



LARIOTEX

Integrated
Report
22

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Integrated report on operations

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Letter to stakeholders

GRI 2-22

“If you look at what has happened in recent decades you realise that today’s crises, so to speak, are the result of yesterday’s lack of interest in the future. And we are now preparing for tomorrow’s crises.” We open this letter addressed to all our stakeholders with the ever current and significant words written by Piero Angela in 2011.

Our sustainable actions stem from and are driven by our interest in the future: the Integrated Report on Operations recognises our path in the context of ESG and summarises it, in line with the latest legislative developments in this field. In particular, our report recognises

the approach to the Sustainability Report included in the Report on Operations, as provided for by the EU 2022/2464 (CSRD Corporate Sustainability Reporting Directive), which was approved by the European Parliament in November 2022 and which Lariotex will be obliged to comply with as of 1 January 2025, with a publication deadline in 2026.

In an extremely complex global scenario, which causes us to live our daily lives with fundamental uncertainty in the most diverse areas, (personal, family, professional) we continue following the path we know: that of transparency, communication, respect for those who support, nurture, use and build our company.

In this context, we have made several choices, which have led us to invest in people, management systems and other business areas to try to create a Lariotex that is always in line with the expectations of those around us. The search for better communication and transparency remains unchanged. What is more, we want to be the protagonists of these changes, which are gradually finding their own regulatory framework in the European context, to highlight the ever-increasing importance of these changes.

We have obtained some significant feedback: we are, in fact, one of the issuers of the first ESG Basket Bond on the Italian market, in collaboration with the Unicredit Group and Cassa Depositi e Prestiti. On this occasion, the Cerved agency gave our company an ESG score of 66 out of 100, which corresponds to a “high performance.” For a trading company like ours, this is a reassuring achievement and a push for further improvement.

When it comes to environmental results, the Eco-Friendly collection took on even greater importance during 2022, accounting for 60% of the products sold. In addition, we have continued to follow the 4sustainability® protocol, with the adoption of two new pillars:

4s Materials, linked to the use of materials with a lower environmental impact, and 4s Trace, for process traceability and chain monitoring.

As regards the economic and financial results, the financial statements for the year ended at 31 December 2022 showed a net profit of €2,835,832 after having recorded taxes amounting to €1,136,804. The Notes to the Accounts show the information relating to the 2022 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 news about operational performance.

We close this letter by recalling that this year marks the 10th anniversary of the founding of our company, which was established on 5 September 2013. In the second half of the year, we will release the new version of the website and we will propose a new corporate image, starting with the logo.



Pierluigi Biondi,
Sole Director

Sustainability at a glance

		2020	2021	2022
Economic performance				
Economic value generated	MILLIONS OF €	51.9	76.7	91.1
Economic value distributed	MILLIONS OF €	49.4	74.4	88.9
Issuance of a Basket Bond ESG underwritten by Unicredit and Cassa Depositi e Prestiti with Cerved's sustainability rating assessment				
Quality, sustainability & supply chain				
Chemical management- 4sustainability® Lariotex audit results	%	64%	74%	*
Process management systems		Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01 with 4s TRACE - 4sustainability® Code of Ethics (signing of the Charter of Values of 4Sustainability) 4s MATERIALS - 4sustainability®		
Eco-friendly fabric collections	% SU TOTALE VENDITE	28.5%	47.6%	59.9%
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 European Flax		
Human resources				
Female staff	%	38.5%	47.1%	47.4%
Health and safety- work-related injuries	NUMBER	-	-	-
Environment				
Energy consumption (internal)	GJOULE	1,015	1,244	1,276
Energy consumption intensity	GJ/M	3.51	3.05	2.78
Direct/indirect (GHG Scope 1-2) emissions	tCO ₂ e	71	86	90
Emission intensity	tCO ₂ e/m	2.45	2.11	1.96
Indirect emissions (GHG scope 3) – Transport / WtW- Well-to-Wheel	tCO ₂ e	1,332.5	1,086.6	1,228.8
* ASSESSMENT AFTER APPROVAL OF THIS DOCUMENT				

Methodological note

GRI 2-1 • 2-2 • 2-3 • 2-4 • 2-14 • 3-1

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.

This approach is confirmed in a regulatory and regulatory framework. In November 2022, the European Parliament approved the EU Directive 2022/2464, which amends the previous Directive 2014/95 (transposed in Italy by Legislative Decree 254/2016). The new Directive will enter into force as from the reporting for the financial year 2024, according to a timetable for the progressive extension of the regulatory obligation, which should affect Lariotex from the financial year 2025.

Directive 2022/2464 states, among other things, that sustainability reporting/report should be placed in a dedicated section of the Report on Operations to the financial statements.

The Integrated Report on Operations of Lariotex S.p.A. (hereinafter "Lariotex", the "Company") includes the information provided for in the Civil Code and the relevant legislation, supplemented, in accordance with the approach outlined, with sustainability reporting, referring in particular to environmental, social and governance issues, to ensure an understanding of the activities carried out by Lariotex and its performance, results and the impact produced.

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** ("In accordance" option), published by the Global Reporting Initiative ("GRI Standards").

Quantitative data and information on Lariotex sustainability issues are contained, unless otherwise stated, in the **Sustainability Report** section of the Integrated Report on Operations and are identified by the reference to the GRI standards covered in the different paragraphs, by the GRI heading [number and description].

GRI [indicator no.(s)/GRI standards]

It should be noted that the GRI standards published in 2021 were applied for the 2022 financial year reporting, which updated the drafting process, the general information and

the process of identifying and assessing material topics: GRI 1 Fundamental principles; GRI 2 General report; GRI 3 Material topics. The GRI 1 Foundation 2021 defines in particular the general principles of sustainability reporting: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

The GRI standards and their reported performance indicators are those representative of the relevant sustainability topics (material topics) analysed, consistent with Lariotex's activity and

its impacts. The process of analysing, identifying, assessing and prioritising material topics, as described in Chapter *03 Sustainability Report* paragraph *3.4 Impacts and material topics*, was conducted according to the requirements of the GRI standards.

The reporting scope for data and qualitative and quantitative information is Lariotex's performance for the entire reporting period (for the period from 1 January 2022 to 31 December 2022).

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 provided.

Any use of estimates for some of the quantitative information is directly referred to in the various paragraphs of this document to comment on the data presented.

To ensure the consistency and comparability of information, where deemed necessary to correct any errors or to take account of a change in the measurement methodology of the indicators or the nature of the activity, quantitative data provided for previous periods may be recalculated and restated in respect of that published in the previous year's Sustainability Report. The relevant indications, recalculation criteria and effects are highlighted in the corresponding chapters and paragraphs.

Managers of the various company departments have been involved in the drafting process of the Integrated Report.

This document was approved by the shareholders' meeting on 26 May 2023.

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). Audirevi S.p.A. is also the company responsible for auditing Lariotex's annual financial statements.

The annual financial statements, as indicated in the Notes to the Accounts, to which reference is made, have been drawn up in accordance with the rules contained in the Civil Code to art. 2423 et seq., interpreted and integrated mainly on the basis of the accounting standards laid down by the Italian National Board of Chartered

Accountants and Accounting Experts in the revised and updated version by the Italian Accounting Body.

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

1. Lariotex

Profile and identity

GRI 2-1 · 2-6

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.

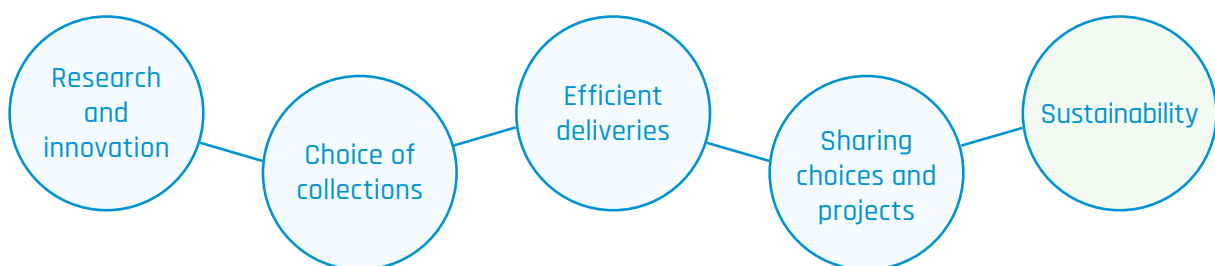
At 31 December 2022, the share capital of Lariotex amounted to €6,000,000.00, corresponding to 6,000,000.00 million shares with voting rights. The controlling shareholder is Lariotrade S.r.l..

In the financial year 2022, Lariotex's revenue was €90.8 million. At 31 December 2022, the company had 19 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.



2. Economic and financial performance

Performance over the period

The international situation that has been created is visible to everyone. Over the past two years, the international landscape has remained deeply uncertain, characterised on the one hand by unknowns linked to the continuing conflict in Ukraine and on the other by economic and financial dynamics that keep offering up surprises and serious concerns for the future of markets. The economic outlook, on the other hand, remains tense and contrasted, divided between distinct and distant views and very often opportunistic. Consumer confidence and the investment propensity of businesses are affected. In this context, we are careful and vigilant to grasp the slightest signs of change and a turnaround in the supply chain, both in production and distribution, ready

to review, as we have already done, our business model. The growth of the managed masses and the daily attention we pay to stakeholders require prudence and foresight.

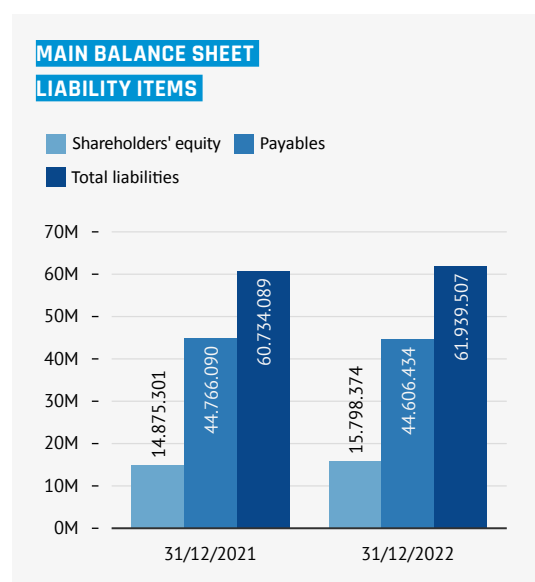
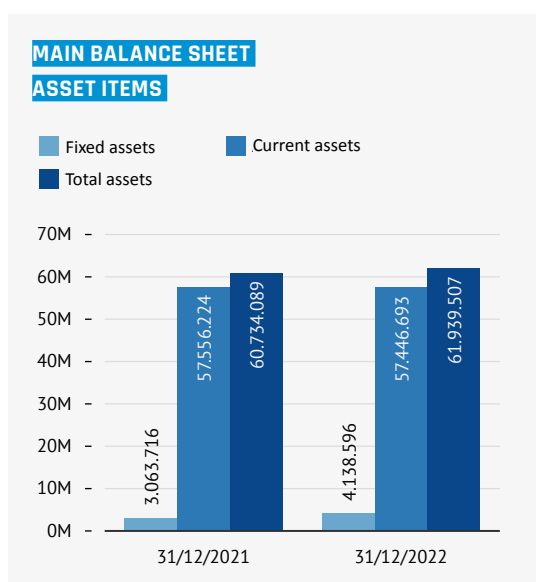
With reference to the information provided by art. 2428 of the Civil Code, the data and information concerning the Company's financial, asset and economic position are given below.

Assets and financial position

The balance sheet can thus be summarised in financial terms:

BALANCE SHEET ASSETS	31/12/2022	31/12/2021	Diff.	Diff. %
Receivables from shareholders	0	0	0	
Fixed assets	4,138,596	3,063,716	1,074,880	35.1%
Intangible	3,841,377	2,747,683	1,093,694	39.8%
Tangible	195,830	214,644	-18,814	-8.8%
Financial	101,389	101,389	0	0.0%
<i>of which short-term receivables</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	-109,531	-0.2%
Inventory	25,809,331	23,271,285	2,538,046	10.9%
Tangible fixed assets intended for sale	0	0	0	
Receivables		26,210,283	-1,985,356	-7.6%
<i>of which short-term receivables</i>		25,831,419	-2,100,572	-8.1%
<i>of which m/l-term receivables</i>		0	0	0.0%
<i>of which Pre-paid tax credits</i>		378,864	115,216	30.4%
<i>of which Trade receivables</i>		22,018,740	576,625	2.6%
Financial assets		658,422	282,749	42.9%
Cash and cash equivalents	6,471,264	7,416,234	-944,970	-12.7%
Pre-paid expenses and accrued income		114,149	240,069	210.3%
Total assets	61,939,507	60,734,089	1,205,418	2.0%

BALANCE SHEET LIABILITIES	31/12/2022	31/12/2021	Diff.	Diff. %
Shareholders' equity	15,798,374	14,875,301	923,073	6.2%
Share capital	6,000,000	3,000,000	3,000,000	100.0%
Total Equity reserves	6,962,542	8,367,361	-1,404,819	-16.8%
<i>of which Share premium reserve</i>	0	0	0	
<i>of which Revaluation reserve</i>	0	2,373,971	-2,373,971	-100.0%
Profit (loss) carried forward	0	0	0	
Profit (loss) for the year	2,835,832	3,507,940	-672,108	
Loss covered over the year	0	0	0	
Minority shareholders' equity	0	0	0	
Third-party capital and reserves	0	0	0	
Third-party profit	0	0	0	
Provisions for risks and charges	1,290,427	888,407	402,020	45.3%
<i>of which Tax provisions</i>	0	0	0	
Employee Severance pay	112,111	99,251	12,860	13.0%
Payables	44,606,434	44,766,090	-159,656	-0.4%
<i>of which Short-term payables</i>	30,043,600	36,469,856	-6,426,256	-17.6%
<i>of which Long-term payables</i>	14,562,834	8,296,234	6,266,600	75.5%
Short-term bank borrowings	20,078,930	9,589,034	10,489,896	109.4%
Medium/Long-term bank borrowings	6,926,470	8,296,234	-1,369,764	-16.5%
Trade payables	8,622,291	25,343,561	-16,721,270	-66.0%
Payables to others	8,978,743	1,537,261	7,441,482	484.1%
Accrued liabilities and deferred income	132,161	105,040	27,121	25.8%
Total liabilities	61,939,507	60,734,089	1,205,418	2.0%



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 €27,131,070, while on the same date of the previous year it amounted to a total of €20,716,613.

Income Statement

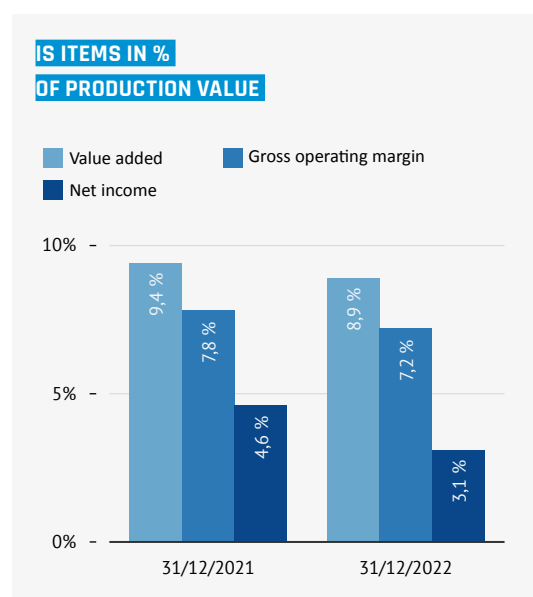
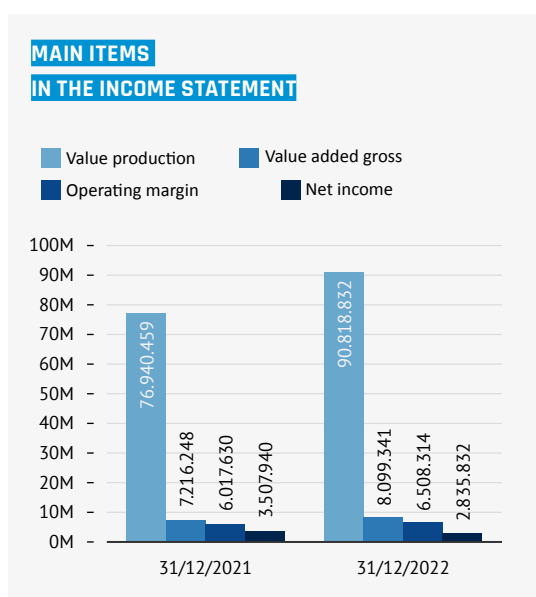
With regard to the performance of costs and revenue we present the economic statements compared with the previous year by highlighting absolute deviations and percentages.

