

LARIOTEX

FINANCIAL STATEMENTS YEAR 2020

Financial statements at 31-12-2020
Explanatory
Notes Management Report
Statutory Auditors' Report
Independent Auditor's Report Approval Minutes
from the Shareholders' Meeting
CCIAA submission receipt

Lariotex SpA

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Entry Companies Register Tax Code and VAT No.: 03476340132
Share Capital: 3,000,000.00 fully paid up
CCIAA CO REA 316934

www.lariotex.com

LARIOTEX SPA

Financial statements at 31-12-2020

Organisation data	
Registered office:	STRADA PROVINCIALE PER BULGORELLO 5 VERTEMATE CON MINOPRIO CO
Tax code	03476340132
REA [Economic and Administrative Index] no.:	CO 316934
VAT number	03476340132
Share capital EUR	3,000,000 fully paid up
Legal form	PUBLIC LIMITED COMPANY
Main sector of activity (ATECO):	467610
Company in liquidation	no
Company with a sole shareholder	yes
Company subject to management and coordination	no
Part of a group	yes
Name of the parent company	LARIOTRADE SRL
Country of the parent company	ITALY

Balance sheet

	31-12-2020	31-12-2019
Balance sheet		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
3) industrial patents and intellectual property rights	18,600	22,905
4) concessions, licences, trademarks and similar rights	3,000,000	5,668
7) other	32,937	59,944
Total intangible fixed assets	3,051,537	88,517
II - Tangible fixed assets		
2) plant and machinery	144,628	158,451
3) industrial and commercial equipment	23,016	28,542
4) other assets	72,568	57,674
Total tangible fixed assets	240,212	244,667
III - Financial fixed assets		
3) other securities	128,389	114,889
Total financial fixed assets	128,389	114,889
Total fixed assets (B)	3,420,138	448,073
C) Current assets		
I - Inventory		
4) finished products and goods	17,890,218	17,679,689
Total inventories	17,890,218	17,679,689
II - Receivables		
1) trade receivables		
payable within next financial year	13,100,988	19,675,915
Total trade receivables	13,100,988	19,675,915
5-bis) tax receivables		
payable within next financial year	1,919,608	-
Total tax receivables	1,919,608	-
5-ter) deferred taxes	223,103	303,600
5-quater) from others		
payable within next financial year	152,768	635,831
Total receivables from others	152,768	635,831
Total receivables	15,396,467	20,615,346
III - Financial assets that do not constitute fixed assets		
5) financial derivative instrument assets	944	29,197
6) other securities	918,662	951,898
Total financial assets that do not constitute assets	919,606	981,095
IV - Cash and cash equivalents		
1) bank and postal deposits	1,874,411	2,421,389
3) cash and cash values	31	192
Total cash and cash equivalents	1,874,442	2,421,581
Total current assets (C)	36,080,733	41,697,711
D) Accruals and deferrals	145,829	167,748
Total assets	39,646,700	42,313,532
Liabilities		
A) Shareholders' equity		
I - Capital	3,000,000	3,000,000

III - Revaluation reserve	2,607,772	-
IV - Legal reserve	323,703	200,000
VI - Other reserves, separately indicated		
Extraordinary reserve	4,367,592	2,632,228
Various other reserves	(1)	2
Total other reserves	4,367,591	2,632,230
VII - Reserve for hedging operations of expected cash flows	(266,503)	(27,156)
IX - Profit (loss) for the year	2,919,410	2,474,067
Total equity	12,951,973	8,279,141
B) Provisions for risks and charges		
1) provision for pensions and similar obligations	66,180	48,594
3) financial derivative instrument liabilities	266,503	37,114
4) other	598,995	700,000
Total provisions for risks and charges	931,678	785,708
C) Employee severance indemnity	78,522	68,471
D) Payables		
4) payables to banks		
payable within next financial year	7,004,291	9,141,540
payable after next financial year	10,613,029	9,016,336
Total payables to banks	17,617,320	18,157,876
5) payables to other lenders		
payable within next financial year	459,875	600,816
Total payables to other lenders	459,875	600,816
7) payables to suppliers		
payable within next financial year	6,782,609	14,098,934
Total payables to suppliers	6,782,609	14,098,934
12) tax payables		
payable within next financial year	687,157	128,808
Total tax payables	687,157	128,808
13) payables to employee benefit and social security institutions		
payable within next financial year	32,336	35,866
Total payables to employee benefit and social security institutions	32,336	35,866
14) other payables		
payable within next financial year	93,202	84,302
Total other payables	93,202	84,302
Total payables	25,672,499	33,106,602
E) Accruals and deferrals	12,028	73,610
Total liabilities	39,646,700	42,313,532

Income Statement

	31-12-2020	31-12-2019
Income Statement		
A) Production value		
1) revenue from sales and services	51,794,749	69,430,032
5) other revenue and income		
operating grants	4,654	-
other	68,458	25,814
Total other revenue and income	73,112	25,814
Total value of production	51,867,861	69,455,846
B) Cost of production		
6) raw and subsidiary materials, consumables and goods	42,448,168	57,080,162
7) for services	4,701,349	4,360,916
8) leased assets	154,007	177,387
9) for staff		
a) salaries and wages	435,849	479,642
b) social security charges	131,156	148,022
c) severance pay	32,941	33,013
Total staff costs	599,946	660,677
10) depreciation and write-downs		
a) depreciation of intangible fixed assets	39,850	39,379
b) depreciation of tangible fixed assets	45,518	38,673
d) write-downs of receivables included in current assets and cash available	35,000	600,000
Total amortisation and write-downs	120,368	678,052
11) changes to stocks of raw materials, consumables, supplies and goods	(210,529)	1,743,958
12) provisions for risks	-	600,000
14) various operating costs	41,118	448,666
Total cost of production	47,854,427	65,749,818
Difference between production value and costs (A-B)	4,013,434	3,706,028
C) Financial income and charges		
15) income from shareholdings		
other	-	3
Total income from holdings	-	3
16) other financial income		
c) from securities entered in current assets that do not constitute holdings	44,003	31,970
d) income other than the previous income		
other	1,684	1,465
Total income other than the previous income	1,684	1,465
Total other financial income	45,687	33,435
17) interest and other financial charges		
other	363,738	230,975
Total interest and other financial charges	363,738	230,975
17-bis) profit and loss on exchange rates	291,933	4,891
Total financial income and charges (15 + 16 - 17 + - 17-bis)	(26,118)	(192,646)
D) Adjustments of value of financial assets and liabilities		
19) write-downs		
c) from securities entered in current assets that do not constitute holdings	30,039	-
d) from derivative financial instruments	18,294	11,281
Total write-downs	48,333	11,281

Total adjustments of value of financial assets and liabilities (18 - 19)	(48,333)	(11,281)
Pre-tax profit (A - B + - C + - D)	3,938,983	3,502,101
20) Income tax for the year, current, deferred and prepaid		
current taxes	939,076	1,137,953
advance and deferred taxes	80,497	(109,919)
Total income tax for the year, current, deferred and prepaid	1,019,573	1,028,034
21) Profit (loss) for the year	2,919,410	2,474,067

