF THE  
BOARD OF STATUTORY  
AUDITORS TO THE  
SHAREHOLDERS'  
MEETING

PURSUANT TO ARTICLE 2429, PARA. 2 OF THE ITALIAN CIVIL CODE.



Financial statements as at 31/12/2021

**To the Shareholders of the Company Lariotex S.p.A.,**

The Board of Statutory Auditors, has performed the oversight task provided for by the current regulations, ensuring, for aspects of competence, the observance of the law and the articles of Association, the respect of the principles of good administration, the adequacy of the organisational structure of the internal control system and the administrative and accounting system, as well as the reliability of the latter to correctly represent the management facts and the arrangements for implementing the corporate governance rules.

In particular, the Board of Statutory Auditors explains that it has performed its institutional activity in obedience and compliance with the standards and principles of behaviour recommended for this purpose by the Italian National Board of Chartered Accountants and Accounting Experts.

The Auditors recall that the check of the proper keeping of records of your Company and of its findings, as well as their correlation with the data in the Financial Statements is not the responsibility of the Board of Statutory Auditors, but the external audit firm Audirevi S.p.A., while the Board is responsible for the comments, as well as evaluations on compliance with the rules of law in relation to the Company's governance and its proper administration.

The audit firm was appointed by the Shareholders' Meeting on 09/12/2019 until the approval of the financial statements as at 31/12/2021.

The Board of Statutory Auditors in office on the date of this report was established as a result of its appointment during the Shareholders' Meeting on 09/12/2019. We remind you that their mandate will end with the approval of the Financial Statements as at 31/12/2021.

**Oversight activity pursuant to art. 2403 et seq. of the Italian Civil Code**

We oversaw the observance of the law and the articles of Association and on following the statutory, legislative and regulatory rules governing how company bodies operate and on compliance with the principles of proper administration.

During meetings held we acquired information on the general management performance from the Sole Director and its expected development, and on operations of greater significance due to their size or characteristics carried out by the Company and according to the information acquired, we can reasonably ensure that actions put in place are in accordance with the law and the articles of Association and are not manifestly reckless, hazardous, a potential conflict of interest or in conflict with the resolutions taken by the Shareholders' Meeting nor do they jeopardise the integrity of the Company's assets and, according to information acquired, we do not have specific comments to report. In particular, we understand that the management choices are based on the principle of correct information and reasonableness and the directors are aware of the risk and the effects of the operations carried out.

We acquired knowledge and oversaw, for that which we were responsible for, the adequacy and operation of the Company's organisational structure, also by collecting information from managers of posts and in this respect we have no specific comments to report. The Sole Director sets the Company's strategic and organisational aims.

We acquired knowledge and oversaw, for that which we were responsible for, the adequacy and operation of the administrative and accounting system, as well as the reliability of the latter to

correctly represent the management facts by obtaining information from managers of posts from the firm in charge of the statutory audit and the examination of corporate documents, and in this respect we have no specific comments to report.

We met the firm in charge of the statutory audit Audirevi S.p.A. and we have engaged in a constant exchange of information with them: there were no data and relevant guidance that should be highlighted in this report. We also found the firm in charge of the statutory audit to be independent.

The Board of Statutory Auditors has verified that the Company properly updated its security policies during the financial year. The Board of Statutory Auditors issued an opinion on the appointment of the audit firm.

As a result of the supervision and control activity, the Board of Statutory Auditors can certify and recognise that:

- during the activity carried out, no omissions, irregularities or wrongdoings or significant enough to require reporting to the control bodies or mention in this report emerged;
- The Board of Statutory Auditors did not receive complaints pursuant to art. 2408 of the Italian Civil Code or revealed by a third party;
- No operations were identified with third parties, or intra-group transactions and/or with related parties that were irregular or unusual in their content, nature, size and location.

#### Comments on the annual financial statements

For that which we were responsible for, we have examined the draft financial statements for the financial year ended 31 December 2021, which was made available to us in the terms referred to in article 2429 of the Italian Civil Code, in regard to which we refer to the following.

As we were not asked to perform the statutory audit of the financial statements, we have monitored the general format of such and their general compliance with the law in terms of formation and structure, and we have no specific comments to report.