INCOME STATEMENT	31/12/2022	31/12/2021	Diff.	Diff. %
A) PRODUCTION VALUE	90,818,832	76,940,459	13,878,373	18.0%
1) Revenue from sales and services	90,709,186	76,795,050	13,914,136	18.1%
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	109,646	145,409	-35,763	-24.6%
Operating grants	0	0	0	
Revenue and sundry income	109,646	145,409	-35,763	-24.6%
B) PRODUCTION COSTS	84,955,514	71,538,729	13,416,785	18.8%
6) Costs for raw materials, supplies, consumables and goods	74,926,623	68,270,303	6,656,320	9.7%
7) Costs for services	10,198,640	6,701,790	3,496,850	52.2%
8) Costs for use of third-party assets	132,275	133,185	-910	-0.7%
9) Staff costs	1,221,357	785,152	436,205	55.6%
a) Salaries and wages	956,729	588,298	368,431	62.6%
b) Social security charges	205,734	157,799	47,935	30.4%
c) Employee severance pay	58,894	39,055	19,839	50.8%
d) Pension pay and similar obligations	0	0	0	
e) Other staff costs	0	0	0	
10) Amortisation and write-downs	705,229	729,720	-24,491	-3.4%
a) Depreciation of intangible fixed assets	426,045	322,733	103,312	32.0%
b) Depreciation of tangible fixed assets	49,116	48,870	246	0.5%
c) Other fixed asset write-downs	0	0	0	
d) Write-downs of receivables included in current assets and cash available	230,068	358,117	-128,049	-35.8%
11) Changes in stocks of raw materials, consumables, supplies and goods	-2,538,047	-5,381,067	2,843,020	-52.8%
12) Provision for risks	260,024	268,057	-8,033	-3.0%
13) Other provisions	0	0	0	
14) Sundry operating costs	49,413	31,589	17,824	56.4%
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS	5,863,318	5,401,730	461,588	8.5%
C) FINANCIAL INCOME AND CHARGES	-1,830,850	-564,570	-1,266,280	224.3%
15) Income from investments	400	120	280	233.3%
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	400	120	280	233.3%
16) Other financial income	47,619	78,589	-30,970	-39.4%
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	-43,436	-56.6%
d)	Other income	14,364	1,898	12,466	656.8%
	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	14,364	1,898	12,466	656.8%
17)	Interest and other financial charges		316,129	241,885	76.5%
	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	558,014	316,129	241,885	76.5%
17-bis)	Profit and loss on exchange rates		-327,150	-993,705	303.7%
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS		-15,386	-44,446	288.9%
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	44,446	288.9%
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	45,390	314.3%
d)	Write-downs of derivative financial instruments		944	-944	-100.0%
	Write-downs of financial assets for centralised treasury management	0	0	0	
	PRE-TAX PROFIT	3,972,636	4,821,774	-849,138	-17.6%
20)	Income tax for the year, current deferred and pre-paid		1,313,834	-177,030	-13.5%
	Current income tax for the year	1,252,020	1,469,595	-217,575	-14.8%
	Taxes relating to previous years	0	0	0	
	Deferred and prepaid income tax for the year	-115,216	-155,761	40,545	-26.0%
	Income (charges) from joining the consolidated tax/tax transparency scheme	0	0	0	
21)	Profit (loss) for the year		3,507,940	-672,108	-19.2%
	Group profit (loss) for the year	0	0	0	
	Third-party profit (loss) for the year	0	0	0	
	Profit (loss) for the year	2,835,832	3,507,940	-672,108	-19.2%

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

RECLASSIFIED INCOME STATEMENT FOR MARGINS	31/12/2022	% of Value of prod.	31/12/2021	% of Value of prod.
PRODUCTION VALUE	90,818,832	100.0%	76,940,459	100.0%
- Materials Consumption	72,388,576	79.7%	62,889,236	81.7%
- General Expenses	10,330,915	11.4%	6,834,975	8.9%
VALUE ADDED	8,099,341	8.9%	7,216,248	9.4%
- Other Revenue	109,646	0.1%	145,409	0.2%
- Staff costs	1,221,357	1.3%	785,152	1.0%
- Provisions	260,024	0.3%	268,057	0.3%
GROSS OPERATING MARGIN	6,508,314	7.2%	6,017,630	7.8%
- Amortisation and Write-downs	705,229	0.8%	729,720	0.9%
CORE OPERATING PROFIT (Net operating margin)	5,803,085	6.4%	5,287,910	6.9%
+ Other Revenue	109,646	0.1%	145,409	0.2%
- Sundry Charges	49,413	0.1%	31,589	0.0%
INCOME BEFORE FINANCIAL OPERATIONS	5,863,318	6.5%	5,401,730	7.0%
+ Financial Income	48,019	0.1%	78,709	0.1%
+ Exchange rate gains and losses	-1,320,855	-1.5%	-327,150	-0.4%
OPERATING PROFIT (Current margin before financial charges)	4,590,482	5.1%	5,153,289	6.7%
- Financial Charges	558,014	0.6%	316,129	0.4%
INCOME BEFORE FINANCIAL ASSET AND LIABILITY ADJUSTMENTS	4,032,468	4.4%	4,837,160	6.3%
+ Value adjustments to financial assets and liabilities	-59,832	-0.1%	-15,386	0.0%
+ Share from non-operating (area)	0	0.0%	0	0.0%
EARNINGS BEFORE TAX	3,972,636	4.4%	4,821,774	6.3%
- Taxes	1,136,804	1.3%	1,313,834	1.7%
NET INCOME	2,835,832	3.1%	3,507,940	4.6%



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

	31/12/2022	31/12/2021
Profitability indices		
ROE	17.95%	23.58%
ROI	9.37%	8.71%
ROS	6.46%	7.03%
ROA	9.47%	8.89%
GOM on Revenue	7.17%	7.84%
Turnover ratios		
Invested capital turnover	146.45%	126.44%
Working capital turnover	157.90%	133.43%
Warehouse turnover	351.46%	330.00%
Balance sheet and financial ratios		
Hedging of fixed assets	381.73%	458.53%
Banks to working capital	47.01%	31.07%
Short-term banks to working capital	34.95%	16.66%
Debt Ratio	74.49%	75.51%
Own funds/Invested capital	25.51%	24.49%
Borrowing costs to Revenue	0.62%	0.41%
Borrowing costs to GOM	8.57%	5.25%
Productivity ratios		
Added value to Revenue	8.93%	9.40%
Liquidity ratios		
Current ration	189.91%	156.64%
Immediate liquidity ratio (Acid Test)	104.38%	93.02%
Days of credit to customers (Duration of trade receivables)	90.92	104.65
Days of credit from suppliers	36.91	123.17
Days of stock (Duration of stocks)	103.85	110.61
Intensity rate of Current Assets	63.18%	74.60%

Lariotex's target markets are mainly Italy-based customers, from whom 76.2% of revenue came from in 2022. The share of sales revenue in the European Union is 20.4%.

	2020		2021		2022	
	Revenue	%	Revenue	%	Revenue	%
Italy	41,894	80.9%	58,468	76.1%	69,135	76.2%
European Union	8,904	17.2%	14,599	19%	18,441	20.4%
Other countries	997	1.9%	3,728	4.9%	3,133	3.4%
Total	51,795	100.0%	76,795	100.0%	90,709	100.0%

Value generated and distributed

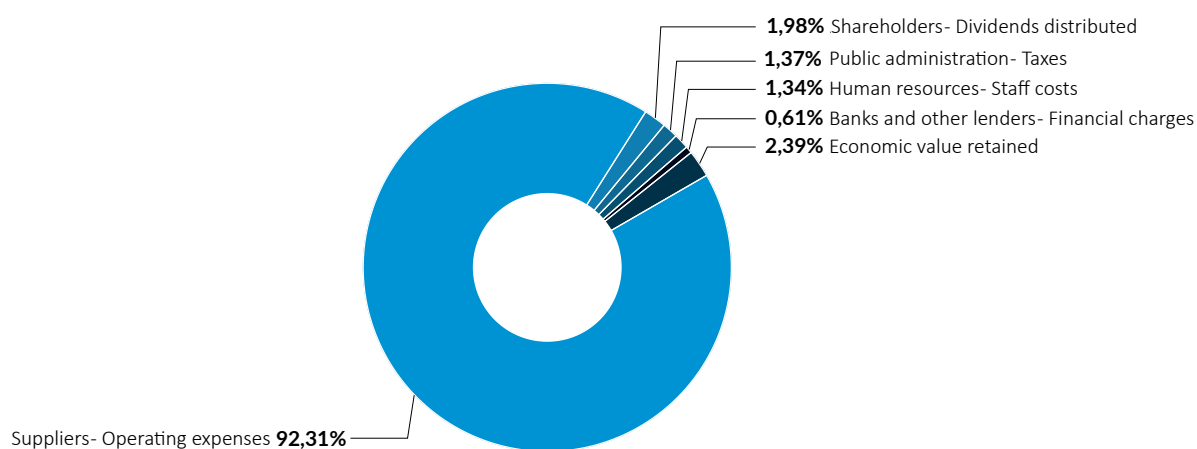
GRI 3-3 · 201-1

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 revenue (Revenue, Other operating income, Financial income,), 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, prepaid 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 €4,115,000 were distributed.

ECONOMIC VALUE GENERATED AND DISTRIBUTED	2020	2021	2022
Economic value generated	51,878,548	76,661,051	91,096,919
Economic value distributed			
Suppliers - Operating expenses	(46,842,180)	(70,082,950)	(84,090,924)
Human resources - Staff costs	(599,946)	(785,152)	(1,221,357)
Banks and other lenders - Financial charges	(363,738)	(316,129)	(558,014)
Public authorities - Taxes	(939,076)	(1,469,595)	(1,252,020)
Shareholders - Dividends distributed	(615,000)	(1,700,000)	(1,800,000)
Economic value distributed	(49,359,940)	(74,353,826)	(88,922,315)
Economic value retained	2,518,608	2,307,225	2,174,604

DISTRIBUTED VALUE 2022 - INCIDENCE



Green financing - Lariotex's sustainable debt

Green bonds are well-established instruments for financing environmental activities and investments. The first such financial instrument was issued by the World Bank in 2008. Interest on green bonds has grown over time, but after years of increase, 2022 saw a decline in new bond issues, as well as green bonds, owing to rising interest rates, inflation, and geopolitical tensions.

In this respect, the issue by Lariotex on 20 December 2022 of an **ESG Basket Bond (the first on the Italian market)**, underwritten by Unicredit and Cassa Depositi e Prestiti using the guarantee instruments of the European Investment Bank (EIB), is undoubtedly relevant. These bonds were underwritten by means of a special purpose vehicle

- SPV, which in turn issued underwritten securities, in equal shares, by UniCredit and CDP as institutional investors. The ESG Basket Bond is also guaranteed by the European Guarantee Fund (EGF) managed by the European Investment Bank Group (EIB), covering 90% of the losses recorded on individual bonds and up to a maximum capacity of 35% of the total portfolio.

The security issued has a maturity of 6 years, with 9 months of pre-amortisation, maturity in December 2028, ordinary amortisation, a 75% variable rate and a quarterly instalment. For the issue of the security, a **sustainability rating** assessment was carried out by Cerved Rating Agency, with the definition of improvement objectives. The amount collected is intended to **finance development measures linked to the completion of the warehouse acquired last year, the launch of a Luxury collection and the formation of a "Foreign State" warehouse**, i.e., goods physically present on Italian soil but not yet cleared through customs, and an internationalisation project.

3. Sustainability report

Business model

Lariotex

GRI 2-6

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 2-6

The market is characterised by the presence of a small number of specialist importers located in Europe. While the effects of the pandemic have been substantially overcome, the same cannot be said of the changed economic prospects, which are conditioned, in addition to the

conflict in Ukraine, also by the many uncertainties linked to the economic crisis and general economic situation, which is clearly reflected in the population's appetite for consumption. The rise in inflation and the resulting decline in purchasing power mean that the business model needs to be rethought and revisited.

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 LVMH Group Louis Vuitton, Christian Dior, Bulgari, Fendi, Kenzo, Loro Piana, the Kering Group (Gucci, Yves Saint Laurent, Balenciaga, Bottega Veneta), Dolce & Gabbana, Armani and Valentino, 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.

During the first few months of 2023, a survey was sent to Lariotex's main customers to assess the sharing with respect to the level of significance of the material topics identified by the company. The results of the survey showed a strong alignment with the assessment of the sustainability topics between Lariotex and its customers.

Research and Development

GRI 2-6 · 3-3

Research and development, also understood as an ability to innovate, has always been one of the drivers driving the development of the business. Our know-how in this area includes cultural heritage and sensitivity developed over time, which continues to be supported and valued internally. The ability to research the product to produce a wide range of items is a hallmark of our company's market approach and an extremely important competitive factor.

The choice of materials is based on the ability to meet customer needs, even from the point of view of sustainability and security, other key themes of Lariotex's trade policy.

Stakeholder

GRI 2-29

The role of stakeholders

Stakeholders represent individuals or groups who have interests, expectations of a firm or who could be positively or negatively affected by the firm's activities. An interest (which can also be understood as participation) is something of value to an individual or group. Not all interests are equally important and not all interests should be treated equally. Human rights need special attention as they represent the rights of all people under international law. The most serious impacts a company can have on people are those that negatively affect human rights.

Stakeholder identification and management is important to the business because it helps to better understand the needs, expectations and concerns of stakeholders

and develop relationships based on trust and mutual understanding. This can help the company improve its reputation, reduce reputational risk and create shared value for all stakeholders involved.

Companies build, develop and maintain relationships with their stakeholders over time, with tools and systems that aim to strengthen relationships and, as a result, improve their competitive position and the ability to generate and distribute value over time. Stakeholder engagement is a structural activity aimed at understanding their interests, expectations and needs, thereby facilitating more effective and informed decision-making, which can enable appropriate strategic planning and the achievement of business objectives.

The stakeholders were identified taking into account Lariotex's industry, business model and existing relationship system. In the process of identifying the material topics, the interests of stakeholders who are or may be adversely affected by the organisation's activities have been taken into account.

Stakeholder engagement and relations

The system of tools through which Lariotex manages its relations with its stakeholders is represented below. The tools are differentiated according to different stakeholder categories. Stakeholder engagement is intended to take into account their expectations, perceptions and priorities in order to meet their needs better.

Stakeholders	Engagement activities Projects – Initiatives – Relations
Shareholder	Shareholders' Meeting.
Banks/Lenders	Meetings - exchange of information, in particular on sustainability commitments - regular reports on request.
Employees	Dialogue with Management and continuing education activities (chemical management, sustainability, etc.) - company welfare initiatives (open pension fund, meal vouchers, supplementary accident insurance) - company intranet - Informal meetings and regular company events – questionnaire 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 – Questionnaire to assess the material topics.
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 local communities - Visits to the company.

Strategy and sustainability

Reference scenario

GRI 2-6

The drivers that mark the development trajectories of every industrial sector have been the pillars of sustainability and combating climate change for years. International (such as achieving the Paris Agreement targets), continental (the European “Fit for 55” strategy and the commitment to be carbon neutral by 2050) and national (PNRR) objectives and strategies involve the textile world, the size and specificity of the impacts makes it one of the things most likely to make a significant contribution to reducing environmental impacts.

In particular, the choice to use preferred materials (that is, materials with reduced an environmental impact and with protection of social rights) is a consolidated and growing trend. Certifications ensuring the management of aspects such as using materials that have been recycled and recovered, the limitation on dispersing pollutants throughout the supply chain,

reducing emissions and water withdrawals, in addition to the guarantee of fair working conditions and respect for rights characterises the sector, especially because a significant proportion of consumers are willing to make their purchasing choices according to sustainability criteria.

Regulatory instruments, in turn, push in this direction. The specificities of textiles led the European Commission to define the EU strategy for sustainable and circular textiles. In fact, in the European Union, the consumption of textiles, most of which are imported, currently represents on average the fourth largest negative impact on the environment and climate change and the third largest negative impact on water and soil use from a global life cycle perspective. 5.8 million tonnes of textile waste are generated in the EU every year, or around 11 kg per person ([“EU Strategy for Sustainable and and Circular Textiles”](#), European Commission, 2022).

The strategy aims, by 2030, to ensure that textile products placed on the EU market meet the requirements of the circular economy: durability, recyclability, saving of raw materials, recovering waste and scraps, no hazardous substances and respect for social rights.

The foundations of a circular business for companies operating in the textile sector can be summarised as follows ([“Just Fashion Transition”](#), The European House Ambrosetti, 2022):

Durability	Promote the durability of clothing by improving qualities (tear resistance, colour sealing, improvement of zip and seam quality, etc.). The longer lasting the clothing is, the less demand the market has for new goods that involve the consumption of raw materials.
Accessibility	To introduce the logic of the sharing economy also in the textile sector, in order to encourage recovery and reuse practices.
Collection and resale	Creating real savings in collection and reuse to maximise the life of garments.
Recycling and reuse	Encourage the reuse of waste and old garments to value their content and transfer it to new products.

In order to achieve these results, the choice of production materials is essential. This is the point of the supply chain Lariotex operates in and where it makes a significant contribution: the guarantee of the choice of the best materials from a sustainability of processes point of view and not releasing substances that are harmful to people and the environment.

Lariotex: sustainability by choice

GRI 2-5

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



Traceability

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. The commitment to tracing all impacts along the supply chain is an element of responsibility for managing all significant aspects related to Lariotex's business..

Governance and responsible conduct of the business

Governance of Lariotex

GRI 2-9 · 2-10 · 2-11 · 2-12 · 2-14 · 2-15 · 2-17 · 2-18 · 2-19 · 2-20

- **Shareholders' Meeting** - matters required by law and the Articles of Association.
- **Sole Director** - Company management. The Sole Director, appointed by the shareholders' meeting, 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..