Indirect Cash Flow Statement

	31-12-2020	31-12-2019
Indirect Cash Flow Statement		
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	2,919,410	2,474,067
Income tax	1,019,573	1,028,034
Interest expense/(income)	318,051	197,540
(Dividends)	-	(3)
(Capital gains)/Losses on the sale of assets	(12,099)	10,364
1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from disposal	4,244,935	3,710,002
Adjustments for non-monetary items with offsetting entries under net current assets		
Provisions for funds	17,586	514,232
Fixed asset depreciation	85,368	78,052
Write-downs for impairment losses	30,039	-
Value adjustments to financial assets and financial liabilities of derivative financial instruments that do not involve monetary movements	18,294	11,281
Other increases/(decreases) for non-monetary items	14,447	17,234
Total adjustments for non-monetary items that have not had a counterpart in net working capital	165,734	620,799
2) Cash flow before net working capital changes	4,410,669	4,330,801
Changes in net working capital		
Decrease/(increase) in inventories	(210,529)	1,743,958
Decrease/(increase) in trade receivables	6,574,927	6,493,748
Increase/(decrease) in payables to suppliers	(7,316,325)	(5,740,243)
Decrease/(increase) in prepayments and accrued income	21,919	(116,477)
Increase/(decrease) in accrued liabilities and deferred income	(61,582)	7,443
Other decreases/(Other increases) in net working capital	(792,329)	(671,218)
Total changes to net working capital	(1,783,919)	1,717,211
3) Cash flow after net working capital changes	2,626,750	6,048,012
Other adjustments		
Interest received/(paid)	(318,051)	(197,540)
(Income tax paid)	(1,019,573)	(1,028,034)
Dividends received	-	3
(Use of funds)	(101,005)	-
Other receipts/(payments)	(4,398)	(13,257)
Total other adjustments	(1,443,027)	(1,238,828)
Cash flows from operating activity (A)	1,183,723	4,809,184
B) Financial flows arising from investment activities		
Tangible fixed assets		
(Investments)	(41,295)	(75,596)
Divestments	3	9,701
Intangible fixed assets		
(Investments)	(3,002,870)	(70,281)
Financial fixed assets		
(Investments)	(13,500)	(13,500)
Short-term financial assets		
(Investments)	(101,000)	(312,535)
Divestments	116,525	108,350
Financial flow of investment activities (B)	(3,042,137)	(353,861)

C) Cash flows from financing activities		
Third-party financing		
Increase/(decrease) in short-term payables to banks	(2,137,249)	(8,107,003)
Loans taken out	1,596,693	7,650,712
(Loans repaid)	(140,941)	(1,874,916)
Own funds		
Capital increase with payment	2,607,772	-
(Dividends and advances on dividends paid)	(615,000)	(900,000)
Cash flows from financing activities (C)	1,311,275	(3,231,207)
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	(547,139)	1,224,116
Opening cash and cash equivalents		
Bank and postal deposits	2,421,389	1,197,120
Cash and cash values	192	345
Total cash and cash equivalents at the start of the year	2,421,581	1,197,465
Cash and cash equivalents at the year-end		
Bank and postal deposits	1,874,411	2,421,389
Cash and cash values	31	192
Total cash and cash equivalents at the end of the year	1,874,442	2,421,581

Explanatory Notes to the Financial Statements closed at 31-12-2020

Explanatory Notes, initial section

Dear Shareholders, as noted, since January 2020, the national and international scenario has been characterised by the spread of the Coronavirus and the consequent restrictive measures to contain it imposed by the public authorities of the countries affected. These circumstances, extraordinary in terms of both their nature and their breadth, have had and are still having direct and indirect repercussions on economic activity and have created a situation of general uncertainty whose developments and relative effects are difficult to predict. Although the current business continuity status is not impaired, the effects of this phenomenon will be subject to constant monitoring. Nevertheless, the company has taken every measure possible to guarantee business continuity, in particular:

- to safeguard the health of its employees and associates in the various work environments;
- to better manage relations with customers;
- to keep the liquidity level unchanged.

These notes form an integral part of the financial statements at 31/12/2020.

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

Financial statement items have been valued on a prudent, relevant and going concern basis. Pursuant to article 2423-bis c.1 paragraph 1-bis of the Italian Civil Code, the recognition and presentation of entries is carried out taking into account the substance of the operation or contract. When preparing the financial statements, income and charges have been recognised on an accruals basis, regardless of their collection or payment dates and only profits made by the balance sheet date are indicated in the financial statements. Account was taken of the risks and losses for the financial year even if recognised after the year-end.

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

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 Italian Civil Code.

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

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

There were no exceptional cases that made it necessary to resort to the exceptions in article 2423, paragraph 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

Pursuant to 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.

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

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

Intangible fixed assets

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

They are stated net of amortisations and write-downs.

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

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

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

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

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

The company, 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 revaluation value of

the trademark 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).

To offset the highest value detected on the assets side of Balance Sheet item B.I 4), the Company identified the substitute tax of 3%, in such a way that this value is recognised for tax purposes, and amounted to 10%, so that the distribution of the related revaluation reserve does not generate any tax burden for the Company, (total amount of €389,667), and is the difference charged in a tax suspension reserve (revaluation credit balance).

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

Tangible fixed assets

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

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

The book value of the assets, grouped into uniform classes by nature and by year of acquisition, is split over the financial years in which the assets are likely to be utilised. This procedure is implemented by means of the systematic allocation of depreciation corresponding to pre-established schedules defined when the assets become ready for use, with reference to their estimated useful lives. These schedules, subject to annual verification, are formed with reference to the gross value of the assets and an assumed net realisable value of zero at the end of the process.

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

Tangible fixed asset items	Depreciation %
Plant and machinery	7.50%
Telephone systems	25.00%
Specific plants	7.50%
Equipment	15.00%
Electronic office equipment	20.00%
Furniture and fixtures	12.00%
Vehicles	20.00%

Fixed asset disposals (sales, end-of-life, etc.) during the year resulted in the elimination of the asset's residual value. Any differences between the carrying amount and disposal value has been recognised in profit or loss.

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

The depreciation criteria applied are unchanged from the previous year.

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

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

Financial fixed assets

Other securities

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

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

Financial leasing transactions

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

Inventories

Inventories of assets are valued at weighted average cost.

The purchase cost includes any additional direct charge costs.

Receivables entered in 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 €365,601.

Financial assets that do not constitute fixed assets

Financial derivative instrument assets

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

Other securities

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

Cash and cash equivalents

Cash and cash equivalents are valued using the following

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

Pre-paid expenses and accrued income

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

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's severance pay

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

This provision is recognised net of advances and the amounts used following the employment relationships terminated during the year. It reflects the amount due to employees at the year-end 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 revenues common to several years.

Other information**Forward contracts**

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

Explanatory Notes - 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 €39,850, net of amortisation of the year of €3,051,537.

Changes in intangible fixed assets are shown in the table.

	Industrial patent and use of creative work rights	Concessions, licences, trademarks and similar rights	Other intangible fixed assets	Total intangible fixed assets
Value at the start of the year				
Cost	22,905	5,668	59,944	88,517
Carrying amount	22,905	5,668	59,944	88,517
Changes over the year				
Increases for acquisitions	5,431	-	-	5,431
Revaluations carried out over the year	-	2,997,439	-	2,997,439
Depreciation in the year	9,736	3,107	27,007	39,850
Total changes	(4,305)	2,994,332	(27,007)	2,963,020
Value at the year end				
Cost	18,600	3,000,000	32,937	3,051,537
Carrying amount	18,600	3,000,000	32,937	3,051,537

Tangible fixed assets

Tangible asset movements

Tangible fixed assets amount to €402,268, gross of accumulated depreciation of €162,056.

Changes in tangible fixed assets are shown below.

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total Tangible fixed assets
Value at the start of the year				
Cost	198,003	56,962	108,899	363,864
Depreciation (Accumulated depreciation)	39,552	28,420	51,225	119,197
Carrying amount	158,451	28,542	57,674	244,667
Changes over the year				
Increases for acquisitions	1,200	3,263	36,831	41,294
Decreases for sales and disposals (of the book value)	-	-	231	231
Depreciation in the year	15,023	8,789	21,706	45,518

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total Tangible fixed assets
Total changes	(13,823)	(5,526)	14,894	(4,455)
Value at the year end				
Cost	199,203	60,224	142,841	402,268
Depreciation (Accumulated depreciation)	54,575	37,208	70,273	162,056
Carrying amount	144,628	23,016	72,568	240,212

Financial leasing transactions

The following table provides the information required by Italian legislation in order to reflect, off-the-books, the effects of the different recognition using the financial method, in which the company user would enter the asset received in leasing in fixed assets and would calculate the related accumulated amortisation on this asset, while at the same time showing the payable for the capital share of the fees to be paid. In this case, the interest and depreciation amounts for the year in question would be entered in the income statement.

	Amount
Total amount of the financial leased assets at the end of the financial year	23,100
Depreciation that would have applied for the year	15,400
Current value of the monthly fee not due at the end of the financial year	9,763
Financial charges for the year based on the effective interest rate	291

Financial fixed assets

Movements of equity, other securities and financial derivatives fixed assets

Changes in financial fixed assets are shown below.