We found that the procedural rules relating to the formation of the financial statement for the year 2021 have been correctly applied, in particular we found that:

- a. the financial statements and valuation criteria adopted are consistent with the rules of law and are suitable for the activity carried out by the Company and its size;
- b. pursuant to art.16 paragraphs 7 and 8 of Legislative Decree 213/1998 and art. 2423, paragraph 5 of the Italian Civil Code, the financial statements were drawn up in euro units, without decimals;
- c. the valuation criteria of the assets and liabilities entries subject to this imperative requirement have been checked and were not substantially different from those adopted in previous years, in accordance with the provisions of art. 2426 of the Italian Civil Code;
- d. compliance with the rules of law concerning the preparation of the report on operations has been checked and in this respect we have no comments that need to be highlighted in this report;
- e. in the drafting of the draft financial statements the Sole Director has followed the standards established in articles 2423 and 2423 bis of the Italian Civil Code taking account of the standards adopted by the Italian Accounting Standard Setter (OIC). The valuation

criteria have not undergone substantial changes in respect of those adopted for preparing the financial statements as at 31/12/2020;

- f. the Management Body, in the drafting of the financial statements, has not derogated from the legislation pursuant to art. 2423, paragraph 4 of the Italian Civil Code;
- g. the compliance of the financial statements with the facts and information the Board of Statutory Auditors is aware of has been verified;
- h. the correctness of the information contained in the notes to the accounts was checked as regards the financial and monetary positions;
- i. the notes to the accounts provide the necessary information referred to in art. 2427 of the Italian Civil Code and supplementary provisions;
- j. the information required out in art. 2427-bis Civil Code relating to financial derivative instruments has been provided in the notes to the accounts.
- k. During the year, patent rights increased by €18,879.
- l. The Financial statements Act 2022 (art. 1, paragraph 624, Law No. 234/2021), introducing the new paragraph 8-ter to art. 110 of Legislative Decree No.104/2020 (August decree), amended the rules on the revaluation of business assets. It is noted that the company has opted to adjust the substitute tax in order to proceed with tax depreciation over 18 years.

With regard to the financial year 2021, the financial statements drawn up in accordance with the provisions of art. 2423 and following of the Italian Civil Code, closed with a net profit of €3,507,940, with typical revenue in item A1 of the Income Statement of €76,795,050 compared to €51,794,749 in the previous year.

The Report on Operations, prepared by the Board of Directors, shows the analysis of the Company's situation, performance and operating profit.

Therefore, it contains the mandatory information indicated by existing legislation and we have no specific comments to report.

### Conclusions

Also, considering the findings of the activity carried out by the firm in charge of the statutory audit Audirevi S.p.A., contained in the audit report for the financial statements dated 27/04/2022, which is now available, the Board of Statutory Auditors proposes that the Shareholders' Meeting approves the financial statements for the year ended 31 December 2021, as drawn up by the Sole Director. Finally, we confirm the legality of the proposal for the allocation of the net profit for the year, presented by the Sole Director in the conclusions of the Notes to the Accounts, while noting that the decision in this regard lies with the Shareholders' Meeting.

Milan, 27/04/2022

Francesco Gianluca Pecere, *President*

Gianmario Ferrari, *Statutory Auditor*

Giuseppe Erba, *Statutory Auditor*

VERTEMATE CON MINOPRIO, 12/05/2022

Pierluigi Biondi,



Sole Director



**LARIOTEX**

INTEGRATED REPORT 21

# INDEPENDENT AUDITORS' REPORT

**LARIOTEX S.p.A.**

**Financial statements at 31 December 2021  
Independent auditors' report  
pursuant to art. 14 of Legislative Decree No. 39 of 27 January 2010**

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## Independent Auditors' Report pursuant to art. 14 of Legislative Decree No. 39 of 27 January 2010

To the shareholder of  
LARIOTEX S.p.A.

### Report on the audit of the annual financial statements

#### **Opinion**

We have carried out the audit of the annual financial statements of the company LARIOTEX S.p.A. (the Company), comprising the balance sheet at 31 December 2021, the income statement and cash flow statement for the year ending on that date and the Notes to the Accounts.

In our opinion, the annual financial statements provide a true and accurate representation of the assets and liabilities and financial situation of the company as at 31 December 2021, of the profit and cash flow for the year ending on that date, in accordance with the Italian rules governing the preparation criteria.

#### **Grounds underlying the opinion**

We carried out the audit in accordance with international standards on auditing (Italian ISA). Our responsibilities according to these standards are described below in the section *Auditor's responsibilities for the statutory audit of the annual financial statement* of this report. We are independent with respect to the company in accordance with the rules and principles on ethics and independence applicable in the Italian legal system for auditing financial statements. We believe we have acquired sufficient and appropriate evidence on which to base our opinion.