The company has not yet defined specific criteria/rules regarding the Director's remuneration. Similarly, the process of assessing his performance has not been formalised.

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. Lariotex's Governance Model, reinforced by the adoption of Model 231, includes checking for potential conflicts of interest of management, on appropriate principles of conduct to carry out operations with any related parties and the pursuit of shared values set out in the Code of Ethics.

Sole Director

Pierluigi Biondi	Sole Director
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Board of Statutory Auditors

Francesco Gianluca Pecere	Chairman
Gianmario Ferrari	Auditor
Giuseppe Erba	Auditor

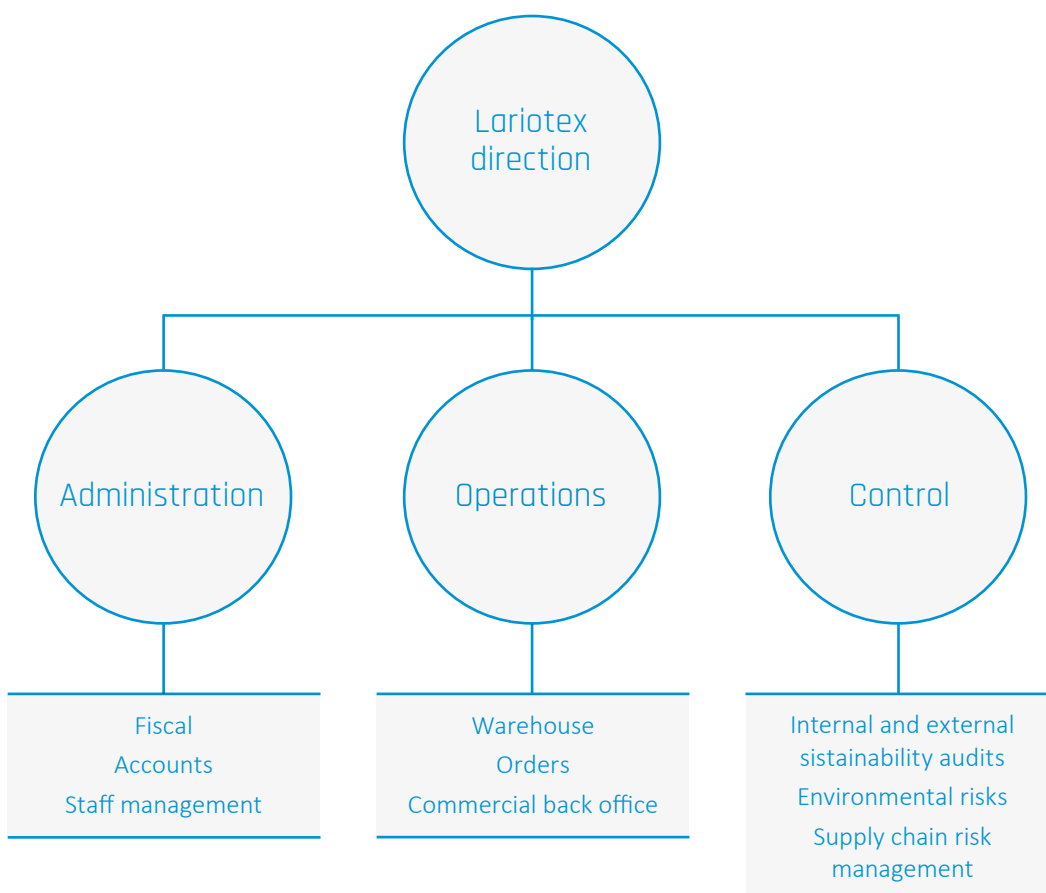
Sustainability reporting governance

The Sole Director plays a central role in the governance structure of Lariotex, with leadership powers regarding defining and implementing the strategy and in relation to the Company's organisational issues. As part of the sustainability governance processes, the Director oversees the preparation of the Sustainability Report, including the identification of the material topics.

The Sole Director has the support of the Sustainability department for the coordination of the operational phases of the process, such as stakeholder involvement, the integration of assessments and the identification of relevant impacts and topics.

Delegation processes and organisational structure

GRI 2-9 · 2-13 · 2-16



Two of the three department heads who report directly to the Sole Director (Management) are female. Furthermore, of these three individuals, two of them have been managers since 2021. The three areas covered by department heads are:

- **Administration** – oversight of administrative processes and financial management, accounting and staff management;
- **Operations** – coordination of the back office of the sales area and the entire logistics and shipping area;
- **Control** – management of the certification and audit system, risk management.

Communication processes

Within the scope of their responsibilities, department heads report promptly to the Sole Director on any issues and concerns that have arisen in the performance of their activities or that have come to their attention, so that the Sole Director can take appropriate action.

No complaints were received during 2022

Associations

GRI 2-28

Codes of conduct/standards adhered to

Please refer to Chapter 03.5.1 (*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.

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

GRI 2-23 · 2-24 · 2-25 · 2-26

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 on **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.

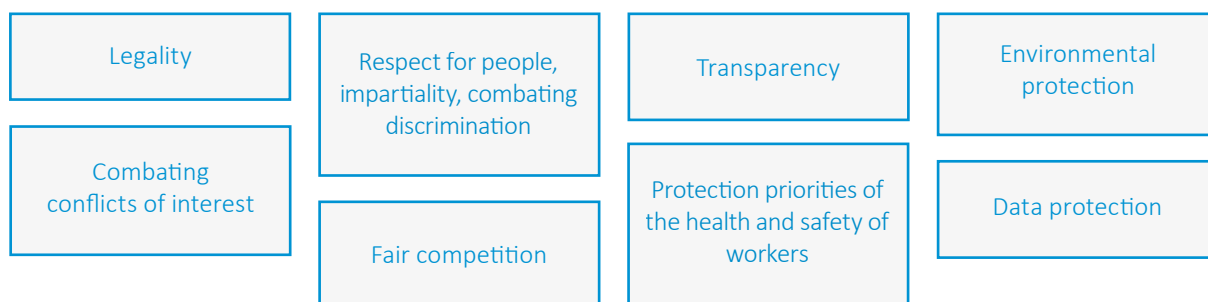
The Special Part comprises several sections that relate to the various corporate functions.

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.

Code of Ethics and Conduct - General standards

GRI 2-23 · 2-24 · 2-25 · 2-25

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 [Comunicazioni istituzionali - LARIOTEX](#).

Sustainability policy

GRI 2-22

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 **goals related to environmental and social aspects**. The aim is to contribute to generating positive change at global level, assuming a clear environmental and social responsibility.

Environmental responsibility

Lariotex tackles the aim of reducing the environmental impact of 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. See in this respect what has already been reported in *Chapter 03.5.1 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.
- Seek 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.

The dissemination of policies

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 2-27

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 2022 and no important proceedings in this respect are indicated.

Impacts and material topics

Impacts and material topics according to GRI standards

GRI 3-1

According to GRI standards, impacts refer to the economic, environmental and social effects, including human rights impacts, that a company has or might have as a result of its activities or business and commercial relationships. Impacts can be actual

or potential, negative or positive, short- or long-term, intentional or unintentional, reversible or irreversible, and represent an organisation's positive or negative contribution to sustainable development. The impacts, according to their different nature (economic, environmental

and social) are interrelated and indicate the company's contribution, negative or positive, to sustainable development. The most significant impacts, as identified by the company using the approach described in the following paragraphs, are material topics.

The materiality analysis process always takes into account a dynamic reference context, typical of business management, which is needed to deal with associated issues and impacts

that change over time, both in the nature and materiality of the impact, that influence strategy, business model, the relationship system, and decision-making.

The impacts of a company's business activities and relationships on the economy, the environment and people can also have positive and negative consequences on the company's operations or reputation and therefore, in many cases, those consequences are also financial or could become so in the medium and long term. Understanding such impacts is therefore necessary for a company to identify any material risks and opportunities related to them and that may affect the company's value.

European Union - EU Directive 2022/2464 and double materiality

EU Directive 2022/2464 (CSRD Corporate Sustainability Reporting Directive), which was approved by the European Parliament in November 2022, and which will enter into force as of the 2024 reporting period, has supplemented the definition of material topics, by introducing the concept of double materiality. According to this approach, material topics are a) governance, environmental and social areas and issues on which the company, through its activity, has a significant impact (Impact Materiality); b) aspects that may have significant impacts on a company's development, performance and, consequently, its financial value (Financial Materiality).

It should be noted that this document, as EU Directive 2022/2464 has not yet entered into force, has been drafted in accordance with the GRI standards, adopting the definition of material topics as per the GRI standards. As already highlighted, the two directions of materiality are obviously interconnected.

The process of identifying - assessing and prioritising topics

GRI 3-1

The process of identification analysis, assessment and subsequent prioritising of material topics for the purposes of this Integrated Report has been carried out in accordance with the requirements of the GRI standards.

Understanding the context of the organisation

Lariotex's scenario and framework, the business model, business activities and commercial relationships, as well as the sustainability context and stakeholder analysis, are set out in the previous chapters of this document.

Identifying actual and potential impacts

The process of identifying Lariotex's actual and potential impacts on the economy, the environment and people, including those on Lariotex's human rights, was conducted through the analysis of external sources, internal sources, taking discussions into account and listening to stakeholders.

External sources

Regulatory framework - EU Strategy for Sustainable and Circular Textiles World

Economic Forum - Strategic Intelligence/Global Risk Report

OECD Organisation for Economic Co-operation and Development - Due Diligence Guidance for Responsible Business Conduct/OECD sectoral guidance on due diligence

SASB – Sustainability Accounting Standards - Materiality Finder

ESRS – European Sustainability Reporting Standards (Draft)

IFRS-S

Industry studies & research - megatrend

Reports from local - national - international government agencies

Reports/insights from industry associations and organisations

Lariotex’s main peer benchmarking and strategic partners: a) Material topics ; b) Policies; c) Management risks

Internal sources

Organisational and Management Model Mod.231

Lariotex Code of Ethics

Certification Audits (GOTS, European Flax, GRS, RCS, FSC)

Assessment of relevance and prioritising impacts

GRI 3-1

The significance assessment phase of the identified impacts aims to establish their priority. Prioritisation allows the company to determine the material topics to be reported but, above all, to more effectively and materially define the commitments and actions needed to address impacts. The significance of an impact depends on a company’s specific conditions, the sector in which it operates and its business model.

The relevance of an actual negative impact depends on the severity of the impact itself, while that of a potential negative impact depends on the severity and likelihood of the impact. Severity is defined by the GRI Standards on the basis of three dimensions: **a)** scale: how severe the impact is; **b)** scope: how widespread the impact is; **c)** irreparability characteristics.

The magnitude of an actual positive impact depends on the scale and scope of the impact itself, while the magnitude of a potential positive impact depends on both scale and scope and the likelihood of the impact itself. In the case of positive impacts, the scale of an impact refers to the actual and/or potential benefits of the impact, while the scope refers to its actual or possible magnitude.

The conclusion of the process concerned the prioritisation of the impacts identified and assessed, in relation to their importance and based on a defined threshold. Impacts that have been identified as the most significant are the subject of reporting in this document.

Material topics

GRI 3-2

The results of the activities carried out are summarised in the following table, which highlights the material topics, the underlying impact areas (descriptions and reasons for the relevance of the selected topics), the characteristics of the material topic and the specific indicators (GRI Standards) used for reporting, which are detailed in the GRI Content Index, which is an integral part of this document.

The material topics are grouped according to the ESG (environmental, Social, Governance) classification, which is also consistent with EU Directive 2022/2464 (CSRD), which will be adopted soon.

Material topic	Impacts SUMMARY	CHARACTERISTICS	GRI TOPIC STANDARD
E - Environmental			
1 - Energy consumption, emissions and climate change	Use and efficiency of energy sources and reduction of negative impacts linked to emissions caused by logistics to mitigate the effects of climate change [NEGATIVE]	Actual: Lariotex energy consumption and supply chain emissions	302 Energy
		Direct and through business relationships	
		Short- to medium- to long-term (structural to the business model)	305 Emissions
		Expected as connected to current processes	
2 - Sustainable raw materials	Selection of raw materials produced through sustainable processes, in particular renewable and recyclable materials [NEGATIVE]	Actual: selection of sustainable raw materials (certifications)	301 Materials
		Direct and through business relationships (supply chain labour)	
		Short- to medium- to long-term (structural to the business model)	
		Expected as connected to current processes	

S - Sociali			
3 - Management, training and human resources development	Attract talent, career support and development [POSITIVE]	Actual: training plans aimed at developing skills	401 Employment
		Direct: related to direct activities only	
		Short- to medium- to long-term (structural to the business model)	404 Training and education
		Expected as connected to the business	
4 - Occupational health and safety	Provide working conditions that protect and monitor the health and safety of all employees [NEGATIVE]	Potential: monitoring of accidents and workplace health and safety policies	403 Occupational health and safety
		Direct: related to direct activities only	
		Short- to medium- to long-term (structural to the business model)	
		Expected as connected to the business	
5 - Human resources Diversity Equality Inclusion	Creating a work environment that respects and values diversity, without discrimination, is inclusive and ensures equal opportunities and fair treatment [POSITIVE]	Actual: protection through the company's Code of Ethics	405 Diversity and equal opportunities
		Direct: related to direct activities only	
		Short- to medium- to long-term (structural to the business model)	406 Non-discrimination
		Expected as connected to the business	
6 - Sustainable management of the supply chain	Selection, qualification, management and monitoring of the supply chain according to sustainability criteria and parameters (governance, social and environmental indicators) [NEGATIVE]	Actual: ESG supply chain management and monitoring	308 Supplier environmental assessment
		Through business relationships (structural to the business model)	
		Short- to medium- to long-term (structural to the business model)	414 Supplier social assessment
		Expected as connected to current processes	

7 - Sustainable management of the supply chain	Ability to supply a quality product, and build customer relationships based on the transparency of the product and marketing characteristics [POSITIVE]	Actual: monitoring product quality through certifications	417 Marketing and labelling
		Direct and through business relationships	
		Short- to medium- to long-term (structural to the business model)	
		Expected as connected to current production processes	
8 - Product safety and chemical management	Ability to deliver and offer innovative services and solutions, in line with the expectations and needs of consumers/communities and the protection of their health, in compliance with the relevant legislation [NEGATIVE]	Actual: following PRSL 4sustainability and MRSL ZDHC protocols	416 Customer health and safety
		Direct and through business relationships	
		Short- to medium- to long-term (structural to the business model)	
		Expected as connected to current production processes	
G - Governance			
9 - Integrity and ethical conduct of the business	Ethical business management through policies and procedures that ensure regulatory compliance and tax transparency [POSITIVE]	Actual: MOG Legislative Decree No. 231/2001 and the Code of Ethics	205 Anti-corruption
		Direct and through business relationships (structural to the business model)	206 Anti-competitive behaviour
		Short- to medium- to long-term (structural to the business model)	418 Customer privacy
		Expected as connected to the business	
10 - Generation and distribution of value	Ability to generate economic and financial value to ensure business continuity over time and distribution of value to stakeholders [POSITIVE]	Actual: creation of economic value generated and distributed	201 Economic performance
		Direct and through business relationships (structural to the business model)	
		Short- to medium- to long-term (structural to the business model)	
		Expected as connected to the business	

11 - Innovation, research and development	Investment in research, development and innovation with the aim of reducing the environmental impacts of the entire supply chain and thus generating positive environmental and social impacts [POSITIVE]	Actual: development of eco-friendly collections	Reporting topic with general information (GRI 2)
		Direct and through business relationships (structural to the business model)	
		Short- to medium- to long-term (structural to the business model)	
		Expected as connected to current production processes	

The following is a representation of Lariotex’s priority impacts, obtained as a result of a prioritisation process based on the following criteria: scale, scope, irreparability and impact on human rights. In line with Lariotex's business model, great importance is attached to issues relating to the social sphere and the search for sustainable raw materials.

MATERIAL TOPICS - LARIOTEX














Changes since the previous reporting period





With respect to the material topics identified during the previous reporting period, the introduction of the “sustainable raw materials” topic is noted.