	Other securities
Value at the start of the year	
Cost	114,889
Carrying amount	114,889
Changes over the year	
Increases for acquisitions	13,500
Total changes	13,500
Value at the year end	
Cost	128,389
Carrying amount	128,389

Carrying amount of financial fixed assets

Financial fixed assets were not recognised above their fair value.

Current assets

Inventories

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

	Value at the start of the year	Change in the year	Value at the year end
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	Value at the start of the year	Change in the year	Value at the year end
Finished products and goods	17,679,689	210,529	17,890,218
Total inventories	17,679,689	210,529	17,890,218

Receivables entered in 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 in the year	Value at the year end	Portion due within the year
Trade receivables entered in current assets	19,675,915	(6,574,927)	13,100,988	13,100,988
Tax receivables entered in current assets	-	1,919,608	1,919,608	1,919,608
Prepaid tax assets entered in current assets	303,600	(80,497)	223,103	
Receivables from others entered in current assets	635,831	(483,063)	152,768	152,768
Total receivables entered in current assets	20,615,346	(5,218,879)	15,396,467	15,173,364

Breakdown of receivables entered in current assets by geographical area

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

Geographical area	ITALY	EU	OUTSIDE OF EU	Total
Trade receivables entered in current assets	9,007,958	3,617,349	475,681	13,100,988
Tax receivables entered in current assets	1,919,608	-	-	1,919,608
Prepaid tax assets entered in current assets	223,103	-	-	223,103
Receivables from others entered in current assets	152,768	-	-	152,768
Total receivables entered in current assets	11,303,437	3,617,349	475,681	15,396,467

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	Changes over the year	Value at the year end
Short-term financial derivative instrument assets	29,197	(28,253)	944
Other securities that are not short-term	951,898	(33,236)	918,662
Total financial assets that do not constitute assets	981,095	(61,489)	919,606

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 in the year	Value at the year end
Bank and postal deposits	2,421,389	(546,978)	1,874,411
Cash and other cash values	192	(161)	31
Total cash and cash equivalents	2,421,581	(547,139)	1,874,442

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 in the year	Value at the year end
Pre-paid expenses	167,748	(21,919)	145,829
Total pre-paid expenses and accrued income	167,748	(21,919)	145,829

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

Description	Breakdown	Current year
<i>ACCRUED LIABILITIES AND DEFERRED INCOME</i>		
	Pre-paid expenses	145,829
	Total	145,829

Pre-paid expenses are divided as follows:

Pre-paid expenses rental €. 316

Pre-paid expenses telephone €. 100

Pre-paid expenses insurance policies €. 11,413

Pre-paid expenses loans €. 124,711

Pre-paid expenses INAIL €. 700

Pre-paid expenses leases €. 8,589

It is pointed out that the amount of €87,843 relating to pre-paid expenses loans concerns the amount after the next financial year.

Capitalised financial charges

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

Explanatory Notes - 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 at the start of the year	Allocation of profit from the previous year	Other changes		Operating profit	Value at the year end
		Other allocations	Increases	Decreases		
Capital	3,000,000	-	-	-		3,000,000
Revaluation reserves	-	-	2,997,439	389,667		2,607,772
Legal reserve	200,000	123,703	-	-		323,703
Other reserves						
Extraordinary reserve	2,632,228	2,350,364	-	615,000		4,367,592
Various other reserves	2	-	-	3		(1)
Total other reserves	2,632,230	2,350,364	-	615,003		4,367,591
Reserve for hedging operations of expected cash flows	(27,156)	-	37,114	276,461		(266,503)
Profit (loss) for the year	2,474,067	(2,474,067)	-	-	2,919,410	2,919,410
Total equity	8,279,141	-	3,034,553	1,281,131	2,919,410	12,951,973

Breakdown of other miscellaneous reserves

Description	Amount
Euro rounding reserve	(1)
Total	(1)

All the subscribed shares have been fully paid up.

Availability and use of equity

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

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

	Amount	Origin / nature	Possibility of use	Amount available	Summary of uses during previous three financial years
					for other reasons
Capital	3,000,000	Capital		-	-
Revaluation reserves	2,607,772		A;B;C	2,607,772	-
Legal reserve	323,703	Profit	B	-	-
Other reserves					
Extraordinary reserve	4,367,592	Profit	A;B;C	4,367,591	4,095,000
Various other reserves	(1)			-	-

	Amount	Origin / nature	Possibility of use	Amount available	Summary of uses during previous three financial years
					for other reasons
Total other reserves	4,367,591			4,367,591	-
Reserve for hedging operations of expected cash flows	(266,503)			-	-
Total	10,032,563			6,975,363	4,095,000
Residual distributable share				6,975,363	

Key: A: for capital increase; B: for covering losses; 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	(1)
Total	(1)

Key: A: for capital increase; B: for covering losses; C: for distribution to shareholders; D: for other statutory obligations; E: other

Changes to the reserve for hedging operations of expected cash flows

Pursuant to article 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 hedging operations of expected cash flows
Value at the start of the year	(27,156)
Changes over the year	
Increase due to fair value changes	(276,461)
Decrease due to fair value changes	(37,114)
Value at the year end	(266,503)

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 derivative liabilities	Other funds	Total provisions for risks and charges
Value at the start of the year	48,594	37,114	700,000	785,708
Changes over the year				
Provisions for the year	17,586	266,503	-	284,089
Profit over the year	-	37,114	101,005	138,119
Total changes	17,586	229,389	(101,005)	145,970
Value at the year end	66,180	266,503	598,995	931,678

Other funds

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

--

Description	Breakdown	Current year
<i>other</i>		
	Other provisions for deferred risks and charges	298,995
	Warehouse obsolescence risk provision	300,000
	Total	598,995

Employee's severance pay

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

	Employee's severance pay
Value at the start of the year	68,471
Changes over the year	
Provisions for the year	14,449
Profit over the year	4,224
Other changes	(174)
Total changes	10,051
Value at the year end	78,522

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 in the year	Value at the year end	Portion due within the year	Portion due after the year	With a maturity of more than 5 years
Payables to banks	18,157,876	(540,556)	17,617,320	7,004,291	10,613,029	606,829
Payables to other lenders	600,816	(140,941)	459,875	459,875	-	-
Trade payables	14,098,934	(7,316,325)	6,782,609	6,782,609	-	-
Tax payables	128,808	558,349	687,157	687,157	-	-
Payables to employee benefit and social security institutions	35,866	(3,530)	32,336	32,336	-	-
Other payables	84,302	8,900	93,202	93,202	-	-
Total payables	33,106,602	(7,434,103)	25,672,499	15,059,470	10,613,029	606,829

Payables to banks

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

Item	Payables for current	Payables for short-term loans	Payables for medium-term loans	Payables for long-term loans	Total
4)	4,100,991	2,903,300	10,006,200	606,829	17,617,320

Other payables

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

Description	Breakdown	Current year
<i>Other payables</i>		
	Payables to complementary pension schemes	6,722
	Payables to directors	15,022
	Various Payables	920
	Payables for FIRR (Employment Termination Compensation Fund)	7,243
	Payables for electronic invoices stamp duty	940
	Remuneration	62,355
	Total	93,202

Breakdown of payables by geographical area

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

Geographical area	ITALY	EU	OUTSIDE OF EU	Total
Payables to banks	17,617,320	-	-	17,617,320
Payables to other lenders	459,875	-	-	459,875
Trade payables	2,179,718	1,130,121	3,472,770	6,782,609
Tax payables	687,157	-	-	687,157
Payables to employee benefit and social security institutions	32,336	-	-	32,336
Other payables	93,202	-	-	93,202
Payables	21,069,608	1,130,121	3,472,770	25,672,499

Payables secured by collateral on company assets

Pursuant to and for the effects of art. 2427, 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 in the year	Value at the year end
Accrued liabilities	73,610	(61,582)	12,028
Total accrued liabilities and deferred income	73,610	(61,582)	12,028

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

Description	Breakdo	Current year
ACCRUED LIABILITIES AND DEFERRED INCOME		

Deferred income	12.028
Total	12,028

Deferred income is divided as follows:

Deferred income leasing €. 598

Deferred income bank charges €. 3,368

Deferred income insurance policies €. 79

Deferred income overdraft fees €. 7,983.