#### **Other aspects**

The sole director has prepared the content of the report on operations in the Integrated Report dossier.

We have issued a specific report today with respect to Sustainability Report in the 2021 Integrated Report dossier for the Company LARIOTEX S.p.A.

### **Responsibility of the sole director and of the Board of Statutory Auditors for the annual financial statements**

The sole director is responsible for preparing the financial statements that provide a true and accurate representation in accordance with Italian rules governing the preparation criteria and, according to the terms specified by law, for the part of the internal audit deemed necessary by the sole director to allow preparation of the financial statements that do not contain significant errors due to fraud or unintentional conduct or events.

The sole director is responsible for assessing the company's ability to continue to operate as an operating entity and, in the preparation of financial statements, for the appropriateness of the use of the assumption of business continuity, as well as for an adequate privacy policy in this regard.

The sole director uses the assumption of business continuity in the preparation of the annual financial statements unless the sole director has assessed that the conditions exist to liquidate the company or interrupt business or has no realistic alternative to those choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms specified by law, the process of preparing the Company's financial statements.

### ***Responsibilities of the auditor for the statutory audit of the annual financial statements***

Our objectives are the acquisition of reasonable assurance that the annual financial statements as a whole do not contain significant errors due to fraud or unintentional conduct or events, and the issuance of an audit report that includes our opinion. Reasonable security means a high level of security, which, however, does not provide a guarantee that an audit carried out in compliance with the international standards on auditing (ISA Italy) will always identify a significant error, if existing. Errors can result from fraud or unintentional conduct or events and are considered to be significant if it can reasonably be expected that they can, individually or together, influence the financial decisions of users made based on the annual financial statements.

In the context of the audit carried out in compliance with the international standards on auditing (ISA Italy), we have exercised professional judgement and we have maintained professional scepticism for the entire duration of the audit. Furthermore:

- We have identified and assessed the risks of significant errors in the annual financial statements due to fraud or unintentional conduct or events; we have defined and performed auditing procedures in response to these risks; we acquired sufficient and appropriate evidence on which to base our opinion. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error arising from unintentional conduct or events, because fraud may imply the existence of collusion, forgery, intentional omissions, misleading representations or forcing of the internal audit;
- we have gained an understanding of the internal audit relevant for the purposes of the audit in order to define appropriate audit procedures in the circumstances and not to express an opinion on the effectiveness of the company's internal audit;
- we have assessed the suitability of the accounting standards used and the reasonableness of the accounting estimates made by the directors and related disclosures;
- we have come to a conclusion on the appropriateness of the use by the directors of the assumption of business continuity and, based on the evidence acquired, on any existence of a significant uncertainty about events or circumstances that may give rise to significant doubts over the company's ability to continue to operate as an operating entity. In the presence of significant uncertainty, we are obliged to draw attention to the audit report on the financial statements or, where such information is inadequate to reflect this circumstance in the formulation of our opinion. Our conclusions are based on the evidence acquired up to the date of this report. However, subsequent events or circumstances may lead to the company ceasing to operate as an operating entity;
- we have assessed the presentation, structure and content of the financial statements for the year as a whole, including the disclosure, and if the annual financial statements represent the operations and underlying events so as to provide a correct representation.

We have communicated to those in charge of governance activities, identified at an appropriate level as required by the ISA Italy, among other aspects, the scope and scheduled times of the audit and significant results that emerged, including any significant weaknesses in the internal audit identified during the audit.

### *Report on other legal and regulatory provisions*

#### ***Opinion pursuant to article 14, paragraph 2(e) of Legislative Decree 39/10***

The sole director of LARIOTEX S.p.A. is responsible for preparing the Report on Operations for the company LARIOTEX S.p.A. as at 31 December 2021, which is contained in the Financial statements dossier in Chapter 2 “Strategy, sustainability and impacts”, Chapter 3 “Economic and financial sustainability”, Chapter 4 “Governance”, Chapter 5 “Quality, sustainability and the role of the supply chain”, Chapter 6 “Human resources”, Chapter 7 “The environment”, Chapter 8 “Other information” and Chapter 9 “Significant events that occurred after the closure of the financial year and business outlook” (hereinafter referred to as the Report on Operations) including its consistency with the relevant financial statements and its compliance with the law.

We carried out the procedures indicated in the auditing standard (SA Italy) No. 720B in order to express an opinion on the consistency of the report on operations with the annual financial statements of LARIOTEX S.p.A. as at 31 December 2021 and on their compliance with the legislation, as well as to issue a statement on any significant errors.