Material topics - Goals and actions

GRI 3-3

Material topic	Sustainability plan goals		SDGs Sustainable Development Goals
	DESCRIPTION	ACTIONS	TIMEFRAME
E - Environmental			
1 - Energy consumption, emissions and climate change	Reduction of greenhouse gas (GHG) emissions from logistics	Selection of logistics service providers based on environmental criteria and monitoring of their greenhouse gas emissions	2023 - 2024 - 2025 (BUSINESS CONTINUITY)  13.2 Integrate climate change measures into national policies, strategies and planning
2 - Sustainable raw materials	Favour 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.	Selection of logistics service providers based on environmental criteria and monitoring of their greenhouse gas emissions	2023 - 2024 - 2025 (BUSINESS CONTINUITY)  12.2 Achieve sustainable management and efficient use of natural resources
S - Social			
3 - Management, training and human resources development	Inform and train employees on the company's activities in the context of sustainability to stimulate research and innovation.	Provide annual training for all employees on the subject of sustainability and engage them through regular meetings to get ideas and innovations to be applied in the business context	2023 - 2024 - 2025 (BUSINESS CONTINUITY)  4.4 Increase the number of young people and adults with specific skills - also technical and professional - for employment, decent jobs and for entrepreneurship
4 - Occupational health and safety	Ensure health and promote a safe and protected working environment for all workers	Guarantee training for all employees on health and safety issues, and maintain a zero accident rate	2023 - 2024 - 2025 (BUSINESS CONTINUITY)  8.8 Protect the right to work and promote a healthy and safe working environment for all workers
5 - Human resources Diversity Equality Inclusion	Protect human rights by adopting policies and creating programmes aimed at spreading an inclusive culture of respect and equal treatment in the protection of all differences, not just gender differences	Dissemination of the principles contained in the Lariotex Code of Ethics among employees, with particular attention paid to new hires	2023 - 2024 - 2025 (BUSINESS CONTINUITY)  5.5 Ensure women's full and effective participation and equal opportunities for leadership  10.2 Enhance and promote the social, economic and political inclusion of all, regardless of age, sex, disability, race, ethnicity, origin, religion, economic status or otherwise

6 - Sustainable management of the supply chain	Ensure monitoring of the environmental impacts of the production process	Strengthen regular supplier controls (directly or indirectly) to check for environmental impacts	2023 - 2024 (4S TRACE CERTIFIED)	 <p>6.3: Improve water quality to reduce pollution by minimising the release of chemicals and hazardous materials</p>
	Limit the impact on ecosystems caused by the supply of raw materials	Further expansion of the weight of the eco-friendly collections, which guarantees sustainable management of natural resources	2023 - 2024 - 2025 (BUSINESS CONTINUITY)	 <p>12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse.</p>
7 - Product quality and responsible customer relationships	Periodically share the results achieved and the new improvement objectives defined with stakeholders	Improved traceability of products sold to ensure their quality and safety	2023 - 2024 - 2025 (4S TRACE CERTIFIED)	 <p>8.2 Achieve higher levels of economic productivity through diversification, technological updating and innovation, including by aiming for high added value in labour-intensive sectors</p>
				 <p>3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p>
8 - Product safety and chemical management	Implement a chemical risk management system to reduce the environmental impact of using chemicals that are harmful to humans and the environment in production processes throughout the production chain	Keep following the PRSL 4sustainability and MRSL ZDHC protocols, to control and eliminate toxic and harmful substances in the textile sector	2023 - 2024 - 2025 (BUSINESS CONTINUITY)	 <p>12.4: Achieve the environmentally sound management of chemicals and all waste throughout their life cycle and significantly reduce their release into the air, water and soil in order to minimise their negative impacts on human health and the environment</p>

G- Governance				
9 - Integrity and ethical conduct of the business	Seek legislative compliance by seeking partners and suppliers to share the same values and strategic objectives.	Ask current and future partners and suppliers to adhere to the Charter of Values for sustainability	2023 - 2024 (4S TRACE CERTIFIED)	 <p>16.5: Substantially reduce corruption and bribery in all its forms</p>
				 <p>16.7: Ensure responsive, inclusive, participatory and representative decision-making at all levels</p>
10 - Generation and distribution of value	Create sustainable value for all stakeholders, protecting and developing Lariotex's reputation	Adopt investment and economic development policies to create sustainable value for stakeholders		 <p>8.1 Sustain per capita economic growth in accordance with national circumstances.</p>
11 - Innovation, research and development	Use cutting-edge technical and managerial tools to improve performance in the context of sustainability.	Optimisation of management systems for the renewal and extension of certifications	2023 - 2024 - 2025 (BUSINESS CONTINUITY)	 <p>9.4: Industry upgrading of infrastructure and to make it sustainable, with greater resource efficiency to be used and greater adoption of clean and environmentally friendly technologies and industrial processes, in accordance with the respective capacities of countries</p>

Risk management

GRI 3-1

Risks and uncertainties the company is exposed to

In 2022, Lariotex commissioned Marsh Advisor to carry out the risk Assessment & Strategic Insurance to identify risk areas that affect Lariotex and define mitigation measures.

The process has been developed in four phases:

- documentary analysis and definition of methodological elements.** The risk model, i.e. the set of risk categories and sub-categories to which Lariotex could be exposed and the risk assessment and control metrics, have been defined;
- risk identification and assessment.** Starting with the risk model, the risks applicable to Lariotex's core business processes have been identified through interviews with risk owners. The risks were then assessed as well as the related controls. Following validation by risk owners, the results were aggregated for the recognition of the business risk profile and the identification of the main areas of concern;
- Insurance Gap Analysis.** Study of existing Lariotex insurance cover and identification of deficient/inadequate cover with an improvement plan;
- definition of improvement actions.** Identification and prioritisation of improvement actions for key issues identified.

The risk model, which is the set of risk categories to which Lariotex could be exposed, is summarised in the following table:

Risk category	Risk
Strategic risks	Strategies definition and implementation
	Reputation
	Governance
Operational risks	Health and safety
	Environment
	Suppliers
	IT systems
	Business Continuity
	Product
	Human resources
	Processes and procedures
External risks	Natural events/climate change
	Macroeconomic and geopolitical context
	Customers
	Changes to the regulatory framework
	External illegal acts
Compliance risks	Compliance with external regulations
	Compliance with internal regulations
	Legal
Financial risks	Liquidity
	Credit
	Capital structure
	Market

The risk assessment is divided into three steps: **a)** Assessment of the inherent risk; **b)** Assessment of the effectiveness of controls; **c)** Assessment of the residual risk. The emerging risk profile and the management/mitigation actions identified, including those already existing and implemented, are summarised in the following table.

Risk category	Risk	Action plan	Owner	
IT systems	Compromise of confidentiality/integrity/availability of personal data (employees, suppliers, customers) related to information systems	<ul style="list-style-type: none"> • Internal management of the firewall infrastructure, currently supervised and verified by specialist external resources • In order to consolidate the management of IT security issues to protect personal data, assess: <ul style="list-style-type: none"> – Constantly keeping antivirus, antispyware, and email spam systems up-to-date – Updating login passwords periodically (monthly/bi-annually) – Training/informing employees about cyber security awareness – Annual Vulnerability Assessment and Penetration Test to detect any technical weaknesses in business systems and plug gaps found 	<ul style="list-style-type: none"> • In order to consolidate the management of IT security issues: <ul style="list-style-type: none"> – Inventory of systems, devices, software and computer applications in use within the scope of the company – Corporate IT security policy, with specific insights on cyber security issues – Disaster Recovery Plan to manage any computer emergencies properly – Training/informing employees about cyber security awareness – Annual Vulnerability Assessment and Penetration Test annually, to detect the presence of any technical weaknesses in business systems and plug gaps 	Management
	IT systems/data networks unavailable/malfunctioning due to a logic attack	<ul style="list-style-type: none"> • Bring in staff in charge of the maintenance and management of electronic equipment, to monitor the entire IT structure 		Management
Suppliers	Fabric delivery delays/non-delivery due to transportation	<ul style="list-style-type: none"> • Establishment of a foreign warehouse on Italian territory, with the collaboration of a Chinese supplier, in which to place silk and non-silk items, to reduce waiting times related to travel from China • MarshCargo: a platform that allows, in addition to access to policy information and direct issuance of insurance certificates, container tracking and monitoring, a shipment summary and any damage warnings 		Operational Manager
	Partial/temporary block or suppression of critical supplies due to supplier-related dynamics	<ul style="list-style-type: none"> • Establish a structured process for periodic vendor rating • Performance of physical audits and on-the-spot checks at suppliers (activity suspended as a result of Covid-19) 		Operational Manager
Compliance with external regulations	Compromise of confidentiality/integrity/availability of personal data resulting from inadequacy of the privacy model	<ul style="list-style-type: none"> • Formalisation of specific privacy policies/procedures (i.e. data breach management procedure, data subject rights management procedures) • Implementation of a Privacy Organisational Model to describe the privacy management system adopted by the company and to explain the security measures put in place • Gap assessment of the Privacy Model and adaptation of procedures and tools applied to the relevant regulatory provisions (e.g. information for employees/suppliers/customers, letters of assignment for the processing of personal data, internal rules, website update in relation to cookies) • GDPR audit every six months, to be extended also to suppliers who process personal data (e.g. tax consultants/payroll) on an annual basis 		Management

Market	Reduction in margin caused by unfavourable exchange rate changes	<ul style="list-style-type: none"> • Ongoing hedging of foreign exchange risk through financial derivatives • Development of a high-end collection, 'Luxury by Lariotex', for high-end silk products, in order to achieve greater marginality 	Management
	Reduction in margin caused by unfavourable fluctuations in sea and air freight prices	<ul style="list-style-type: none"> • Development of a high-end collection, 'Luxury by Lariotex', for high-end silk products, in order to achieve greater marginality 	Management
Macroeconomic and geopolitical context	Reduced fabric availability compared to business needs, as a result of macro-economic and geopolitical events, with specific reference to the Chinese market	<ul style="list-style-type: none"> • Market analysis in order to identify back-up suppliers for critical materials/semi-finished products for the company • Continuous comparison with critical suppliers and design of a continuity plan for key risks related to the macro-economic environment 	Operational Manager
Product	Non-compliance of the finished product (e.g. concealed defects on the fabric, non-compliance with sustainability principles)	<ul style="list-style-type: none"> • TRACE 4SUSTAINABILITY procedure to track internal processes and monitor the supply chain • Establish an operational procedure/instruction covering roles, responsibilities, operating modes and requirements to be verified when checking incoming goods 	Control Manager
Liquidity	Generating insufficient cash flows to ensure payments deadlines and/or objectives pursued are met	<ul style="list-style-type: none"> • Since 2023, the company has introduced a new management software (ERP), which will integrate accounting with logistics and warehouse functions • With the support of Audirevi, introduction of a Business Plan drafting system 	Management
Human resources	Loss of key skills/knowledge (e.g. Sales area, Sustainability and Control area)	<ul style="list-style-type: none"> • Define a structured career management process (i.e. defining goals based on company role, define career paths, periodic performance review, etc.) • Define succession plans for key members of staff • Benchmarking in order to verify the positioning of the company in relation to rewarding and compensation offers on the market 	General Secretariat
	Qualitative sizing of staff not consistent with the organisation's needs in terms of outdated skills	<ul style="list-style-type: none"> • Defining of a structured training process (i.e. collection of training needs, also depending on company role and career path, provision of internal/external training courses, ex-post assessment of skills acquired) 	General Secretariat
External illegal acts	Illegal theft of funds by external parties	<ul style="list-style-type: none"> • Staff training on payments/authorisations on Fraud Risk Awareness (e.g. fake president fraud) • In the light of the introduction of the new ERP, consider implementing system SOD mechanisms (e.g. authorisation levels/blocks, etc.) within active and passive cycle processes. 	Administrative manager

Sustainability performance

Ethics and integrity

GRI 3-3 · 205-1 · 205-2 · 205-3 · 206-1 · 418-1

Anti-corruption

In 2022, the Lariotex staff concerned undertook ad hoc training on topics related to the contents of the 231 Model. Please refer to Section 3.3 Governance and responsible business conduct regarding the policies adopted.

During the financial year 2022, 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.

Procedures for respecting competition

In 2022, as in previous reporting periods, 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.

Security of data and information and Privacy Notice

The service offered by Lariotex allows customers not only to purchase a diverse choice of fabrics, in terms of type and characteristics. 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.

Quality, sustainability and the role of the supply chain

Il servizio offerto da Lariotex consente ai clienti non solo di acquistare una scelta diversificata di tessuti, in termini di tipologia e di caratteristiche. È proprio sulla qualità dell'offerta che Lariotex si differenzia sul mercato, ponendo una forte attenzione sui temi degli impatti ambientali e della sicurezza dei materiali che acquista e rivende.

Product safety and chemical management

GRI 3-3 · 416-1 · 416-2 · 417-1 · 417-2

The service offered by Lariotex allows customers not only to purchase a diverse choice of fabrics, in terms of type and characteristics. 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.

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.



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 rating following the 2023 renewal audit is ongoing on the date of publication of this financial statements, for reasons beyond Lariotex's control. However, the commitment to this issue is renewed and focused on continuous performance improvement.

Health and safety of customers - Compliance and labelling of products

In 2022, as in the previous reporting period (2020-2022) 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 or product and/or labelling non-compliance. There are not proceedings in progress in this regard.

Sustainability of raw materials

GRI 3-3 · 301-1 · 301-2

Fabrics: collection volumes – Eco-friendly collection

The data presented below show the weight of the different fabrics in the purchases made by Lariotex in the three-year period 2020-2022. The largest volume of purchases comes from China (84.99% of the total metres purchased). In addition to China, the countries where textiles are mainly purchased are South Korea (2.73%), Italy (2.15%) and Belgium (1.71%).

QUANTITY SOLD	2020		2021		2022		Tangible renewables
	METRES	%	METRES	%	METRES	%	
By type of fibre							
Polyester	15,190,768	52.5%	20,848,546	51.1%	25,968,824	59.5%	
Viscose	8,111,314*	28.0%	11,136,991*	27.3%	11,170,802	25.6%	basic material of natural/re- newable origin
Silk	1,496,345*	5.2%	2,243,254*	5.5%	2,231,233	5.1%	material of natural/re- newable origin
Cotton	3,928,156	13.6%	5,629,181	13.8%	3,876,555	8.9%	material of natural/re- newable origin
Other fibres linen, wool, modal	201,599	0.7%	928,912*	2.3%	371,336	0.9%	
Total	28,928,183	100.0%	40,786,884	100.0%	43,618,750	100.0%	

*AS A CORRECTION TO THE 2021 INTEGRATED REPORT, THE QUANTITIES OF FABRIC SOLD BY FIBRE TYPE IN 2020 AND 2021 HAVE BEEN UPDATED FOLLOWING THE INTRODUCTION OF A NEW, MORE SPECIFIC MANAGEMENT SYSTEM. THE TOTAL NUMBER OF METRES SOLD IN THE RESPECTIVE YEARS IS UNCHANGED.

The Lariotex Eco collection

LARIOTEX ECO

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.

In 2020-2022, the marketing of the products of the Eco-Friendly collection took on an increasing weight, rising from 28.5% of total sales in 2020 to 59.9% in 2022.

In 2022, Lariotex introduced the "Luxury by Lariotex" collection in its catalogue, intended for high-end silk products. It represents an evolution of the Fashion collection, with respect to which it offers even more refined and precious fabrics.

QUANTITY SOLD	2020		2021		2022	
	METRES	%	METRES	%	METRES	%
By collection						
Basic	14,779,438*	51.1%	14,022,380*	34.4%	12,423,888	28.5%
Eco	8,246,377	28.5%	19,430,506*	47.6%	26,145,166	59.9%
Fashion	4,409,768*	15.2%	4,970,885*	12.2%	2,955,422	6.8%
Home	-	-	106,101	0.3%	51,953	0.1%
Luxury	1,492,599*	5.2%	2,257,012*	5.5%	2,042,321	4.7%
Total	28,928,182	100.0%	40,786,884	100.0%	43,618,750	100.0%

*AS A CORRECTION TO THE 2021 INTEGRATED REPORT, THE QUANTITIES OF FABRIC SOLD BY COLLECTION IN 2020 AND 2021 HAVE BEEN UPDATED FOLLOWING THE INTRODUCTION OF A NEW, MORE SPECIFIC MANAGEMENT SYSTEM. THE TOTAL NUMBER OF METRES SOLD IN THE RESPECTIVE YEARS IS UNCHANGED.