Explanatory Notes - Income Statement

The income statement highlights the economic performance for the year.

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

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

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

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

Production value

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 revenues are 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.

Contributions for current expenses, recognised for the financial year in which it arose with certainty over the right to receive, are indicated in the appropriate item A5 as additional revenue from ordinary operations and/or a reduction of the costs and charges from ordinary operations.

Breakdown of revenue from sales and services by category of activity

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

Category	Current year value
Sale of goods	51,794,749
Total	51,794,749

Breakdown of revenue from sales and services by geographical area

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

Geographical area	Current year value
ITALY	41,894,067
EU	8,904,151
OUTSIDE OF EU	996,531
Total	51,794,749

Production costs

Costs and charges are recognised on an accruals and matching basis under the relevant items in accordance with OIC 12. As regards purchases of assets, the costs are 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. 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.

Income and financial charges

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

Breakdown of investment income

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

There is no income from investments pursuant to article 2425, No. 15 of the Italian Civil Code other than 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, para. 17 of the Italian Civil Code, with a specific breakdown of those relating to debenture loans and bank and other payables.

	Interest and other financial charges
Payables to banks	339,156
Other	24,582
Total	363,738

Profit/loss on exchange rates

Information on exchange rate profit and loss is provided below. Realised profit and loss arising from the valuation of foreign currency assets and liabilities recorded in the financial statements at the year-end, are reported separately.

Description	Recorded amount	Unrealised	Realised
<i>profit and loss on exchange rates</i>	291,933		
Exchange rate gains		21,017	1,123,798
Exchange rate losses		110,732	742,150
Total		89,715-	381,648

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

The amount and nature of the individual revenue items of an exceptional magnitude or impact are indicated in the table below.

Revenue item	Amount	Nature
Contingent assets not IRES/IRAP taxable	13,928	IRAP tax 2019 balance not due under Legislative Decree 34/2020
Contribution plant account not IRES/IRAP taxable	2,950	Tax credit capital goods
Contribution trading account not IRES/IRAP taxable	4,654	Sanitising tax credit

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 advance

The Company recognised the taxes for the year on the basis of the applicable tax rules and regulations. Current taxes relate to income tax of the year as well as resulting from tax declarations. Pursuant to the provisions of Legislative Decree 34/2020, the company has not paid the first instalment of the IRAP tax due for the tax period 2020 of €68,331 entering this amount in the reduction of the current IRAP tax for the year. 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, concerning

the income or loss components subject to taxation or deduction in financial years different from the statutory accounting.

Advance and deferred 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.

Deferred tax assets have been calculated with exclusive reference to IRES, since there are no temporary changes to the IRAP tax, with the IRES rate of 24%.

Where present, the information requested in art. 2427, No. 14 of the Italian Civil Code is shown below, i.e.

- 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 profit and loss account 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.

	Def. tax ass. cred. 01/01/2020	Taxable uses 2020	Deferred tax ass. transfer IRES 24%	Taxable allocation 2020	Deferred tax assets IRES 24%	Credit for deferred tax assets at 31/12/2020
Advance provisions for bad debts receivables from customers	135,600	234,399	-56,256			79,344
Advance provisions for deferred risks and charges	96,000	101,005	-24,241			71,759
Advance provisions for warehouse obsolescence	72,000	0	0			72,000
Value at 31/12/2020	303,600	335,404	-80,497			223,103

Explanatory Notes - Cash Flow Statement

The company has prepared the cash flow statement that represents the summary document that connects the changes that occurred during the financial year in the company's assets with changes in the financial situation; it highlights the values relating to the financial resources that the company needed during the financial year and their uses.

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.

Explanatory Notes - Other Information

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

Workforce

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

	Average number
Clerical staff	8
Manual workers	6
Total employees	14

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

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

	Directors	Auditors
Fees	288,000	21,840

Fees to the statutory auditor or audit firm

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

	Value
External audit of the annual accounts	17,000
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	End number, par value
ORDINARY SHARES	3,000,000

Securities issued by the Company

The Company did not issue any securities or similar instruments covered by article 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

The following table provides the information set out in art. 2427, No. 9 of the Italian Civil Code.

	Amount
Commitments	9,030

Information on assets and funding allocated to a specific transaction

Assets allocated to a specific transaction

At the year-end date, there are no assets allocated to a specific transaction, pursuant to No. 20 of art. 2427 of the Italian Civil Code applies.

Funding for a specific transaction

At the year-end date, there are no funding allocated to a specific transaction, pursuant to No. 21 of art. 2427 of the Italian Civil Code applies.

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 specifies the information set out in art. 2427 No. 9 of the Italian Civil Code as there are guarantees received from the parent company Lariotrade Srl.

BANK	AMOUNT at 31/12/2020	GUARANTEE TYPE	GUARANTOR	PARTY GUARANTEE ED
Banca Pop. Sondrio	825,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
BPM Bank	1,500,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Desio Bank	750,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Credit Agricole Bank	1,910,000.00	Binding Patronage	Lariotrade Srl	Lariotex Spa
Intesa San Paolo Bank	1,000,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Unicredit Bank	1,500,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
Bper Bank	3,025,000.00	Binding Patronage	Lariotrade Srl	Lariotex Spa
BNL Bank	770,000.00	Guarantee	Lariotrade Srl	Lariotex Spa
TOTAL 31/12/2020	11,280,000.00			

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

There were no off-balance sheet agreements that do not show in the balance sheet during the year.

Information on significant events occurring after the financial year-end

With reference to point 22-quater of art. 2427 of the Italian Civil Code, with regard to the reporting of major significant events occurring after the closure of the financial year which have significantly affected the capital, financial and economic performance, it is pointed out that, in the light of the further DPCM introduced as measures to contain the spread of Covid-19 and with constant monitoring by the authorities of the free movement of goods and people, it cannot be excluded that in the very short-term there will be delays to production

and services without, however, affecting the overall forecast business plans in the medium-long term that are based on the assumption that the pandemic situation does not involve the adoption of new restrictive measures similar to those imposed in the first part of 2020, nor a significant worsening of the macroeconomic scenario.

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 body
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 provisions 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	€ - 11,707.00
Forward purchase	Intesa San Paolo	€ - 8,397.00
Forward purchase	Intesa San Paolo	€ - 8,439.00
Forward purchase	Intesa San Paolo	€ - 7,378.00
Forward purchase	Intesa San Paolo	€ - 10,600.00
Forward purchase	Intesa San Paolo	€ - 4,919.00
Forward purchase	Intesa San Paolo	€ - 4,933.00
Forward purchase	Intesa San Paolo	€ - 4,712.00
Forward purchase	Intesa San Paolo	€ - 5,705.00
Currency option	Intesa San Paolo	€ - 4,705.00
Currency option	Intesa San Paolo	€ - 176,052.00
Currency option	Intesa San Paolo	€ - 10,600.00
Currency option	Intesa San Paolo	€ - 2,395.00
Cap	Banca Popolare di Sondrio	€ + 0.02
Cap	Banca Popolare di Sondrio	€ + 4.95
Cap	Banca Popolare di Sondrio	€ + 53.32
Cap	Banca Popolare di Sondrio	€ + 204.23
Cap	Banca Popolare di Sondrio	€ + 315.40
Cap	Banca Popolare di Sondrio	€ + 366.49
TARN on exchange rate amount	Monte Dei Paschi	€ - 5,961.26

Summary financial statements of the company exercising management and coordination

Pursuant to article 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

As regards that 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, the Company certifies that has benefited from the following benefits:

Aid list	Regulatory Ref.	Amount
Balance of the IRAP tax 2019 not due	art. 24 DL 34/2020 L.77/2020	13,928.00
First IRAP 2020 advance not due	art. 24 DL 34/2020 L.77/2020	68,331.00
Contribution for sanitising credit	art. 125 DL 34/2020 L.77/2020	4,654.00
Granting INTESA SAN PAOLO loan with GUARANTEE FUND (Covid-19 Emergency) insolvency 90% cover - par value loan €. 3,500,000.00	art. 13 DL 23/2020	124,734.76
Granting DESIO BANK loan with GUARANTEE FUND (Covid-19 Emergency) insolvency 90% cover - par value loan €. 1,000,000.00	art. 13 DL 23/2020	35,723.21

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 €2,919,409.88 be allocated as follows:

€276,296.63 to the legal reserve post 2017

€2,643,113.25 to the extraordinary reserve post 2017.