In our opinion, the report on operations is consistent with the financial statements of LARIOTEX S.p.A. as at 31 December 2021 and is drawn up in accordance with the law.

With reference to the statement referred to in art. 14, para. 2(e) of the Legislative Decree 39/10, issued based on the basis of knowledge and understanding of the company and of its context acquired during the audit activity, we have nothing to report.

Milan, 27 April 2022

Audirevi S.p.A.

  
Ivano Nerbini  
Shareholder



**Lariotex S.p.A.**

**Independent Auditors' Report on the  
Sustainability Report**

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## Independent Auditors' Report on the Sustainability Report

To the Sole Director of  
Lariotex S.p.A.

We have been commissioned to carry out a limited assurance engagement review of the Sustainability Report presented in the specific paragraphs of the Integrated Report on Operations of Lariotex S.p.A.'s (hereinafter the "Company") Annual Financial Statements closed at 31 December 2021.

### Directors' responsibilities for the Sustainability Report

The Chief Executive Officer is responsible for drafting the Sustainability Report in accordance with the Global Reporting Initiative Sustainability Reporting Standards" as defined by the GRI – Global Reporting Initiative ("GRI Standards"), as described in the paragraph "Methodological note" of the Company's Integrated Annual Financial Statements as at 31 December 2021.

The Sole Director is also responsible for that part of the internal control he deems necessary in order to allow the drafting of the Sustainability Report that does not contain significant errors due to fraud or unintended behaviour or events.

The Sole Director is also responsible for the definition of the Company's objectives in relation to sustainability performance, as well as for the identification of stakeholders and significant aspects to be reported.

### Independence of the quality control and audit firm

We are independent in accordance with the principles of ethics and independence of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behaviour. Our auditing firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and, as a result, maintains a quality control system that includes directives and documented procedures on compliance with ethical principles, professional principles, and applicable laws and regulations.

### Responsibility of the audit firm

It is our responsibility to express, based on our procedures, a conclusion as to whether the Sustainability Report complies with the requirements of the GRI Standards. Our work was carried out according to the criteria set out in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter also "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance assignments. This principle requires planning and conducting procedures in order to achieve a limited level of security that the Sustainability Report does not contain significant errors. Therefore, our examination has involved less work than is required to carry out a full examination under ISAE 3000 Revised (reasonable assurance engagement) and, consequently, it does not allow us to be sure that we have become aware of all the significant facts and circumstances that could be identified by conducting such an examination.

The procedures carried out on the Sustainability Report were based on our professional judgement and included interviews, mainly with the Company staff responsible for preparing the information presented in the Sustainability Report, as well as an analysis of documents, recalculations and other procedures aimed at acquiring evidence deemed useful.

In particular, we carried out the following procedures:

- 1) analysis of the process for defining relevant topics reported in the Sustainability Report, with reference to how they are identified in terms of their priority for different stakeholder categories and the internal validation of process findings;
- 2) comparison of the financial and economic information included in the Sustainability Report and the data and information included in the Company's Annual Financial Statements,
- 3) understanding the processes involved in generating, collecting and managing the significant qualitative and quantitative information included in the Sustainability Report.

In particular, we conducted interviews and discussions with the management staff of Lariotex S.p.A. and carried out limited documentary checks in order to gather information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for preparing the Sustainability Report.

In addition, for significant information, considering the Company's activities and characteristics:

- at Company level
  - a) with reference to the qualitative information contained in the Sustainability Report, we conducted interviews and acquired supporting documentation to check that it matched the available evidence;
  - b) with regard to quantitative information, we carried out both analytical procedures and limited checks to ascertain on a sample basis that the data have been aggregated correctly.
- For the Vertemate con Minoprio (CO) site, which we selected because of its activities and contribution to the performance and location indicators, we conducted on-site visits and remote meetings, during which we held discussions with managers and obtained documentary evidence on a sample basis on the correct application of the procedures and calculation methods used for the indicators.

## Conclusions

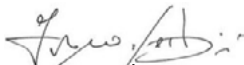
Based on the work carried out, there was no evidence to suggest that Lariotex Spa's Sustainability Report for the year ended 31 December 2021 was not drafted in all significant respects in accordance with GRI Standards, as described in the "Methodological note" section of the Integrated Report on Operations.

## Other aspects

The comparative data presented in the Sustainability Report for the years ending 31 December 2020 and 31 December 2019 were not audited.

Milan, 27 April 2022

Audirevi S.p.A.



Ivano Nerbini  
Shareholder

# LARIOTEX

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