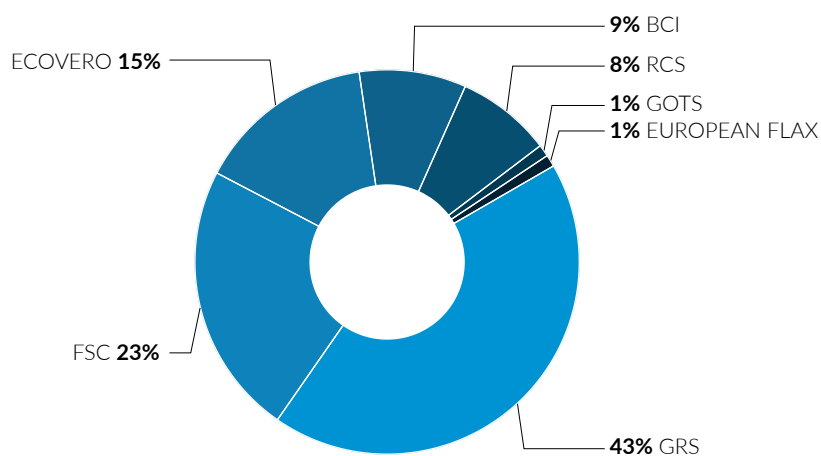
The fabrics in the ECO collection may originate from **recycling/regeneration, certified according to sector standards** or meet both the characteristics/conditions. In detail:

ECO-FRIENDLY COLLECTION

Fibre prevalent	2020		2021		2022		Material origin /certifications
	METRES	%	METRES	%	METRES	%	
Polyester	3,115,436	37.8%	8,004,022	41.2%	13,278,676	50.8%	<ul style="list-style-type: none"> • From recycling • GRS Global Recycle Standard
Viscose	3,059,934	37.1%	7,876,600	40.5%	9,463,565	36.2%	<ul style="list-style-type: none"> • RCS Recycled Claim Standard • FSC Forest Stewardship Council • ECOVERO by Lenzing
Silk	56,235	0.7%	219,576	1.1%	297,377	1.1%	<ul style="list-style-type: none"> • GOTS – Organic
Cotton	2,014,772	24.4%	3,299,473	17.0%	2,897,748	11.1%	<ul style="list-style-type: none"> • GOTS – Organic • BCI
Flax	-	-	30,835	0.2%	207,800	0.8%	<ul style="list-style-type: none"> • European Flax
Total	8,246,377	100.0%	19,430,506	100.0%	26,145,166	100.0%	

QUANTITY %

Certification	2020	2021	2022
	%	%	%
GRS	36.7%	33.1%	43.0%
FSC	7.4%	21.4%	22.8%
ECOVERO	29.3%	19.5%	14.7%
BCI	12.2%	12.0%	9.3%
RCS	2.2%	11.3%	8.5%
GOTS	12.1%	2.6%	1.0%
EUROPEAN FLAX	0.1%	0.1%	0.7%



Fabrics

Polyester	<p>Items with a share of recycled material GRS Global Standard Recycle - 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. RECYCLED CLAIM STANDARD (RCS) + GLOBAL RECYCLED STANDARD (GRS) TEXTILE EXCHANGE</p>
Viscose	<p>RCS Recycled Claim Standard RECYCLED CLAIM STANDARD (RCS) + GLOBAL RECYCLED STANDARD (GRS) TEXTILE EXCHANGE</p> <p>FSC Forest Stewardship Council- International organisation recognised as a certifying body of correct forestry management and traceability of the sustainable product. HOME PAGE FOREST STEWARDSHIP COUNCIL (FSC.ORG)</p> <p>ECOVERO by Lenzing- A brand registered by 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. LENZING™ ECOVERO™ : SUSTAINABLE VISCOSE FIBERS</p>
Cotton	<p>BCI Better Cotton Initiative- 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. HOME - BETTER COTTON INITIATIVE</p> <p>GOTS Global Organic Textile Standard- It is the most important international standards for the certification of the textile products made with natural fibres from organic farming. GOTS THE LEADING ORGANIC TEXTILE STANDARD - GOTS (GLOBAL-STANDARD.ORG)</p>
Flax	<p>EUROPEAN FLAX – A standard that guarantees the traceability of flax fibre grown in Europe, without artificial irrigation and without GMOs. EUROPEAN FLAX</p>
Polyester, viscose, cotton and linen	<p>STANDARD 100 by OEKO-TEX®.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. STANDARD 100 BY OEKO-TEX®</p>
Silk	<p>GOTS Global Organic Textile Standard - It is the most important international standards for the certification of the textile products made with natural fibres from organic farming. GOTS THE LEADING ORGANIC TEXTILE STANDARD - GOTS (GLOBAL-STANDARD.ORG)</p>



Sustainable management of the supply chain

GRI 3-3 · 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. See in this respect the paragraph of this section **Product safety and Chemical management**.

This update allows Lariotex to obtain a rating for its suppliers with regard to chemical analysis of raw materials used in fabric making. The result of the analysis was not released in time for publication in this document, but the quality of the data collected already confirms Lariotex's commitment to continuously improve the mapping of its suppliers from a Chemical Management point of view. In particular, 46 suppliers have been identified and mapped for the chemical management assessment: 10 were rated High, 21 were rated Medium and 15 were rated Low.

Of these, 35 (corresponding to 97.8% of the purchase volume) have signed the 4sustainability® commitment for Chemical Management.

4s Materials – 4s Trace

In 2022, Lariotex also introduced the **4s Materials** initiative and continued the **4s Trace** initiative (also developed in the 4s software). 4s Materials enables the improvement of the sustainability profile of the products sold, favouring the use of environmentally sustainable materials. A commitment that Lariotex already implements with the ECO line and that signing up to 4s Materials will enable it to strengthen,

with actions such as improving the management system, preparing an ad hoc report and identifying specific KPIs. At the time of publication of this document, the initial document is in the process of being finalised.

The 4s Trace initiative was introduced in Lariotex in 2021, with a first assessment of the traceability of materials used and process water analyses of its suppliers. 4s Trace aims to define a system of traceability of the materials and conditions (environmental and social) in which they have been produced throughout the supply chain. As part of obtaining this certification, in 2022 Lariotex signed **the 4Sustainability Charter of Values** (integrating it with aspects relevant to its business model), a document that recalls the principles for ethical business conduct, which the

Company adopts and which **it asks its suppliers to share**. Specifically:

- to give priority to the values of ethics, legality, transparency, anti-corruption and respect for the environment, people and human rights;
- to involve its own supply chain in the implementation of current and future initiatives;
- communicate and report its actions in a fair, complete and transparent way;
- promote awareness and training on sustainability for its employees and as much as possible for its suppliers and the local communities in which they operate.

The Charter of Values calls for the commitment to guarantee rights at work, active action to avoid discrimination, compliance with regulations for responsible business conduct, respect for the environment, care over the choice of materials and chemical

management. The Charter of Values was signed by 34% of suppliers, corresponding to 79% of the purchase volume. This initiative represents a further step (which will be followed by further implementation) for Lariotex in the direction of controlling and directing its supply chain in a sustainable way.

Purchases of other materials - packaging

In 2022, three initiatives were taken with regard to packaging:

- obtaining plastic packaging free from chlorinated plastics (PVC) from suppliers;
- requiring suppliers, using plastic packaging, to indicate the percentage of plastic recycled;
- full adoption of FSC-certified paper envelopes for sending fabric samples.

Moreover, throughout 2022, Lariotex purchased reusable pallets (96.73% of total purchases), continuing and implementing the commitment it set itself in the last quarter of 2021 to use mainly pallets from recovery activities (the remaining share of purchases, 3.27%, is characterised as reusable).

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 CO₂ into the atmosphere.

In 2022, in continuity with the previous year, Lariotex used Jet Line, an operator in the Laria region, to transport 56% of its goods. The reasons for this preference lie in the overall optimisation of the supply service: increased availability of ship space, flexibility of urgent deliveries, efficiency of groupage service. It should be noted that this latter characteristic translates into lower environmental impacts, thanks to the grouping of goods, in order to travel minimising economic costs and maximising carrier payloads. The remaining part of the logistics is mostly covered by DHL (23%) and DSV (16%).

In 2022, Lariotex also joined GLS's 'Climate Protect' initiative, which aims to achieve carbon neutrality by offsetting and reducing emissions.

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

Human resources

People management

GRI 3-3 · 406-1

Human resources management is based on that indicated in the Sustainability policy, referred to in Chapter 3.2 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. For 2022, there were no critical incidents in respect of these aspects.

The definitive exit from the emergency situation due to the Covid-19 pandemic confirmed the lack of need for working from home. In 2022, meal vouchers were confirmed for all employees, including temporary employees.

It should be noted that, regarding that set in policy GRI 2-7, on 31 December 2022, Lariotex had not yet formalised an internal communication procedure for employees who do not identify as male or female.

Employees, employment and turnover

GRI 2-7 · 2-8 · 2-30 · 3-3 · 401-1 · 401-2 · 401-3

At 31 December 2022, Lariotex had 19 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, while female employees at 31 December 2022 represented 47.4% of the total. There are 2 part-time contracts. Lariotex applies the NCEC - national collective labour agreement for the Trade sector.

	2020			2021			2022		
	women	men	total	women	men	total	women	men	total
Employees at the end of the period	5	8	13	8	9	17	9	10	19
By contract type									
Permanent	5	8	13	7	9	16	9	10	19
Temporary	-	-	-	1	-	1	-	-	-

Lariotex may also use non-employees to perform its business. In detail, during the reporting period, the company used the services of 15 temporary workers. At 31/12/2022, there was 1 temporary worker.

Turnover

Lariotex's staff turnover during the three-year period 2020-2022 saw a total of 9 new hires, of which 4 in 2021 (three women and one man) and 5 in 2022 (two women and three men). In 2022, there were three leavers.

	2020			2021			2022		
	women	men	total	women	men	total	women	men	total
Turnover rate by gender									
New hires	-	-	-	60.0%	12.5%	30.8%	25.0%	33.3%	29.4%
Leavers	16.7%	-	7.1%	-	-	-	12.5%	22.2%	17.6%
Total	-16.7%	-	-7.1%	60.0%	12.5%	30.8%	12.5%	11.1%	11.8%

Diversity

GRI 3-3 · 405-1 · 405-2

	2020			2021			2022		
	women	men	total	women	men	total	women	men	total
By type of employment									
Full-time	4	8	12	5	9	14	7	10	17
Part-time	1	-	1	3	-	3	2	-	2
Total	5	8	13	8	9	17	9	10	19

For 2022, the presence of two people covering the role of Manager is confirmed.

		2020			2021			2022					
		women	men	total	women	men	total	women	men	total			
Total	UNITS	5	8	13	8	9	17	9	10	19			
	%	38.5%	61.5%		47.1%	52.9%		47.4%	52.6%				
By category													
Managers	UNITS	1	-	1	2	-	2	1	1	2			
	%	7.7%	-	7.7%	11.8%	-	11.8%	5.3%	5.3%	10.5%			
Clerical staff	UNITS	3	3	6	5	3	8	7	3	10			
	%	23.1%	23.1%	46.2%	29.4%	17.6%	47.1%	36.8%	15.8%	52.6%			
Manual workers	UNITS	1	5	6	1	6	7	1	6	7			
	%	7.7%	38.5%	46.2%	5.9%	35.3%	41.2%	5.3%	31.6%	36.8%			
By age group													
< 30	UNITS	1	-	1	2	1	3	1	1	2			
	%	7.7%	-	7.7%	11.8%	5.9%	17.6%	5.3%	5.3%	10.5%			
30 ÷ 50	UNITS	1	5	6	1	4	5	4	4	8			
	%	7.7%	38.5%	46.2%	5.9%	23.5%	29.4%	21.1%	21.1%	42.1%			
> 50	UNITS	3	3	6	5	4	9	4	5	9			
	%	23.1%	23.1%	46.2%	29.4%	23.5%	52.9%	21.1%	26.3%	47.4%			
Category/age group													
		< 30	30÷50	> 50	total	< 30	30÷50	> 50	total	< 30	30÷50	> 50	total
Managers	UNITS	0	1	0	1	0	1	1	2	0	1	1	2
	%	-	7.7%	-	7.7%	-	5.9%	5.9%	11.8%	-	5.3%	5.3%	10.5%
Clerical staff	UNITS	1	2	3	6	2	2	4	8	1	5	4	10
	%	7.7%	15.4%	23.1%	46.2%	11.8%	11.8%	23.5%	47.1%	5.3%	26.3%	21.1%	52.6%
Manual workers	UNITS	-	3	3	6	1	2	4	7	1	2	4	7
	%	-	23.1%	23.1%	46.2%	5.9%	11.8%	23.5%	41.2%	5.3%	10.5%	21.1%	36.8%

A comparison of basic salaries and remuneration by gender shows equal pay across various roles.

		2020			2021			2022		
Basic salary €		women	men	total	women	men	total	women	men	total
Managers		-	-	-	3,352	-	-	3,740	3,571	104.7%
Clerical staff		2,613	1,755	148.9%	2,354	2,408	97.8%	2,547	2,415	105.4%
Manual workers		1,632	1,747	93.4%	1,922	2,278	84.4%	1,922	2,079	92.4%

Average salary €	2020			2021			2022		
	women	men	total	women	men	total	women	men	total
Managers	-	-	-	44,023	-	-	64,280	50,000	128.6%
Clerical staff	58,229	38,106		32,008	44,665	71.7%	31,031	47,440	65.4%
Manual workers	24,453	47,756	51.2%	25,182	32,139	78.4%	24,870	32,122	77.4%

Maternity leave

All Lariotex employees are entitled to maternity and paternity leave linked to the birth/adoption of a child. During the period considered, there were no cases of maternity leave, meaning compulsory and optional maternity related to the birth of a child.

Training

GRI 3-3 · 404-1 · 404-3

Lariotex encourages the continuous improvement of the professionalism of its employees through training initiatives. After a concentration of training activities in 2020 linked in particular to the Covid-19 pandemic, during 2021 and 2022 these resumed, reaching an average of 11.7 hours of training per capita.

Average training hours per capita	2020			2021			2022		
	women	men	total	women	men	total	women	men	total
Executives	-	-	-	-	-	-	-	-	-
Managers	-	-	-	7.0	-	7.0	10.0	10.5	10.3
Clerical staff	2.0	0.3	1.2	2.8	-	1.8	13.5	5.8	11.2
Manual workers	-	1.2	1.0	-	7.3	6.3	2.5	14.6	12.9
Average	1.2	0.9	1.0	3.5	4.9	4.2	11.9	11.6	11.7

During 2022, nearly 65% of training hours were related to safety issues, but there was also a lot of focus on training on compliance (privacy, organisational model 231) and specific technical skills.

Due to the size of Lariotex's workforce, no structured and formalised programmes for assessing the performance of employees have been established at present.

Occupational health and safety

GRI 3-3 · 403-1 · 403-2 · 403-3 · 403-4 · 403-5 · 403-6 · 403-7 · 403-8 · 403-9 · 403-10

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 work-related illnesses, but also continually improving the conditions involving occupational health and safety, in particular, to:

- 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 rigorous health and safety standards is indeed a pre-requisite 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 any work activities, Lariotex endeavours to avoid the occurrence of work-related accidents and illnesses, by adopting a proactive approach that provides suitable protective devices with regard to indications for ergonomic workstations, work procedures, regular health monitoring and a scrupulous audit and risk assessment activity with the consequent 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 throughout 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 2020-2022, there were no accidents at work.

In the reporting period, and in previous years, there were no cases of diseases classified as work-related illnesses for Lariotex.

The environment

Environmental policy and commitment

The contents of the environmental policy are included in the Sustainability policy recalled in more detail in Chapter 3.3 of this document, which should be referred to. The most relevant aspects affect management of the supply chain and chemical management.

Energy, emissions and other impacts

GRI 3-3 · 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 2020-2022**. The data are summarised in GJoule. At the moment, energy consumption does not include energy from renewable sources. The figures show a growing trend as a result of the increase in fuel consumption for company vehicles.

ENERGY CONSUMED			
GJOULE	2020	2021	2022
Electricity - purchased	317	355	350
Fuel – Diesel (Diesel and LPG)	642	827	877
Methane gas	56	62	49
Total energy consumption	1,015	1,244	1,276

SOURCES:

- ELECTRICITY - ENEA NATIONAL AGENCY FOR NEW TECHNOLOGIES, ENERGY AND SUSTAINABLE ECONOMIC DEVELOPMENT DIESEL/DEFRA (UK DEPARTMENT FOR ENVIRONMENT, FOOD AND RURAL AFFAIRS) COEFFICIENTS
- FUELS – DEFRA UK - GREENHOUSE GAS REPORTING: CONVERSION FACTORS 2022 - GOV.UK (WWW.GOV.UK)
- METHANE MINISTRY OF ENVIRONMENT ITALY – EU ETS NATIONAL PARAMETERS - ITALY: NEWS (MINAMBIENTE.IT)

Energy consumption intensity

ENERGY INTENSITY	2020	2021	2022
Total energy consumption	1,015	1,244	1,276
Metres sold	28,928,183	40,786,884	45,840,027
Intensity Index	3.51	3.05	2.78

For the calculation of the energy intensity indices the figure of metre sold was taken as a reference, which was considered to be significant due to the concentration of Lariotex's energy consumption in the heading related to transportation. 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 (tCO₂e). 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 on the basis of the location-based method, which involves accounting for emissions from electricity consumption, applying national average emission factors for the different countries where electricity is purchased.

GHG Scope 1 emissions	tCO ₂ e	2020	2021	2022
Fuel - diesel			52	58
Fuel – LPG			6	4
Methane gas			3	3
Total GHG Scope 1 emissions		49	61	65
GHG Scope 2 emissions	tCO ₂ e - LOCATION-BASED METHOD			
Electricity		22	25	25
Total GHG Scope 2 emissions – Location-based		22	25	25
Total GHG Scope 1/Scope 2 emissions	tCO ₂ e	71	86	90

SOURCES OF EMISSION FACTORS

- METHANE MINISTRY OF ENVIRONMENT ITALY – EU ETS NATIONAL PARAMETERS - ITALY: NEWS (MINAMBIENTE.IT).
- FUELS – DEFRA UK - GREENHOUSE GAS REPORTING: CONVERSION FACTORS 2022 - GOV.UK (WWW.GOV.UK)
- LOCATION-BASED METHOD: ISPRA EFFICIENCY & DECARBONISATION INDICATORS ITA EUROPE 366-2022 TAB A 2 20 – EMISSION FACTORS IN THE ELECTRICITY SECTOR FOR ELECTRICITY PRODUCTION (ISPRA - MINISTRY OF THE ENVIRONMENT)

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.