Explanatory Notes - 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 31/12/2020 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, 30/04/2021

Pierluigi Biondi, Sole Director

LARIOTEX SPA

Registered office: STRADA PROVINCIALE PER BULGORELLO 5 VERTEMATE CON MINOPRIO (CO)

Entered in the Como Lecco CCIAA Companies Register

Tax code and registration number: 03476340132

Entered in the Como Lecco CCIAA REA under No. 316934

Subscribed and fully paid-up share capital €3,000,000.00 VAT

Number: 03476340132

Single-member company

MANAGEMENT REPORT

Financial statements as at 31/12/2020

Dear Shareholders,

The financial statements for the financial year ended at 31 December 2020 that I submit for your approval show a net profit of €2,919,410, this result is achieved by allocating a tax amount of € 1,019,573. The Explanatory Notes provided the news related to the illustration of the financial statements as at 31.12.2020, the financial statements highlighted the values relating to the financial resources that the Company needed during the financial year and their uses , while the report provides you with the news on management information.

In more detail, and with reference to art. 2428 of the Italian Civil Code, I would like to specify the following.

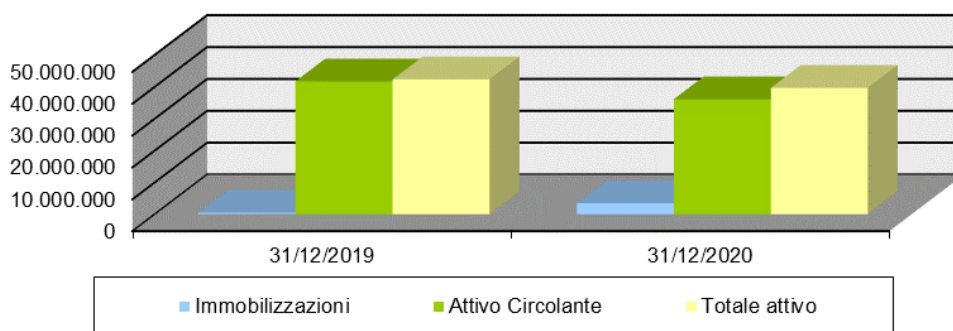
With regard to the Company's financial situation and its assets and liabilities, the Balance Sheet can be summarised in financial terms as follows:

BALANCE SHEET ASSETS

	31/12/2020	31/12/2019	Diff.	Diff. %
Receivables from shareholders	0	0	0	
Fixed assets	3,420,138	448,073	2,972,065	663.3%
Intangible	3,051,537	88,517	2,963,020	3347.4%
Tangible	240,212	244,667	-4,455	-1.8%
Financial	128,389	114,889	13,500	11.8%
<i>of which Short-term loans</i>	<i>0</i>	<i>0</i>	<i>0</i>	

of which	Receivables from subsidiaries, associates, parent companies and companies subject to the control of the latter	0	0	0	
of which	Holdings	0	0	0	
of which	Financial derivative instrument assets	0	0	0	
Current assets		36,080,733	41,697,711	-5,616,978	-13.5%
Inventories		17,890,218	17,679,689	210,529	1.2%
Tangible fixed assets intended for sale			0	0	0
Receivables		15,396,467	20,615,346	-5,218,879	-25.3%
of which	Short-term loans	15,173,364	20,311,746	-5,138,382	-25.3%
of which	m/l-term loans			0	
of which	Prepaid tax receivables	223,103	303,600	-80,497	-26.5%
of which	Trade receivables	13,100,988	19,675,915	-6,574,927	-33.4%
Financial assets		919,606	981,095	-61,489	-6.3%
Cash and cash equivalents		1,874,442	2,421,581	-547,139	-22.6%
Pre-paid expenses and accrued income		145,829	167,748	-21,919	-13.1%
Total assets		39,646,700	42,313,532	-2,666,832	-6.3%

Principali voci dell'Attivo di Stato Patrimoniale



Legend:

Title – Main Balance Sheet Asset items

Immobilizzazioni – Fixed assets

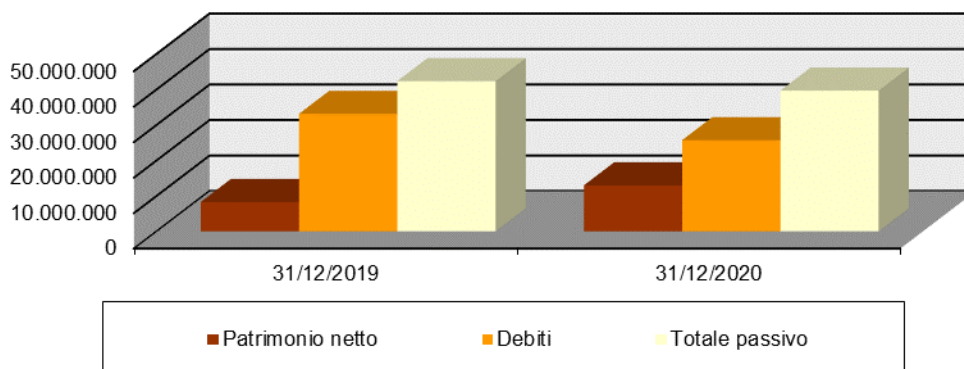
Attivo Circolante – Current assets

Totale attivo – Total assets

BALANCE SHEET LIABILITIES

	31/12/2020	31/12/2019	Diff.	Diff. %
Shareholders' equity	12,951,973	8,279,141	4,672,832	56.4%
Share capital	3,000,000	3,000,000	0	0.0%
Total Shareholders' Equity reserves	7,032,563	2,805,074	4,227,489	150.7%
<i>of which Share premium reserve</i>	0	0	0	
<i>of which Revaluation reserve</i>	2,607,772	0	2,607,772	
Profit (or loss) carried forward	0	0	0	
Profit (loss) for the year	2,919,410	2,474,067	445,343	0
Loss covered over the year	0	0	0	
Minority shareholders' equity	0	0	0	
Capital and third-party reserves	0	0	0	
Third-party profit	0	0	0	
Provisions for risks and charges	931,678	785,708	145,970	18.6%
<i>of which Tax provisions</i>	0	0	0	
Employee's severance pay	78,522	68,471	10,051	14.7%
Payables	25,672,499	33,106,602	-7,434,103	-22.5%
<i>of which Short-term payables</i>	15,059,470	24,090,266	-9,030,796	-37.5%
<i>of which Long-term payables</i>	10,613,029	9,016,336	1,596,693	17.7%
Short-term bank borrowings	7,004,291	9,141,540	-2,137,249	-23.4%
Medium/Long-term bank borrowings	10,613,029	9,016,336	1,596,693	17.7%
Payables to suppliers	6,782,609	14,098,934	-7,316,325	-51.9%
Payables to others	1,272,570	849,792	422,778	49.8%
Accrued liabilities and deferred income	12,028	73,610	-61,582	-83.7%
Total liabilities	39,646,700	42,313,532	-2,666,832	-6.3%

Principali voci del Passivo di Stato Patrimoniale



Legend:

Title – Main Balance Sheet Liabilities items

Patrimonio netto – Shareholders' equity

Debiti – Payables

Totale passivo – Total liabilities

At the year-end date the net working capital, calculated as the difference between the gross working capital and payables due by the end of the following financial year, amounted to a total of €20,931,961, while on the same date of the previous financial year it amounted to a total of € 17,397,983.

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

INCOME STATEMENT

	31/12/2020	31/12/2019	Diff.	Diff. %
A) PRODUCTION VALUE	51,867,861	69,455,846	-17,587,985	-25.3%
1) Revenue from sales and services	51,794,749	69,430,032	-17,635,283	-25.4%
2) Change 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 revenues and income	73,112	25,814	47,298	183.2%
Operating grants	4,654	0	4,654	
Revenue and sundry income	68,458	25,814	42,644	165.2%
B) PRODUCTION COSTS	47,854,427	65,749,818	-17,895,391	-27.2%

6)	Costs for raw, supplies, consumables and goods	42,448,168	57,080,162	-14,631,994	-25.6%
7)	Costs for services	4,701,349	4,360,916	340,433	7.8%
8)	Costs for use of third-party goods	154,007	177,387	-23,380	-13.2%
9)	Staff costs	599,946	660,677	-60,731	-9.2%
a)	Salaries and wages	435,849	479,642	-43,793	-9.1%
b)	Social security charges	131,156	148,022	-16,866	-11.4%
c)	Employee's severance pay	32,941	33,013	-72	-0.2%
d)	Pension pay and similar obligations	0	0	0	
e)	Other staff costs	0	0	0	
10)	Depreciation, amortisation and value adjustments	120,368	678,052	-557,684	-82.2%
a)	Amortisation of intangible fixed assets	39,850	39,379	471	1.2%
b)	Amortisation of tangible fixed assets	45,518	38,673	6,845	17.7%
c)	Other fixed asset write-downs	0	0	0	
d)	Write-downs of receivables included in current assets and cash and cash equivalents	35,000	600,000	-565,000	-94.2%
11)	Changes to inventories of raw materials, supplies, consumables and goods	-210,529	1,743,958	-1,954,487	-112.1%
12)	Provision for risks	0	600,000	-600,000	-100.0%
13)	Other provisions	0	0	0	
14)	Sundry operating costs	41,118	448,666	-407,548	-90.8%
DIFFERENCE BETWEEN PRODUCTION VALUE AND COSTS		4,013,434	3,706,028	307,406	8.3%
C) INCOME AND FINANCIAL EXPENSES		-26,118	-192,646	166,528	-86.4%
15)	Income from investments	0	3	-3	-100.0%
	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	3	-3	-100.0%
16)	Other financial income	45,687	33,435	12,252	36.6%
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	44,003	31,970	12,033	37.6%
d)	Other income	1,684	1,465	219	14.9%
	From subsidiaries	0	0	0	
	From associates	0	0	0	
	From parent companies	0	0	0	
	From companies subject to the control of parent companies	0	0	0	
	From other companies	1,684	1,465	219	14.9%
17)	Interest and other financial charges	363,738	230,975	132,763	57.5%
	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	363,738	230,975	132,763	57.5%
17-bis)	Profit and loss on exchange rates	291,933	4,891	287,042	5868.8%
D)	ADJUSTMENTS TO THE VALUE OF FINANCIAL ASSETS	-48,333	-11,281	-37,052	328.4%

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	48,333	11,281	37,052	328.4%
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	30,039	0	30,039	
d)	Write-downs of derivative financial instruments	18,294	11,281	7,013	62.2%
	Write-downs of financial assets for centralised treasury management	0	0	0	
	PRE-TAX PROFIT	3,938,983	3,502,101	436,882	12.5%
20)	Income tax for the year, current deferred and pre-paid	1,019,573	1,028,034	-8,461	-0.8%
	Current income tax for the year	939,076	1,137,953	-198,877	-17.5%
	Taxes relating to previous years	0	0	0	
	Deferred and prepaid income tax	80,497	-109,919	190,416	-173.2%
	Income (charges) from joining the consolidated tax/ tax transparency scheme	0	0	0	
21)	Profit (loss) for the year	2,919,410	2,474,067	445,343	18.0%
	Group profit (loss) for the year	0	0	0	
	Third-party profit (loss) for the year	0	0	0	
	Profit (loss) for the year	2,919,410	2,474,067	445,343	18.0%

As regards the income situation, I present the income statement reclassified for margins and correlated with the statement from Management Report

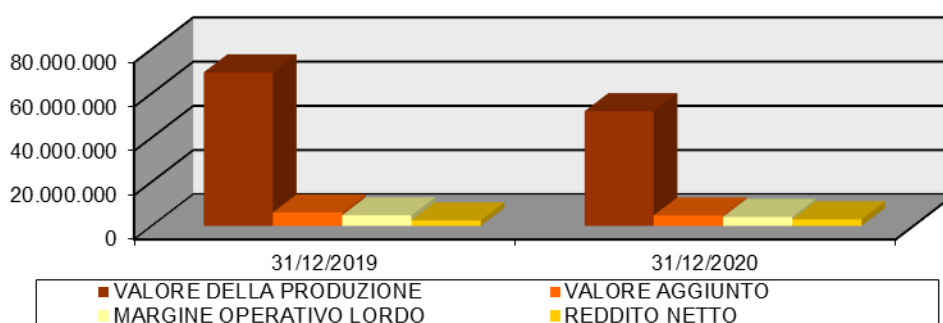
the previous financial year.

RECLASSIFIED INCOME STATEMENT FOR MARGINS

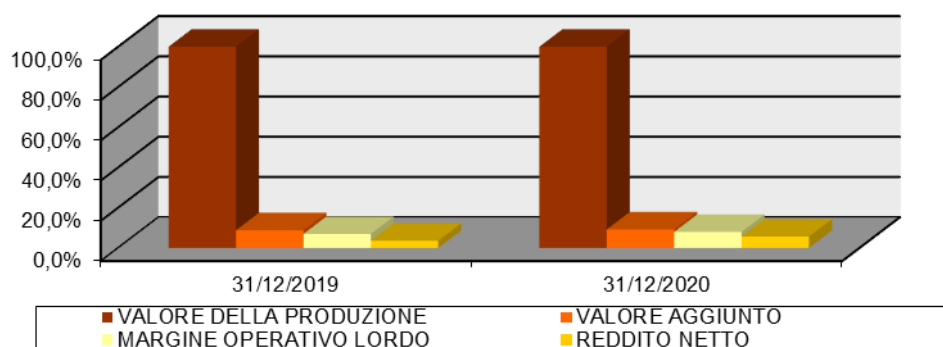
	31/12/2020	% of Value of prod.	31/12/2019	% of Value of prod.
PRODUCTION VALUE	51,853,933	100.0%	69,455,846	100.0%
-Materials Consumption	42,237,639	81.5%	58,824,120	84.7%
-General Expenses	4,855,356	9.4%	4,538,303	6.5%
VALUE ADDED	4,760,938	9.2%	6,093,423	8.8%
- Other Revenue	59,184	0.1%	25,814	0.0%
-Staff costs	599,946	1.2%	660,677	1.0%
-Provisions	0	0.0%	600,000	0.9%
GROSS OPERATING MARGIN	4,101,808	7.9%	4,806,932	6.9%
- Amortisation and Write-downs	120,368	0.2%	678,052	1.0%
CORE OPERATING PROFIT (Net operating margin)	3,981,440	7.7%	4,128,880	5.9%
+ Other Revenue	59,184	0.1%	25,814	0.0%
- Sundry Charges	41,118	0.1%	448,666	0.6%
INCOME BEFORE FINANCIAL OPERATIONS	3,999,506	7.7%	3,706,028	5.3%
+ Financial Income	45,687	0.1%	33,438	0.0%
+ Exchange rate gains and losses	291,933	0.6%	4,891	0.0%
OPERATING INCOME (Current margin before financial charges)	4,337,126	8.4%	3,744,357	5.4%
- Financial Charges	363,738	0.7%	230,975	0.3%
INCOME BEFORE FINANCIAL ASSET AND LIABILITY ADJUSTMENTS	3,973,388	7.7%	3,513,382	5.1%

+ Value adjustments to financial assets and liabilities	-48,333	-0.1%	-11,281	0.0%
+ Share from non-operating (area)	13,928	0.0%	0	0.0%
EARNINGS BEFORE TAX	3,938,983	7.6%	3,502,101	5.0%
-Taxes	1,019,573	2.0%	1,028,034	1.5%
NET INCOME	2,919,410	5.6%	2,474,067	3.6%

Principali voci di Conto Economico



Principali voci del Conto Economico in % del Valore della Produzione



Legend:

Main Income Statement items

VALORE DELLA PRODUZIONE -PRODUCTION VALUE
MARGINE OPERATIVO LORDO – GROSS OPERATING PROFIT
VALORE AGGIUNTO -VALUE ADDED
REDDITO NETTO – NET INCOME

Main Income Statement items in % of Production Value

In the Management Report relating to the last year we wrote that, with regard to the pandemic in progress, “we could hardly have imagined such a situation at national level, after which the first news about the Coronavirus spread at the start of the year.” Twelve months on, we can only reiterate this concept, given the developments that have occurred to date.