GHG Scope 2 emissions	tCO ₂ e - MARKET BASED METHOD	2020	2021	2022
Electricity			45	44
Total GHG Scope 2 emissions – Market-based		40	45	44

SOURCES (RESIDUAL MIX)

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

Emission intensity

EMISSION INTENSITY	2020	2021	2022
Total GHG Scope 1/Scope 2 emissions – Location-based			
tCO ₂ e	71	86	90
Metres sold	28,928,183	40,786,884	45,840,027
Emission intensity index	2.45	2.11	1.96

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 estimate of the sustainability data GHG emissions from the main suppliers of logistics services for the purchase of textiles. 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 logistics service companies used by Lariotex are presented: Jet Line, DHL, DSV, CN Logistics and Schenker. In particular, the first three operators were entrusted with 95% of the cargo transported, and they contribute to approximately 85% of the GHG Scope 3 emissions indicated below. It is clarified that the transport emissions data managed by DHL, Schenker and DSV were directly collected by the suppliers, while, for Jet Line and CN Logistics, the data were estimated on the basis of a comparison of the weight of the transported goods with that of the other operators.

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. indirette.

Compared to the previous year, GHG Scope 3 emissions increased in 2022, mainly due to an increase in transported goods (+54%).

Other indirect (GHG Scope 3) emissions Transport activities tCO₂e

	2020		2021		2022	
Means of transport	TtW TANK- TO-WHEEL	WtW WELL- TO-WHEEL	TtW TANK- TO-WHEEL	WtW WELL- TO-WHEEL	TtW TANK- TO-WHEEL	WtW WELL- TO-WHEEL
Total emissions tCO ₂ e	1,086.8	1,332.5	928.2	1,086.6	1,082.8	1,228.8

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.

GRI Content Index

Statement of use	Lariotex's integrated report for the financial year 2022 [01 January – 31 December 2022] was prepared under the reporting option in accordance with the GRI standards.
GRI 1 adopted	GRI 1 Foundation 2021
GRI Sector Standards applicable	not available

GRI General information

Report		Location	Omission	
NO	DESCRIPTION		REQUIREMENTS OMITTED	REASON
				EXPLANATION
GRI 2	GENERAL INFORMATION - VERSION 2021			
	THE ORGANISATION AND ITS REPORTING PRACTICES			
2-1	Organisational details	Methodological note 01 Lariotex/Profile and Identity		
2-2	Entities included in the reporting Sustainability Report for the organisation	Methodological note		
2-3	Reporting period, frequency and point of contact	Methodological note		
2-4	Restatements of information	Methodological note		
2-5	External assurance	Audit firm reports/Audit firm Report Sustainability Report		
	ACTIVITIES AND WORKERS			
2-6	Activity, value chain, and other business relationships	01 Lariotex/Profile and identity 03 Sustainability Report/Business model/Lariotex 03 Sustainability Report/Business model/The market, customers 03 Sustainability Report/Business model/Research and development 03 Sustainability Report/Strategy and sustainability/Reference scenario 03 Sustainability Report/Strategy and sustainability/Lariotex: Sustainability by choice		
2-7	Employees	03 Sustainability Report/Sustainability Performance/Human resources/Employees, employment and turnover		
2-8	Non-employees	03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover		

GOVERNANCE		
2-9	Structure and composition of governance	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 03 Sustainability Report/Governance and responsible business conduct/Delegation processes and organisational structure
2-10	Appointment and selection of the highest governing body	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-11	Chairman of the highest governing body	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-12	Role of the highest governing body in the control of impact management	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-13	Delegation of responsibility for impact management	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 03 Sustainability Report/Governance and responsible business conduct/Delegation processes and organisational structure
2-14	Role of the highest governing body in sustainability reporting	Methodological note 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-15	Conflicts of interest	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-16	Communication of criticalities	03 Sustainability Report/Governance and responsible business conduct/Delegation processes and organisational structure
2-17	Collective knowledge of the highest governing body	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-18	Assessment of the performance of the highest governing body	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-19	Rules regarding remuneration	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-20	Salary setting procedure	03 Sustainability Report/Governance and responsible business conduct/Lariotex governance
2-21	Annual total pay ratio	2-21 Confidentiality constraints Including information for Integrated Report 2022 not considered

STRATEGY, POLICIES AND PRACTICES		
2-22	Declaration on the sustainable development strategy	Letter to stakeholders 03 Sustainability Report/Governance and responsible business conduct/Sustainability policy
2-23	Commitment in terms of policy	03 Sustainability Report/Governance and responsible business conduct/Organisation, Management and Control Model Legislative Decree No. 231/2001 03 Sustainability Report/Governance and responsible business conduct/Code of Ethics - General principles
2-24	Integration of the policy commitments	03 Sustainability Report/Governance and responsible business conduct/Organisation, Management and Control Model Legislative Decree No. 231/2001 03 Sustainability Report/Governance and responsible business conduct/Code of Ethics - General principles
2-25	Processes for remedying negative impacts	03 Sustainability Report/Governance and responsible business conduct/Organisation, Management and Control Model Legislative Decree No. 231/2001 03 Sustainability Report/Governance and responsible business conduct/Code of Ethics - General principles
2-26	Mechanisms to request clarifications and raising concerns	03 Sustainability Report/Governance and responsible business conduct/Organisation, Management and Control Model Legislative Decree No. 231/2001 03 Sustainability Report/Governance and responsible business conduct/Code of Ethics - General principles
2-27	Compliance with laws and regulations	03 Sustainability Report/Governance and responsible business conduct/Following regulations - compliance
2-28	Membership of associations	03 Sustainability Report/Governance and responsible business conduct/associations
INVOLVEMENT OF STAKEHOLDERS		
2-29	Stakeholder engagement approach	03 Sustainability Report/Business model/ Stakeholders
2-30	Collective agreements	03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover

GRI Standards – Information on Material topics/Specific indicators

The table shows the reference to the GRI Topic Standards used for material topic reporting. To better understand the content, the following is highlighted:

- The standards in the table are those for reporting identified material topics.
- Any reports/indicators (requirements) included in the standards that relate to material topics but are not relevant or not applicable to the characteristics of the business model and impacts are listed but are highlighted as omitted as not relevant.
- On the other hand, any omissions (omissions) and their reasons for the reports/indicators (requirements), included in the standards referring to the material topics, but not

reported, in whole or in part, in relation to the unavailability of the information and the quantitative data are highlighted.

- Where not otherwise specified, the GRI Standards published in 2016 have been used. For the occupational health and safety disclosure, standard GRI 403, Occupational health and safety, published in 2018, has been used.
- Industry standards not available.

Report		Location	Omission		
NO.	DESCRIPTION		REQUIREMENTS OMITTED	REASON	EXPLANATION
GRI 3 MATERIAL TOPICS - VERSION 2021					
3-1	Material topic determination process	Methodological note 03 Sustainability Report/Impacts and material topics/impacts and material topics according to GRI standards 03 Sustainability Report/Impacts and material topics/The identification process - assessing and prioritising themes 03 Sustainability Report/Impacts and material topics/Assessing relevance and prioritising impacts 03 Sustainability Report/Impacts and material topics/Risk management/Risks and uncertainties the Company is exposed to			
3-2	List of material topics	03 Sustainability Report/Impacts and material topics/Material topics			
ENERGY CONSUMPTION, EMISSIONS AND CLIMATE CHANGE					
MATERIAL TOPIC					
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts			
Specific GRI Standards					
302 Energy					
302-1	Energy consumption within the organisation	03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts			
302-2	Energy consumption outside of the organisation		302-2	Information not available/incomplete	Data not currently available - See GRI 305-3 for other emissions reporting/Scope 3
302-3	Energy intensity	03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts			
302-4	Reduce energy consumption		302-4	Not relevant	Indicator not relevant to business model and business impacts

302-5	Reduce product and service energy needs		302-5	Not relevant	Indicator not relevant to business model and business impacts
305 Emissions					
305-1	Direct GHG emissions (Scope 1)	03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts			
305-2	Indirect GHG emissions from energy consumption (Scope 2)	03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts			
305-3	Other indirect GHG emissions (Scope 3)	03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts	305-3	Information not available/incomplete	Reporting limited to suppliers/logistic activities
305-4	Intensity of the GHG emissions	03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts			
305-5	Reduce GHG emissions		305-5	Information not available/incomplete	Data not quantifiable on improvement objectives/actions taken
305-6	Emissions of ozone-depleting substances (ODS)		305-6	Not relevant	Indicator not relevant to the business model and business impacts
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant emissions		305-7	Not relevant	Indicator not relevant to the business model and business impacts
SUSTAINABLE RAW MATERIALS					
MATERIAL TOPIC					
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Raw materials sustainability			
Specific GRI Standards					
301 Materials					
301-1	Materials used by weight or volume	03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Raw materials sustainability			
301-2	Recycled used materials	03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Raw materials sustainability			
301-3	Recovered or reclaimed products and related packaging		301-3	Not relevant	Indicator not relevant to the business model and business impacts

MANAGEMENT, TRAINING AND HUMAN RESOURCES DEVELOPMENT				
MATERIAL TOPIC				
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover 03 Sustainability Report/Sustainability performance/Human resources/Training		
Specific GRI Standards				
401 Employment				
401-1	New employee hires and employee turnover	03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover		
401-2	Benefits provided to full-time employees, but not for part-time or temporary employees	03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover		
401-3	Parental leave	03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover		
404 Training and education				
404-1	Average annual training hours per employee	03 Sustainability Report/Sustainability performance/Human resources/Training		
404-2	Refresher programmes of employee skills and transition assistance programmes		404-2	Not relevant Indicator not relevant to business model
404-3	Percentage of employees who regularly receive performance and career development reviews	03 Sustainability Report/Sustainability performance/Human resources/Training		
OCCUPATIONAL HEALTH AND SAFETY				
MATERIAL TOPIC				
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety		
Specific GRI Standards				
403 Occupational Health and Safety				
403-1	Occupational health and safety management system	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety		
403-2	Hazard identification, risk assessment, and accident investigations	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety		

403-3	Occupational health services	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety
403-4	Worker participation, consultation, and communication on occupational health and safety	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety
403-5	Training of workers in the field of occupational health and safety	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety
403-6	Promotion of the health of workers	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety
403-8	Workers covered by an occupational health and safety management system	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety
403-9	Accidents at work	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety
403-10	Work-related illnesses	03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety
HUMAN RESOURCES: DIVERSITY, EQUALITY, INCLUSION		
MATERIAL TOPIC		
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Human resources/People management 03 Sustainability Report/Sustainability performance/Human resources/Diversity
Specific GRI Standards		
405 Diversity and equal opportunities		
405-1	Diversity in governing bodies and among employees	03 Sustainability Report/Sustainability performance/Human resources/Diversity
405-2	Report on basic salary and women's pay compared to men	03 Sustainability Report/Sustainability performance/Human resources/Diversity
406 Non-discrimination		
406-1	Incidents of discrimination and corrective measures taken	03 Sustainability Report/Sustainability performance/Human resources/People management

SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN				
MATERIAL TOPIC				
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Sustainable management of the supply chain		
Specific GRI Standards				
308 Supplier environmental assessment				
308-1	New suppliers who have been assessed using environmental criteria	03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Sustainable management of the supply chain		
308-2	Negative environmental impacts in the supply chain and actions taken		308-2	Information not available/incomplete Information is not available for Lariotex
414 Supplier social assessment				
414-1	New suppliers who have been screened using social criteria	03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Sustainable management of the supply chain		
414-2	Negative social impacts in the supply chain and actions taken		414-2	Information not available/incomplete Information is not available for Lariotex
PRODUCT QUALITY AND RESPONSIBLE CUSTOMER RELATIONSHIPS				
MATERIAL TOPIC				
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product safety and Chemical management		
Specific GRI Standards				
417 Marketing and Labelling				
417-1	Requirements for product and service information and labelling	03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product safety and Chemical management		
417-2	Incidents of non-compliance of product and service information and labelling	03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product safety and Chemical management		
417-3	Cases of non-compliance involving marketing communications		417-2	Not relevant Indicator not relevant to the business model and business impacts

PRODUCT SAFETY AND CHEMICAL MANAGEMENT		
MATERIAL TOPIC		
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product safety and Chemical management
Specific GRI Standards		
416 Customer health and safety		
416-1	Assessment of impacts on health and safety by product and service category.	03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product safety and Chemical management
416-2	Incidents of non-compliance regarding impacts on the health and safety of products and services	03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product safety and Chemical management
INTEGRITY AND ETHICAL CONDUCT OF THE BUSINESS		
MATERIAL TOPIC		
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Sustainability performance/Ethics and integrity
Specific GRI Standards		
205 Anti-corruption		
205-1	Operations assessed for risks linked to corruption	03 Sustainability Report/Sustainability performance/Ethics and integrity
205-2	Communication and training on anti-corruption policies and procedures	03 Sustainability Report/Sustainability performance/Ethics and integrity
205-3	Incidents of proven corruption and actions taken	03 Sustainability Report/Sustainability performance/Ethics and integrity
206 Anti-competitive behaviour		
206-1	Legal actions for anti-competitive behaviour, antitrust and monopolistic practices	03 Sustainability Report/Sustainability performance/Ethics and integrity
418 Customer privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	03 Sustainability Report/Sustainability performance/Ethics and integrity

GENERATION AND DISTRIBUTION OF VALUE				
MATERIAL TOPIC				
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 02 Economic and financial performance/Value generated and distributed		
Specific GRI Standards				
201 Economic performance				
201-1	Economic value directly generated and distributed	02 Economic and financial performance/Value generated and distributed		
201-2	Financial implications and other risks and opportunities due to climate change		201-2	Information not available/incomplete Lariotex has not yet developed a model of analysis that provides for the determination of the financial impact linked to climate change
201-3	Pension plans defined benefits and other pension plans		210-3	Not relevant Pension benefits provided as set out reference regulations
201-4	Financial assistance received from the government		201-4	Not relevant Indicator not relevant to the business model and business impacts
INNOVATION, RESEARCH AND DEVELOPMENT				
MATERIAL TOPIC				
3-3	Material topics management	03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Business model/Research and development		

4. Other information

In accordance with the provisions set out in 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

5. Business outlook

The provisional figures as at 30/04/2023 confirm the satisfactory trend in operations, although turnover has slowed down compared to the same period in 2022, a physiological phenomenon due to the exceptional nature of the entire first half of the past year, marginality has improved,

both in terms of EBITDA and in terms of profit for the period. The Multiannual Business Plan is being reviewed and updated in the light of the dynamics that have emerged in this first part of 2023.

Financial statements 2022

Balance sheet
Income statement Financial
Statement OIC 10
Notes to the Accounts

BALANCE SHEET ASSETS	TOTAL 2022	TOTAL 2021
B) Fixed assets		
I - Intangible fixed assets		
3) industrial patents and intellectual property rights	92,521	25,725
4) concessions, licences, trademarks and similar rights	2,400,000	2,700,000
6) assets under construction and payments on account	381,200	-
7) other		21,958
Total intangible fixed assets	3,841,377	2,747,683
II - Tangible fixed assets		
2) plant and machinery	115,130	129,879
3) industrial and commercial equipment	7,099	13,982
4) other assets	73,601	70,783
Total tangible fixed assets	195,830	214,644
III - Financial fixed assets		
3) other securities	101,389	101,389
Total financial fixed assets	101,389	101,389
Total fixed assets (B)	4,138,596	3,063,716
C) Current assets		
I - Inventory		
4) finished products and goods	25,809,331	23,271,285
Total inventory	25,809,331	23,271,285
II - Receivables		
1) trade receivables		
payable within next financial year	22,595,365	22,018,740
Total trade receivables	22,595,365	22,018,740
5-bis) tax credits		
payable within next financial year	1,020,000	37,943
Total tax credits	1,020,000	37,943
5-ter) deferred taxes	494,080	378,864
5-quater) from others		
payable within next financial year	115,482	3,774,736
Total receivables from others	115,482	3,774,736
Total receivables	24,224,927	26,210,283
III - Financial assets that do not constitute fixed assets		
5) financial derivative instrument assets	205,693	87,428
6) other securities	735,478	570,994
Total financial assets that do not constitute assets	941,171	658,422
IV - Cash and cash equivalents		
1) bank and postal deposits	6,470,907	7,416,102
3) cash and cash values	357	132
Total cash and cash equivalents	6,471,264	7,416,234
Total current assets (C)	57,446,693	57,556,224
D) Prepayments and accrued income	354,218	114,149
Total assets	61,939,507	60,734,089

BALANCE SHEET LIABILITIES	TOTAL 2022	TOTAL 2021
A) Equity	15,798,374	14,875,301
I - Share capital	6,000,000	3,000,000
III - Revaluation reserve	-	2,373,971
IV - Legal reserve	600,000	600,000
VI - Other reserves, separately indicated		
Extraordinary reserve	6,392,617	5,310,706
Other sundry reserves	(2)	(2)
Total sundry reserves	6,392,615	5,310,704
VII - Reserve for expected cash flow hedges	(30,073)	82,686
IX - Profit (loss) for the year	2,835,832	3,507,940
Total equity	15,798,374	14,875,301
B) Provisions for risks and charges		
1) Provision for pensions and similar obligations	104,660	83,665
3) financial derivative instrument liabilities	235,767	4,742
4) other	950,000	800,000
Total provisions for risks and charges	1,290,427	888,407
C) Employee severance pay	112,111	99,251
D) Payables		
1) bonds	8,000,000	
payable within next financial year	363,636	
payable after next financial year	7,636,364	
4) payables to banks	27,005,400	17,885,268
payable within next financial year	20,078,930	9,589,034
payable after next financial year	6,926,470	8,296,234
5) payables to other lenders	562,230	620,728
payable within next financial year	562,230	620,728
7) trade payables	8,622,291	25,343,561
payable within next financial year	8,622,291	25,343,561
12) tax payables	249,872	765,649
payable within next financial year	249,872	765,649
13) payables to employee benefit and social security institutions	48,083	38,332
payable within next financial year	48,083	38,332
14) other payables	118,558	112,552
payable within next financial year	118,558	112,552
Total payables	44,606,434	44,766,090
E) Accruals and deferrals	132,161	105,040
Total liabilities	61,939,507	60,734,089

INCOME STATEMENT	TOTAL 2022	TOTAL 2021
A) Production value		
1) revenue from sales and services	90,709,186	76,795,050
5) other revenue and income		
other	109,646	145,409
Total other revenue and income	109,646	145,409
Total production value	90,818,832	76,940,459
B) Cost of production		
6) for raw materials, supplies, consumables and goods	74,926,623	68,270,303
7) for services	10,198,640	6,701,790
8) for use of third-party goods	132,275	133,185
9) for staff		
a) salaries and wages	956,729	588,298
b) social security charges	205,734	157,799
c) severance pay	58,894	39,055
Total staff costs	1,221,357	785,152
10) depreciation and write-downs		
a) depreciation of intangible fixed assets	426,045	322,733
b) depreciation of tangible fixed assets	49,116	48,870
d) write-downs of receivables included in current assets and cash available	230,068	358,117
Total amortisation and write-downs	705,229	729,720
11) changes to stocks of raw materials, consumables, supplies and goods	(2,538,047)	(5,381,067)
12) provisions for risks	260,024	268,057
14) charges other than operating	49,413	31,589
Total cost of production	84,955,514	71,538,729
Difference between production value and costs (A - B)	5,863,318	5,401,730
C) Financial income and charges		
15) income from shareholdings		
other	400	120
Total income from holdings	400	120
16) other financial income		
c) from securities entered in current assets that do not constitute holdings	33,255	76,691
d) income other than the previous income		
other	14,364	1,898
Total income other than the previous income	14,364	1,898
Total other financial income	47,619	78,589
17) interest and other financial charges		
other	558,014	316,129
Total interest and other financial charges	558,014	316,129
17-bis) profit and loss on exchange rates	(1,320,855)	(327,150)
Total financial income and charges (15+16-17+-17-bis)	(1,830,850)	(564,570)
D) Adjustments of value of financial assets and liabilities		
19) write-downs		

c) of securities entered in current assets that do not constitute holdings	59,832	14,442
d) from derivative financial instruments	-	944
Total write-downs	59,832	15,386
Total adjustments of value of financial assets and liabilities (18-19)	(59,832)	(15,386)
Pre-tax profit (A-B+-C+-D)	3,972,636	4,821,774
20) Income tax for the year, current, deferred and prepaid		
current taxes	1,252,020	1,469,595
deferred and pre-paid taxes	(115,216)	(155,761)
Total income tax for the year, current, deferred and pre-paid	1,136,804	1,313,834
21) Profit (loss) for the year	2,835,832	3,507,940

INDIRECT CASH FLOW STATEMENT

TOTAL 2022

TOTAL 2021

Indirect cash flow statement

A) Cash flows from operating activities (indirect method)

Profit (loss) for the year	2,835,832	3,507,940
Income tax	1,136,804	1,313,834
Interest expense/(income)	510,395	237,540
(Dividends)	(400)	(120)
(Capital gains)/losses arising from the sale of assets	(262)	(46,118)
1) Profit for the year before income tax, interest, dividends and gains/losses on the sale of assets	4,482,369	5,013,076
Adjustments for non-monetary items that have not had a contra-entry in net working capital		
Allocations to provisions	170,995	218,490
Fixed asset depreciation	475,161	371,603
Write-downs for impairment losses	59,831	14,442
Value adjustments to financial assets and financial liabilities of derivative financial instruments that do not involve monetary movements	-	944
Other increases/(decreases) for non-monetary items	26,141	21,311
Total adjustments for non-monetary items that have not had a contra-entry in	732,128	626,790
2) Cash flow before net working capital changes	5,214,497	5,639,866
Changes to net working capital		
Decrease/(increase) in inventories	(2,538,046)	(5,381,067)
Decrease/(increase) in trade receivables	(576,625)	(8,917,752)
Increase/(decrease) in trade payables	(16,721,270)	18,560,952
Decrease/(increase) in prepayments and accrued income	(240,069)	31,680
Increase/(decrease) in accrued expenses and deferred income	27,121	93,012
Other decreases/(Other increases) in net working capital	2,061,962	(1,792,226)
Total changes to net working capital	(17,986,927)	2,594,599
3) Cash flows after changes in net working capital	(12,772,430)	8,234,465
Other adjustments		
Interest received/(paid)	(510,395)	(237,540)
(Income tax paid)	(1,136,804)	(1,313,834)
Dividends received	400	120
Other receipts/(payments)	(13,281)	(582)
Total other adjustments	(1,660,080)	(1,551,836)
Cash flows from operating activity (A)	(14,432,510)	6,682,629

B) Cash flows arising from investment activities

Tangible fixed assets		
(Investments)	(30,302)	(23,302)
Intangible fixed assets		
(Investments)	(1,519,739)	(18,879)
Financial fixed assets	-	27,000
Divestments		
Short-term financial assets		
(Investments)	(240,000)	(301,756)
Divestments	15,947	681,100
Cash flow of investment activities (B)	(1,774,094)	364,163

C) Cash flows from financing activities

Third-party financing		
Increase/(decrease) in short-term payables to banks	10,489,896	2,584,743
Start of funding	8,000,000	160,853
(Loans repaid)	(1,428,262)	(2,316,795)
Own funds		
Capital increase with payment	-	(233,801)
(Dividends and advances on dividends paid)	(1,800,000)	(1,700,000)
Cash flows from financing activities (C)	15,261,634	(1,505,000)
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	(944,970)	5,541,792
Opening cash and cash equivalents		
Bank and postal deposits	7,416,102	1,874,411
Cash and cash values	132	31
Total cash and cash equivalents at the start of the year	7,416,234	1,874,442
Closing cash and cash equivalents		
Bank and postal deposits	6,470,907	7,416,102
Cash and cash values	357	132
Total cash and cash equivalents at the year-end	6,471,264	7,416,234

Notes to the Accounts closed at 31/12/2022

Dear Shareholders, these notes form an integral part of the financial statements at 31/12/2022.

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 the information required for a fair interpretation of the financial statements.

Presentation 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, paragraph 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

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.

In presenting the balance sheet and the income statement, items preceded by Arabic numbers have not been grouped together as is optionally envisaged by article 2423-ter of the Civil Code.

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

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.

In presenting the balance sheet and the income statement, items preceded by Arabic numbers have not been grouped together as is optionally envisaged by article 2423-ter of the Civil Code.

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

In accordance with art. 2427, paragraph 1, No. 1 of the Italian Civil Code illustrates the most significant evaluation criteria adopted in compliance with the provisions contained in art. 2426 of the Italian Civil Code are described below, focusing, in particular, on those captions to which different valuation and adjustment criteria may be applied 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
Other intangible assets	12 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

In 2020, the company, pursuant to art. 110 paragraph 1 DL 104/2020 converted into L. 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 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.

Intangible assets

Intangible assets are recognised at purchase cost including ancillary costs and are amortised within the legal or contractual limits envisaged for them. This concerns, in particular, the purchase of the surface property right through a notary deed Ferrari Doc.

Marco dir. 6883 Vol. 3479 of 30/03/2022, relating to a real estate compendium located in Vertemate con Minoprio (Co).

Fixed assets under construction and payments on account

Advance payments to suppliers for the purchase of intangible fixed assets under B.I.6 are recognised initially on the date on which only the obligation to pay such amounts arises. Consequently, the advance payments are not amortised.

Tangible fixed assets

I Assets belonging to the category of tangible fixed assets, recognised on the date on which

the risks and rewards associated with the acquired asset are transferred, shall be shown on the balance sheet at cost purchase.

Plus any ancillary charges incurred until the goods are ready for use and in any case up to the extent of their recoverable value.

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

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:

Tangible fixed asset items	Rates %
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 and for the effects of art. 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.

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 €900,000.

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 expected cash flow hedges". 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.

Recognition and re-examination of multi-year accrued income considered the existence or maintenance of the timing condition.

Shareholders' 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 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.

Other information

The Company, as provided for by Legislative Decree No. 14/2019 (Company Crisis and Insolvency Code), adopts an organisational, administrative and accounting structure adapted to the nature of the company, including the timely recognition of the business crisis and the taking of appropriate initiatives.

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

Intangible fixed assets amount to €426,045, net of amortisation of the year of €3,841,377.

Changes in intangible fixed assets are shown in the table.

	Industrial patent and use of creati- ve work rights	Concessions, licenses, trademarks and similar rights	Intangible fixed assets under construction and payments on account	Other tangible fixed assets	Total intangible fixed assets
Value at the start of the year					
Cost	25,725	2,700,000	-	21,958	2,747,683
Carrying amount	25,725	2,700,000	-	21,958	2,747,683
Changes over the year					
Increases for acquisitions	94,930	-	381,200	1,043,609	1,519,739
Depreciation over the year	28,134	300,000	-	97,911	426,045
Total changes	66,796	(300,000)	381,200	945,698	1,093,694
Value at the end of the year					
Cost	92,521	2,400,000	381,200	967,656	3,841,377
Carrying amount	92,521	2,400,000	381,200	967,656	3,841,377

Tangible fixed assets

Changes to tangible fixed assets

Tangible fixed assets amount to €455,872, gross of accumulated depreciation of €260,042.

Changes in tangible fixed assets are shown below.

	Plant and machinery	Industrial and commercial equipment	Other fixed assets	Total Fixed assets
Value at the start of the year				
Cost	199,203	60,224	166,143	425,570
Depreciation (accumulated depreciation)	69,324	46,242	95,360	210,926
Carrying amount	129,879	13,982	70,783	214,644
Changes over the year				
Increases for acquisitions	-	2,325	27,977	30,302
Depreciation over the year	14,749	9,208	25,159	49,116
Total changes	(14,749)	(6,883)	2,818	(18,814)
Value at the end of the year				
Cost	199,203	62,549	194,120	455,872
Depreciation (accumulated depreciation)	84,073	55,450	120,519	260,042
Carrying amount	115,130	7,099	73,601	195,830

Financial leasing transactions

At the balance sheet date, there were no finance leases.

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
Value at the start of the year	
Cost	101,389
Carrying amount	101,389
Value at the end of the year	
Cost	101,389
Carrying amount	101,389

Carrying amount of financial fixed assets

Financial fixed assets were not recognised 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	23,271,285	2,538,046	25,809,331
Total inventory	23,271,285	2,538,046	25,809,331

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	22,018,740	576,625	22,595,365	22,595,365
Tax receivables entered in current assets	37,943	982,057	1,020,000	1,020,000
Prepaid tax assets entered in current assets	378,864	115,216	494,080	
Receivables from others entered in current assets	3,774,736	(3,659,254)	115,482	115,482

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 entered in current assets	15,390,313	6,410,584	794,468	22,595,365
Tax receivables entered in current assets	1,020,000	-	-	1,020,000
Prepaid tax assets entered in current assets	494,080	-	-	494,080
Receivables from others entered in current assets	103,541	-	11,941	115,482
Total receivables entered in current assets	17,007,934	6,410,584	806,409	24,224,927

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	87,428	118,265	205,693
Other securities that are not short-term	570,994	164,484	735,478
Total financial assets that do not constitute assets	658,422	282,749	941,171

Cash and cash equivalents

The following table provides the information related to changes to cash and cash equivalents.

	Value at the start of the year	Change over the year	Value at the end of the year
Bank and postal deposits	7,416,102	(945,195)	6,470,907
Cash and other cash values	132	225	357
Total cash and cash equivalents	7,416,234	(944,970)	6,471,264

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	10,918	11,238
Prepaid expenses	113,829	229,151	342,980
Total pre-paid expenses and accrued income	114,149	240,069	354,218

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

Description	Breakdown	Current year
Accruals and deferrals		
	Accrued income	11,238
	Prepaid expenses	342,980
	Total	354,218

Accrued income is divided as follows:

- Accrued income for various financial income € 255
- Accrued income for interest income on securities € 10,983

Pre-paid expenses are divided as follows:

- Pre-paid expenses rental € 422
- Pre-paid expenses computerised services € 249
- Pre-paid expenses insurance € 579
- Pre-paid expenses loans € 70,829
- Pre-paid expenses bond issue charges € 111,474
- Pre-paid expenses surety expenses € 1,744
- Pre-paid expenses consultancy €. 5,369
- Pre-paid expenses subscriptions books, magazines, publications €. 1,515
- Pre-paid expenses leases €. 9,119
- Pre-paid expenses other staff costs € 2,796
- Pre-paid expenses commercial information € 432
- Pre-paid income expenses on bonds € 137,323
- Pre-paid expenses current software licenses € 1,071
- Pre-paid expenses various costs € 58.

It is pointed out that:

- the amount of €32,549 relating to pre-paid expenses loans concerns the amount after the next financial year
- the amount of €92,796 relating to pre-paid expenses bond issue charges 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.

Shareholders' 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		Operating profit	Value at the end of the year
			INCREASES	DECREASES		
Capital	3,000,000	-	3,000,000	-		6,000,000
Revaluation reserves	2,373,971	-	-	2,373,971		-
Legal reserve	600,000	-	-	-		600,000
Other reserves						
Exceptional reserve	5,310,706	3,507,940	-	2,426,029		6,392,617
Other sundry reserves	(2)	-	-	-		(2)
Total other reserves	5,310,704	3,507,940	-	2,426,029		6,392,615
Reserve for expected cash flow hedges	82,686	-	210,435	323,194		(30,073)
Profit (loss) for the year	3,507,940	(3,507,940)	-	-	2,835,832	2,835,832
Total equity	14,875,301	-	3,210,435	5,123,194	2,835,832	15,798,374

Breakdown of other miscellaneous reserves

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

The shares subscribed during the financial year relate to a free increase in capital through the transfer of reserves to capital. Precisely because of the share capital increase which took place on 17/12/2022, Notary Deed Ferrari Marco, dir. 75066 Vol. 15629, the revaluation reserve for €2,373,971 was used in its entirety (reserve that had been released with taxation of 10%, as provided for by the revaluation law DL 104/2020) and a part of the extraordinary reserve for €626,029.

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.

	Amount	Origin/nature	Possibility of use	Share available	Summary of use performed in the three previous financial years for other reasons
Capital	6,000,000	Capitale		-	-
Revaluation reserves	-		A;B;C	-	2,373,971
Legal reserve	600,000	Utili	B	-	-
Other reserves					
Extraordinary reserve	6,392,617	Utili	A;B;C	6,392,615	4,741,029
Other sundry reserves	(2)			-	-
Total sundry reserves	6,392,615			6,392,615	-
Reserve for expected cash flow hedges	(30,073)			-	-
Total	12,962,542			6,392,615	7,115,000
Remaining distributable amount				6,392,617	

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
Euro rounding reserve	(2)
Total	(2)

Changes to the reserve for expected cash flow hedges

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

Reserve for expected cash flow hedges	
Value at the start of the year	82,686
Changes over the year	
Increase due to fair value changes	210,435
Decrease due to fair value changes	323,194
Value at the end of the year	(30,073)

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 instruments liabilities	Other provisions	Total Provisions for risks and charges
Value at the start of the year	83,665	4,742	800,000	888,407
Changes over the year				
Provisions for the year	20,995	-	260,024	281,019
Use over the year	-	4,742	110,024	114,766
Provisions for the year	-	235,767	-	235,767
Use over the year	20,995	231,025	150,000	402,020
Value at the end of the year	104,660	235,767	950,000	1,290,427

Other provisions

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
Other		
	Other provisions for deferred risks and charges	250,000
	Warehouse obsolescence risk provision	700,000
	Total	950,000

Employee severance pay

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

	Employee severance pay
Value at the start of the year	99,251
Changes over the year	
Provisions for the year	26,141
Use over the year	11,799
Other changes	(1,482)
Total changes	12,860
Value at the end of the year	112,111

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	Amount due within the year	Amount due after the year	Of which residual duration more than 5 years
Bonds	-	8,000,000	8,000,000	363,636	7,636,364	1,818,188
Due to banks	17,885,268	9,120,132	27,005,400	20,078,930	6,926,470	247,222
Payables to other lenders	620,728	(58,498)	562,230	562,230	-	-
Trade payables	25,343,561	(16,721,270)	8,622,291	8,622,291	-	-
Tax payables	765,649	(515,777)	249,872	249,872	-	-
Payables to employee benefit and social security institutions	38,332	9,751	48,083	48,083	-	-
Other payables	112,552	6,006	118,558	118,558	-	-

Bonds loans

In relation to bond loans, the main characteristics of the bonds are specified.

This is specifically the issue of ESG Basket Bond, the first of its kind in Italy, in collaboration with the Unicredit Group and Cassa Depositi e Prestiti, which will serve to finance the Company's development projects, with particular reference to the creation of a

Luxury Collection, intended for the high-end market, the completion of the renovation of a warehouse, purchased in 2022, linked to the expansion of the business and a specific internationalisation project. The maturity date of the bond loan, amounting to €8,000,000.00, is at the end of 2028, the rate is variable and the rate risk is covered at 75% of the debt.