What has happened so far in the textile sector is quite clear: a marked decreases in sums invoiced, across-the-board with respect to the various sectors, with a barely perceptible recovery in sight, even if there is a feeling of confidence about the coming months. In fact, according to the Observatory Euromonitor, a recovery of the clothing and footwear market of around 13.70% is forecast in 2021, with the women's sector expected to grow by around 12% in the forecast. The recovery times and methods of the individual segments clearly need to be assessed, in a context in which phenomena such as the fluctuating prices of raw materials and the disproportionate increase

in sea and air freight, combined with the difficulty of finding space for goods, make day-to-day operations more difficult. We are trying to find ways to better develop our potential. We are looking forward and with this in mind we are preparing our first sustainability report and implementing the adoption of Model 231 in our company.

The sales data for the first quarter of 2021 are higher than expected; the offset compared to the previous year is negative, even though the 2020 data is influenced by the strong demand for fabric that occurred in conjunction with the first Chinese lockdown with national operators fearing a continued lack of supplies and the fact that we invoiced about 40% of the entire annual data in that period. We believe that we can have a valid basis of comparison with the data of the next half year.

Pursuant to art. 2428 of the Italian Civil Code, it should be noted that, in relation to the loan granted by a pool of banks in November 2019, one of the covenants related to the credit line was not complied with on 31/12/2020. This is the ratio between the Net Financial Position and EBITDA, calculated according to the contractual terms of the afore-mentioned financing pool. This circumstance has not led to a financial penalty in terms of rate applied and even for the possible application of the contract termination clause, given that this option can only be activated when *“one of Financial Parameters is not observed for two consecutive Reference Dates or two or more Financial Parameters are not respected on any Reference Date”*.

It is pointed out that the health emergency, although it does not entail a business continuity risk, will presumably have a negative impact. We will have to constantly monitor the situation and evaluate our responses carefully so that the negative effects are as limited as possible.

Lastly, we would like to point out that we are not aware of any particular critical aspects in relation to unforeseeable events such as tax litigation or on the subject of employment.

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

Profitability indices	31/12/2020	31/12/2019
ROE	22.54%	29.88%
ROI	10.04%	9.76%
ROS	7.72%	5.34%
ROA	10.09%	8.76%
GOM on Revenue	7.92%	6.92%

Turnover ratios	31/12/2020	31/12/2019
Invested capital turnover	130.64%	164.08%
Working capital turnover	143.55%	166.51%
Warehouse turnover	289.51%	392.71%
Balance sheet and financial ratios	31/12/2020	31/12/2019
Hedging of fixed assets	378.70%	1,847.72%
Banks to working capital	48.83%	43.55%
Short-term banks to working capital	19.41%	21.92%
Debt Ratio	67.33%	80.43%
Own funds/Invested capital	32.67%	19.57%
Borrowing costs to Revenue	0.70%	0.33%
Borrowing costs to GOM	8.87%	4.81%
Productivity ratios	31/12/2020	31/12/2019
Added value to Revenue	9.19%	8.78%
Liquidity ratios	31/12/2020	31/12/2019
Current ration	238.88%	172.00%
Immediate liquidity ratio (Acid Test)	120.18%	98.83%
Days of credit to customers (Duration of trade receivables)	91.06	102.02
Days of credit from suppliers	51.62	82.37
Days of stock (Duration of stocks)	124.35	91.67
Intensity rate of Current Assets	69.51%	59.86%

Furthermore, in accordance with the provisions set out in paragraph 2 of art. 2428 I must inform you that:

- 1) we have not carried out any research and development activities
- 2) there are no relationships with subsidiaries and associates
- 3) we do not have any treasury shares
- 4) no treasury shares have been bought or sold during the financial year

5) dividends were approved during the year 2020 for € 615,000

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

I am fully available at the shareholders' meeting for any further clarification about the formation of the Financial Statements as at 31.12.2020 with the valuation criteria and the facts that characterised the management that has taken place and to assure you of the correspondence of the data reported therein with the findings in the accounting records. Please approve them together with the proposal for the allocation of the net profit earned amounting to € 2,919,409.88 as follows:

€276,296.63 to the legal reserve post 2017

€2,643,113.25 to the extraordinary reserve post 2017.

At the same time, thank you for having placed your trust in me.

VERTEMATE CON MINOPRIO, 25 March 2021

THE SOLE DIRECTOR

(PIERLUIGI BIONDI)

VERTEMATE CON MINOPRIO, 30/04/2021

Pierluigi Biondi, Sole Director

LARIOTEX SPA

Registered Office: STRADA PROVINCIALE PER BULGORELLO 5 - VERTEMATE CON MINOPRIO (CO)

Entered in the Company Register of: CCIAA OF COMO LECCO

Tax code and registration number: 03476340132

Entered in the Como Lecco CCIAA REA under No. 316934

Subscribed and fully paid-up share capital: 3,000,000.00 VAT

Number: 03476340132

Single-member company

STATUTORY AUDITORS' REPORT TO THE SHAREHOLDERS' MEETING PURSUANT TO ART. 2429, PARA. 2 OF THE ITALIAN CIVIL CODE.

Financial statements as at 31/12/2020

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

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

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

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

The audit firm was appointed by the Shareholders' Meeting on 09.12.2019 until the approval of the financial statements as at 31.12.2021.

The Board of Statutory Auditors in office on the date of this report was established as a result of its appointment during the Shareholders' Meeting on 09.12.2019. We remind you that their mandate will end with the approval of the Financial Statements as at 31.12.2021.

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

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

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

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

We acquired knowledge and oversaw, for that which we were responsible for, the adequacy and operation of the administrative and accounting system, as well as the reliability of the latter to correctly represent the management facts by obtaining information from managers of posts from the firm in charge of the statutory audit and the examination of corporate documents, and in this respect we have no specific comments to report.

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

The Board of Statutory Auditors has verified that the Company properly updated its security policies during the financial year. The Board of Statutory Auditors has not issued opinions provided for by law.

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

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

Comments on the annual financial statements

For that which we were responsible for, we have examined the draft financial statements for the financial year ended 31 December 2020, which was made available to us in the terms referred to in article 2429 of the Italian Civil Code, in regard to which we refer to the following.

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

We found that the procedural rules relating to the formation of the financial statement for the year 2020 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 31.12.2019;
- 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 explanatory notes was checked as 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 explanatory notes;
- k) The Board of Directors has chosen to apply the “Trademark revaluation” provided for pursuant to Law No. 126/2020, conversion with amendments of Legislative Decree No. 104/2020, respecting the criteria indicated by OIC 24. The revaluation value is approximately €3 million. The revaluation was performed by the payment of a substitute tax of 3% amounting to €90,000 (in order to fiscally release this revaluation) and a substitute tax of 10% amounting to €300,000 (so that the potential distribution of the revaluation reserve does not generate any tax burden in the future for the company). The revaluation credit balance after having deducted taxes due is recognised in the appropriate category of shareholders’ equity.

With regard to the financial year 2020, 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 €2,919,410, with typical revenues in item A1 of the Income Statement of €51,794,749 compared to €69,430,032 in the previous financial 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.

Conclusions

Also, considering the findings of the activity carried out by the firm in charge of the statutory audit Audirevi S.p.A., contained in the audit report for the financial statements dated 14/04/2021, which is now available, the Board of Statutory Auditors proposes that the Shareholders’ Meeting approves the financial statements for the year ended 31 December 2020, 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, 15/04/2021

Francesco Gianluca Pecere, Chairman

Gianmario Ferrari, Statutory Auditor

Giuseppe Erba, Statutory Auditor

VERTEMATE CON MINOPRIO, 30/04/2021

Pierluigi Biondi, Sole Director

LARIOTEX S.p.A.