Due to banks

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

Item	Payables for current account	Payables for short-term liabilities term	Payables for medium-term funding	Payables for long-term funding	Total
4)	13,571,543	6,507,387	6,679,248	247,222	27,005,400

In relation to the financing conditions of INTESA BANCA No. 00/766885697 originally for €900,000.00, granted on 17/02/2022, the company considers that it has fulfilled the covenants provided for in the contract. As highlighted in the Integrated Report (Integrated Report on Operations):

- it has introduced and strengthened a procurement policy that incorporates environmental considerations and assessments for the purchase of fabrics and ancillary materials, transport services and energy supplies. This is particularly true for all (100%) raw fabric suppliers, who account for 81.94% in value terms of total purchases.

- it involved 100% of its raw fabric suppliers (PRLS & Product Restricted Substances List chemical assessment processes) and more than 62.28% of its customers (as purchasers of items from the ECO collections) in sustainability initiatives.

Trade payables

Compared with 2021, 2022 saw us close the balance sheet with a sharp increase in financial exposure, while a modestly sized counterbalance of payable/suppliers. This phenomenon, as well as physiological, in view of the growth in turnover, was caused by the sales dynamics, which were very strong in the first half of the year and declined in the second half of the year. The large volumes of purchases made in the face of the increase in turnover were exhausted toward the end of September, thus seeing us reduce the volume of purchases, so much so that at the end of the year the moving warehouse was equal to €2.50 million compared to €12.50 million the previous year.

Other payables

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

Description	Breakdown	Current year
Other payables		
	Customer advances account in the name and on behalf	11,898
	Payables to complementary pension schemes	6,494
	Payables to directors	272
	Various Payables	946
	Payables for FIRR (Employment Termination Compensation Fund)	9,068
	Payables for electronic invoices stamp duty	966
	Remuneration account	39,004
	Staff accrued leave and additional months account	49,910
	Total	118,558

Breakdown of payables by geographical area

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

Geographical area	ITALY	EEC	EXTRA-EEC	Total
Bonds	8,000,000	-	-	8,000,000
Due to banks	27,005,400	-	-	27,005,400
Payables to other lenders	562,230	-	-	562,230
Trade payables	2,726,965	1,055,542	4,839,784	8,622,291
Tax payables	249,872	-	-	249,872
Payables to employee benefit and social security institutions	48,083	-	-	48,083
Other payables	118,558	-	-	118,558
Payables	38,711,108	1,055,542	4,839,784	44,606,434

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	105,040	27,121	132,161
Total accrued liabilities and deferred income	105,040	27,121	132,161

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

Description	Breakdown	Current year
Accruals and deferrals		
	Deferred liabilities	132,161
	Total	132,161

Deferred income is divided as follows:

- Deferred income commercial information € 1,425
- Deferred income interest expenses € 18,220
- Deferred income insurance policies € 89,815
- Deferred income current software licenses € 3
- Deferred income ship freight € 22,382
- Deferred income telephone expenses € 316.

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 balance sheet as provided for in art. 2425-bis of the Civil Code, are distinguished according to the membership of the various management: characteristic, accessory 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

Revenues are 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.

Revenues from services are recognised when the service is rendered, i.e. when the service has been provided; in the particular case of the ongoing provision of services, the related revenues are entered for the amount due.

Breakdown of revenue from sales and services by asset category

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

Asset category	Current year value
Sale of goods	90,709,186
Total	90,709,186

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	69,135,103
EU	18,441,128
OUTSIDE OF EU	3,132,955
Total	90,709,186

Production costs

Costs and charges are recognised on an accruals and matching basis under the relevant items in accordance with OIC 12. In respect of purchases of goods, the related costs shall be recorded when the substantial and non-formal transfer of ownership title has occurred by taking as a benchmark, for the actual handover, the transfer of risks and benefits. In the case of purchasing services, related costs are recognised when the service was received, i.e. when the provision was completed, while, for ongoing services, the related costs are entered for the amount accrued.

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.

	Interest and financial expenses
Bonds loans	20,149
Due to banks	437,523
Other	100,342
Total	558,014

Profit/loss on exchange rates

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
Profit and loss on exchange rates	1,320,855-		
Exchange rate gains		237,085	2,097,112
Exchange rate losses		6,164	3,648,888
Total item		230,921	1,551,776-

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 for the year as well as resulting from tax declarations; tax 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 2022	Tax reversal Pre-paid IRES 24%	Taxable allocation 2021	Pre-paid tax IRES 24%	Pre-paid tax IRAP 3.90%	Pre-paid tax credit at 31/12/2022
Advance provisions for bad debt trade receivables	149,664			175,068	42,016		191,680
Advance provisions for deferred risks and charges	72,000	110,024	(26,406)	60,024	14,406		60,000
Advance provisions for warehouse obsolescence	120,000			200,000	48,000		168,000
Fisc. non-deductible trademark deprec.	37,200			133,333	32,000	5,200	74,400
Value at 31/12/2021	378,864	110,024	(26,406)	568,425	136,422	5,200	494,080

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	10
Manual workers	7
Total employees	19

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	Statutory auditors
Fees	350,000	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
Total fees due to the statutory auditor or audit firm	17,000

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	Initial composition, number	Shares subscribed in the year, number	Final composition, number
Ordinary shares	3,000,000	3,000,000	6,000,000

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 resulting from the balance sheet.

Information on assets and funding allocated to a specific transaction

Assets allocated to 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.

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 31/12/22	TYPE OF GUARANTEE	GUARANTOR	PARTY GUARANTEED
Banca Pop. Sondrio	825,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Banco BPM	3,200,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Banco Desio	750,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Banca Intesa San Paolo	1,500,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Banca Unicredit	1,500,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Banca Bper	4,275,000.00	Binding Patronage	Lariotrade Srl	Lariotex Spa
TOTAL 31/12/2022	12,050,000.00			

On 19/12/2022, the parent company LARIOTRADE SRL also issued a guarantee on first demand to pro tempore holders of the bonds representing the loan entitled "€8,000,000.00 - variable rate matures in 2028" (ISIN code: IT0005526097) issued by LARIOTEX SPA with a sole director.

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

With reference to point 22-quater of art. 2427 of the Italian Civil Code, no significant events subsequent to the close of the financial year have been indicated which have significantly affected the capital, financial and economic performance.

It should be noted only that regarding the bond loan, the Director, noting that the company would not have complied with the financial parameters set out in the Regulation, expressly asked Unicredit BB SRL on 13 April 2023 for a waiver and specifically to waive the remedies provided for in the Regulation itself in case of non-compliance with the

financial parameters. On 24 May, the Bank approved the waiver requested. As a result, any financial risk that could have jeopardised the company's ordinary business has been eliminated.

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

The statement below, for the purposes of 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.

Larger bod

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.

Nature	Issuer	Fair Value
Interest Rate Swap	Intesa San Paolo	€. + 76,187.00
Interest Rate Swap	Intesa San Paolo	€. + 56,859.00
Forward purchase	Intesa San Paolo	€. - 8,003.00
Forward purchase	Intesa San Paolo	€. - 8,180.00
Forward purchase	Intesa San Paolo	€. - 1,040.00
Forward purchase	Intesa San Paolo	€. - 1,059.00
Currency option	Intesa San Paolo	€. - 106,544.00
Currency option	Intesa San Paolo	€. - 63,019.00
Currency option	Intesa San Paolo	€. - 46,923.00
Interest Rate Swap	BPM	€. + 2,668.51
FxForward	Unicredit	€. - 519.60
FxForward	Unicredit	€. - 478.90
CAP	Banca Popolare di Sondrio	€. + 69,978.88

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, based on the above, the Board of Directors proposes that net profit made for the year amounting to €2,835,832.06 be allocated as follows:

- €600,000.00 to the legal reserve post 2017 €230,920.63 to the reserve for foreign exchange profits
- €2,004,911.43 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 Explanatory Notes, 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 31/12/2022 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, 26/05/2023



Pierluigi Biondi
Sole Director

Syatutory Auditors' Report



Financial statements as at 31/12/2022

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

The Board of Statutory Auditors has carried out the supervisory activities provided for by current legislation, supervising, for the aspects under its competence, compliance with the law and the Articles of Association, compliance with the principles of proper 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 in properly representing the management facts and the way in which the corporate governance rules are actually implemented.

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 12/052022 until the approval of the financial statements as at 31/12/2024.

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 12/052022. We remind you that their mandate will end with the approval of the Financial Statements as at 31/12/2024.

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 oversight, 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 oversight, 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 operating 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 with the auditor Audirevi S.p.A. and we have kept up an ongoing exchange of information with them: no relevant data and indications have emerged that need to 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 under our competence, we have examined the financial statements as at 31 December 2022.

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 2022 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 31.12.2021;
- 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 106 regards the financial and monetary positions;
- i. the explanatory notes 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. In 2020, the company, pursuant to art. 110 paragraph 1 DL 104/2020 converted into L. 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 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 amortises the trademark over 10 years. On today's date, the residual value amounts to €2,400,000.

With regard to the financial year 2022, 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 €2,835,832, with typical revenue in item A1 of the Income Statement of €90,709,186 compared to €76,795,050 in the previous year.

The Management Report, 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.

Conclusion

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 25/05/2023, which is now available, the Board of Statutory Auditors proposes that the Shareholders' Meeting approves the financial statements for the year ended 31 December 2022, 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 Explanatory Notes to the accounts, while noting that the decision in this regard lies with the Shareholders' Meeting.

Milan, 25/05/2023

Francesco Gianluca Pecere, *President*

Gianmario Ferrari, *Statutory Auditor*

Giuseppe Erba, *Statutory Auditor*



VERTEMATE CON MINOPRIO, 26/05/2023

Pierluigi Biondi

Sole Director

Independent Auditors' Report

Independent Auditors' Report Sustainability Report
Independent Auditors' Report Financial Statements

LARIOTEX S.p.A.

Bilancio d'esercizio al 31 dicembre 2022
Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39

Relazione della società di revisione indipendente ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39

All'Azionista di
LARIOTEX S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società LARIOTEX S.p.A. (la Società), costituito dallo stato patrimoniale al 31 dicembre 2022, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2022, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio.

Altri aspetti

L'amministratore unico ha predisposto il contenuto della relazione sulla gestione all'interno del Fascicolo di bilancio Integrato.

Con riferimento all'informativa di sostenibilità contenuta nel Fascicolo di bilancio integrato 2022, della Società LARIOTEX S.p.A. abbiamo emesso una specifica relazione in data odierna.

Responsabilità dell'amministratore unico e del Collegio Sindacale per il bilancio d'esercizio

L'amministratore unico è responsabile per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità alle norme italiane che ne disciplinano i criteri di redazione e, nei termini previsti dalla legge, per quella parte del controllo interno dallo stesso ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

L'amministratore unico è responsabile per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia.

L'amministratore unico utilizza il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbia valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbia alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche degli utilizzatori prese sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti ed appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;
- siamo giunti ad una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di una incertezza significativa riguardo a eventi o circostanze che possono far sorgere dubbi significativi sulla capacità della Società di continuare ad operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;
- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati ad un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Relazione su altre disposizioni di legge e regolamentari

Giudizio ai sensi dell'art. 14, comma 2, lettera e), del D.Lgs. 39/10

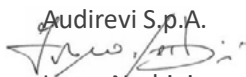
L'amministratore unico di LARIOTEX S.p.A. è responsabile per la predisposizione della relazione sulla gestione della società LARIOTEX S.p.A. al 31 dicembre 2022, contenuta nel Fascicolo di bilancio al capitolo 2 "La performance economico-finanziaria", al capitolo 3 "Informativa di sostenibilità", al capitolo 4 "Altre informazioni", al capitolo 5 "evoluzione prevedibile della gestione" (nel seguito Relazione sulla gestione) incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio di LARIOTEX S.p.A. al 31 dicembre 2022 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio di LARIOTEX S.p.A. al 31 dicembre 2022 ed è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'art. 14, co. 2, lettera e), del D.Lgs. 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Milano, 25 maggio 2023

Audirevi S.p.A.

Ivano Merbini
Socio

Financial statements at 31 December 2022 Independent auditors' report pursuant to art. 14 of Legislative Decree No. 39 of 27 January 2010

Independent Auditors' Report

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 2022, the income statement and cash flow statement for the year ending on that date and the explanatory notes.

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 2022, 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 2022 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 LARIOTEX S.p.A. as at 31 December 2022, contained in the financial statements under Chapter 2 “Economic and financial performance”, Chapter 3 “Sustainability Report”, Chapter 4 “Other information”, in Chapter 5 “Business outlook” (hereinafter referred to as the Report on Operations) including its consistency with the relevant annual financial statements and its compliance with legal requirements.

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 2022 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 2022 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, 25/05/2023

GRI 2-5 Relazione della società di revisione indipendente sull'Informativa di sostenibilità

All'Amministratore unico di
Lariotex S.p.A.

Siamo stati incaricati di effettuare un esame limitato ("limited assurance engagement") dell'Informativa di sostenibilità compresa nella Relazione integrata sulla gestione al Bilancio di esercizio di Lariotex S.p.A. (di seguito la "Società", "Lariotex") chiuso al 31 dicembre 2022.

Responsabilità degli Amministratori per il Bilancio di sostenibilità

L'Amministratore unico è responsabile per la redazione dell'Informativa di sostenibilità in conformità ai "Global Reporting Initiative Sustainability Reporting Standards" definiti dal GRI - Global Reporting Initiative ("GRI Standards"), come descritto nel paragrafo "Nota metodologica" della Relazione integrata sulla gestione al Bilancio di esercizio della Società al 31 dicembre 2022.

L'Amministratore unico è altresì responsabile per quella parte del controllo interno da esso ritenuta necessaria al fine di consentire la redazione di una Informativa di sostenibilità che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

L'Amministratore unico è inoltre responsabile per la definizione degli obiettivi di Lariotex in relazione alla performance di sostenibilità, nonché per l'identificazione degli stakeholder e degli aspetti significativi da rendicontare.

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza del Code of Ethics for Professional Accountants emesso dall'International Ethics Standards Board for Accountants, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale.

La nostra società di revisione applica l'International Standard on Quality Control 1 (ISQC Italia 1) e, di conseguenza, mantiene un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità dell'Informativa di sostenibilità rispetto a quanto richiesto dai GRI Standards. Il nostro lavoro è stato svolto secondo i criteri indicati nel "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (di seguito anche "ISAE 3000 Revised"), emanato dall'International Auditing and Assurance Standards Board (IAASB) per gli incarichi di limited assurance. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che l'Informativa di sostenibilità non contenga errori significativi.

Pertanto, il nostro esame ha comportato un'estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l'ISAE 3000 Revised ("reasonable assurance engagement") e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sull'Informativa di sostenibilità si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale di Lariotex responsabile per la predisposizione delle informazioni presentate nell'Informativa di sostenibilità, nonché analisi di documenti, ricalcoli ed altre procedure volte all'acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

- 1) analisi del processo di definizione dei temi rilevanti rendicontati nell'Informativa di sostenibilità, con riferimento alle modalità di analisi e comprensione del contesto di riferimento, identificazione, valutazione e prioritizzazione degli impatti effettivi e potenziali e alla validazione interna delle risultanze del processo;
- 2) comparazione tra i dati e le informazioni di carattere economico-finanziario inclusi nell'Informativa di sostenibilità e i dati e le informazioni incluse nel Bilancio di esercizio di Lariotex;
- 3) comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nell'Informativa di sostenibilità.

In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione della Società e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione dell'Informativa di sostenibilità.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche della Società:


- con riferimento alle informazioni qualitative contenute nell'Informativa di sostenibilità abbiamo effettuato interviste e acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;
- con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare su base campionaria la corretta aggregazione dei dati.
- per la sede di Vertemate con Minoprio (CO), che abbiamo selezionato sulla base delle sue attività e del contributo agli indicatori di prestazione ed ubicazione, abbiamo effettuato visite in loco e riunioni da remoto, nel corso delle quali ci siamo confrontati con i responsabili e abbiamo acquisito riscontri documentali su base campionaria circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che l'Informativa di sostenibilità di Lariotex relativa all'esercizio chiuso al 31 dicembre 2022 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dai GRI Standards, come descritto nel paragrafo "Nota metodologica" della Relazione integrata sulla gestione al Bilancio di esercizio della Società al 31 dicembre 2022.

Milano, 25 maggio 2023

Audirevi S.p.A.


Ivano Nerbini
Socio

GRI 2-5**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 included in the Integrated Report on Operations to Lariotex S.p.A.'s (hereinafter the "Company") Annual Financial Statements closed at 31 December 2022.

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 2022.

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 Lariotex'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 Lariotex 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 the methods of analysis and understanding of the reference context, identification, assessment and prioritisation of the actual and potential impacts and 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 Lariotex'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 Company's management staff 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:

- 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;
- 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.

Conclusion

Based on the work carried out, there was no evidence to suggest that Lariotex's Sustainability Report for the year ended 31 December 2022 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 to the Company's Financial Statements as at 31 December 2022.

Milan, 25 May 2023

LARIOTEX

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