Financial statements at 31-12-2020
Independent Auditors' Report
pursuant to art. 14 of Legislative Decree No. 39 of 27 January 2010

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

To the Shareholder of
LARIOTEX S.p.A.

Report on the audit of the financial statements for the year

Opinion

We performed the audit of the financial statements for the year of the Company LARIOTEX S.p.A. (the Company), comprising the Balance Sheet as at 31 December 2020, the Income Statement and the Cash Flow Statement for the year ending on this 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 2020, 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 principles 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.

Reminder of information

Without changing our opinion, we would like to remind you of that indicated by the Sole Director in the informative Explanatory Notes in the section "Intangible fixed assets".

The Board of Directors has chosen to apply the "Trademark revaluation" provided for pursuant to Law No. 126/2020, conversion with amendments of Legislative Decree No. 104/2020, respecting the criteria indicated by OIC 24. The revaluation value is approximately €3 million. The revaluation was performed by the payment of a substitute tax of 3% amounting to €90,000 (in order to fiscally release this revaluation) and a substitute tax of 10% amounting to €300,000 (so that the potential distribution of the revaluation reserve does not generate any tax burden in the future for the company). The revaluation credit balance after having deducted taxes due is recognised in the appropriate category of shareholders' equity.

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

The sole director is responsible for drafting 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 them 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 operating as a going concern and, in the drafting of the financial statements, for the appropriateness of the use of the assumption of business continuity, as well as for adequate information on the matter. The sole director uses the assumption of business continuity in the drafting of the financial statements unless he considers there to be grounds for liquidating the Company or discontinuing the business or there not being realistic alternatives to these 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.

Responsibility of the audit firm for the audit of the financial statements for the year

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 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 No. 39/10

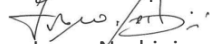
The sole director of LARIOTEX S.p.A. is responsible for preparing the management report for LARIOTEX S.p.A. at 31 December 2020, including its consistency with the related financial statements and compliance with legislation.

We carried out the procedures indicated in the auditing standard (ISA Italy) No. 720B in order to express an opinion on the consistency of the management report with the financial statements of LARIOTEX S.p.A. at 31 December 2020 and on their compliance with legislation, as well as to make a statement on any significant errors.

In our opinion, the Management Report is consistent with the annual financial statements of LARIOTEX S.p.A. at 31 December 2020 and has been drawn up in accordance with the legislation.

With reference to the statement referred to in art. 14, para. 2 of Legislative Decree No. 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, 14 April 2021

Audirevi S.p.A.

Ivano Nerbini
Shareholder



LARIOTEX SPA

Registered office: STRADA PROVINCIALE PER BULGORELLO 5 VERTEMATE CON MINOPRIO (CO)

Entered in the Como Lecco CCIAA Companies Register

Tax code and registration number: 03476340132

Entered in the Como Lecco CCIAA REA under No. 316934

Subscribed and fully paid-up share capital €3,000,000.00

VAT Number: 03476340132

Single-member company

MINUTES OF THE SHAREHOLDERS' MEETING ON 30/04/2021

In the year 2021, on the 30th day of the month of April, at 09:00, the Shareholders' Meeting met at the registered office of the company

"LARIOTEX SPA", in Vertemate con Minoprio (CO) Strada Provinciale Per Bulgorello No. 5.

On the unanimous designation of the Shareholders' Meeting Mr PIERLUIGI BIONDI took the chair, who asked Mr FABIO MASSIMO BERNERI to act as Secretary.

The Chairman after having confirmed:

- the presence of the entire share capital.

- the presence of the entire Board of Statutory Auditors, via video conferencing, in the persons Dr Francesco Gianluca Pecere,

Chairman of the Board of Statutory Auditors, Dr Gianmario Ferrari and Dr Giuseppe Erba, Statutory Auditors;

- the presence of the Sole Director;

- that all the shares, equal to 3,000,000, have been temporarily deposited at the registered office pursuant to L. 29.12.1962 No. 1745;

- that the attendees declared being fully aware of the topics on the agenda for discussion, declared the Shareholders' Meeting validly

constituted and able to deliberate on the following

AGENDA

- 1) Approval of the Financial Statements as at 31.12.2020, summarised by the Explanatory Notes, the Cash Flow Statement, the Management Report, by the Statutory Auditors' Report and the Independent Auditor's Report;

2) Any other business.

On the first point in the discussion, the Chairman illustrated the various items in the Financial Statements. He also read the Explanatory Notes, the Cash Flow Statement and the Management Report prepared by the Sole Director, as well as the Statutory Auditors' Report and the Independent Auditor's Report.

After a brief discussion, the Shareholders' Meeting unanimously

voted

1) to approve the Financial Statements as at 31.12.2020 with the Explanatory Notes, the Cash Flow Statement and the accompanying reports, as prepared by the Sole Director, the Board of Statutory Auditors and the Independent Auditor;

2) to allocate the operating profit made amounting to € 2,919,409.88 as follows:

€276,296.63 to the legal reserve post 2017

€2,643,113.25 to the extraordinary reserve post 2017.

With nothing else to be resolved and no-one else asking to speak, the Chairman declared the meeting over at 10:00, after reading, approving and signing these minutes.

THE SECRETARY

(FABIO MASSIMO BERNERI)

THE CHAIRMAN

(PIERLUIGI BIONDI)

VERTEMATE CON MINOPRIO, 30/04/2021

Pierluigi Biondi, Sole Director

N. PRA/31147/2021/CCOAUTO

COMO, 27/05/2021

RICEVUTA DELL'AVVENUTA PRESENTAZIONE VIA TELEMATICA ALL'UFFICIO
REGISTRO IMPRESE DI COMO-LECCO
DEI SEGUENTI ATTI E DOMANDE:

RELATIVAMENTE ALL'IMPRESA:
LARIOTEX S.P.A.

FORMA GIURIDICA: SOCIETA' PER AZIONI
CODICE FISCALE E NUMERO DI ISCRIZIONE: 03476340132
DEL REGISTRO IMPRESE DI COMO-LECCO

SIGLA PROVINCIA E N. REA: CO-316934

ELENCO DEGLI ATTI PRESENTATI:

- | | |
|--|---------------------|
| 1) 711 BILANCIO ORDINARIO D'ESERCIZIO | DT.ATTO: 31/12/2020 |
| 2) 508 COMUNICAZIONE ELENCO SOCI
CONFERMA ELENCO SOCI | DT.ATTO: 30/04/2021 |

ELENCO DEI MODELLI PRESENTATI:

B DEPOSITO BILANCIO
S ELENCO SOCI E TITOLARI DI DIRITTI SU AZIONI O QUOTE SOCIALI

DATA DOMANDA: 27/05/2021 DATA PROTOCOLLO: 27/05/2021

INDIRIZZO DI RIFERIMENTO: 01511690123-CORMEC DI LUONI M.BADALOTTI P

Estremi di firma digitale

CASSETTO DIGITALE DELL'IMPRENDITORE

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più business.**

Accedi a visure, pratiche
e bilanci della tua impresa,
senza costi, sempre e ovunque.



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CAMERE DI COMMERCIO
D'ITALIA



CORIPRA



0000311472021

N. PRA/31147/2021/CCOAUTO

COMO, 27/05/2021

DETTAGLIO DI TUTTE LE OPERAZIONI EFFETTUATE SUGLI IMPORTI				
VOCE PAG.	MODALITA' PAG.	IMPORTO	DATA/ORA	
DIRITTI DI SEGRETERIA	CASSA AUTOMATICA	**62,70**	27/05/2021	16:48:42
IMPOSTA DI BOLLO	CASSA AUTOMATICA	**65,00**	27/05/2021	16:48:42

RISULTANTI ESATTI PER:

BOLLI		**65,00**	CASSA AUTOMATICA
DIRITTI		**62,70**	CASSA AUTOMATICA
TOTALE	EURO	**127,70**	

*** Pagamento effettuato in Euro ***

FIRMA DELL'ADDETTO
PROTOCOLLAZIONE AUTOMATICA

Data e ora di protocollo: 27/05/2021 16:48:42

Data e ora di stampa della presente ricevuta: 27/05/2021 16:48:42

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più business.**

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e bilanci della tua impresa,
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