



Lariotex

integrated report
2023

DOCUMENT GUIDE

This document (integrated report) by Lariotex S.p.A. (hereinafter Lariotex, the company) consists of:

- **Integrated Report on Operations:** information required by Article 2428 of the Civil Code and applicable legislation. The Report on Operations provides information on the results and performance of Lariotex S.p.A. and on significant events in the financial year 2023. The Report on Operations also includes, in a specific section, the Sustainability Report, drawn up on a voluntary basis and which reports on, in particular, environmental, social and governance issues, which will help to ensure an understanding of Lariotex's activities, its performance, its results and its impact.
- **Financial statements**, which include the accounting statements (balance sheet, income statement, cash flow statement) and the notes to the accounts.

The Sustainability Report has been prepared in accordance with the methodologies and principles set out in the GRI Sustainability Reporting Standards, as defined by the Global Reporting Initiative. According to the reporting option in accordance with the GRI Standards.

The financial statements have been drawn up in accordance with the provisions of the Civil Code and the indications contained in the standard issued by the Italian Accounting Standard Setter (OIC).

The annual corporate reporting, integrated with the sustainability topics aims to improve the quality of reporting by presenting a single annual document that accounts to all stakeholders on a firm's performance, following an approach to corporate reporting based on aspects related to strategy and objectives, governance and the economic, environmental and social performance of a value-creating company that endures over time.

The drafting of a Report on Operations, including a Sustainability Report, requires a coherent and comprehensive approach to corporate reporting, which, by recognising the strategic relevance of sustainability issues (ESG environmental - Social - Governance), improves the overall quality of published and disseminated information, for the benefit of all stakeholders. This approach has been confirmed and substantially reinforced by the update of the EU regulatory framework and the EU 2022/2464 CSRD Corporate Sustainability Reporting Directive, which was approved by the European Parliament in November 2022 and will apply from the corporate reporting of the next financial year 2024 (for Lariotex, this obligation is based on 2025 financial year reporting).

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Integrated report on operations



Letter to stakeholders

GRI Standards 2-22

*“Thinking is easy, acting is difficult,
and putting your thoughts into practice
is the hardest thing in the world.”*

Johann Wolfgang von Goethe (1749 – 1832)

The words of the illustrious German writer and poet have accompanied us throughout the past year, marked by a scenario that has prevented the full realisation of the set goals, in an international context where the word stability remains an absolute chimera. In full awareness of the difficulties, we continued to build on the way we do business, in the spirit of creating value for all stakeholders. While the results in strictly economic terms have not fully met expectations, as we will discuss later, we can instead look with greater satisfaction at the progress made at the level of corporate systems and procedures, a prelude to the goal of company efficiency. All of this has been made possible thanks to the continuous commitment and effort of the entire Lariotex staff, whom we can never thank enough for their dedication and responsibility in their daily work.

We have switched to a new ERP system and continued the restructuring of the property adjacent to our headquarters, which will allow us to enjoy more space, both logistical and commercial, given the growing size of the company, all with particular attention to sustainability issues. The work of codifying and mapping processes has continued, in order to define a structure that better meets criteria of efficiency and effectiveness, but without losing the elasticity and eclecticism that are part of our DNA. The adoption of advanced Business Intelligence solutions complements the development of all processes.

2023 marked ten years since the founding of Lariotex. On this occasion we revamped our website and proposed a new company logo, an evolution of the previous one, now made more concrete, dynamic and contemporary, further enhancing our distinctive features. We are adopting new communication processes in order to better meet the needs and expectations of our customers.

As for the marketed product, the Eco collection, which testifies to the sustainable choice, with the proposal of certified items, represents almost 70% of the metres sold. An offer in continuous expansion, with constant attention to guaranteeing our customers the best possible solutions. In fact, a characteristic of our company is the ability to interpret the needs of our customers and make the most of them in research, giving substance to new ideas, and ensuring the corresponding availability of fabrics in stock. Today more than ever, import times have got longer in an uncertain geopolitical framework, while product needs and related delivery times

have got shorter.

Within the Eco collection, we find Articles that comply with the main product certifications, such as EUROPEAN FLAX, FSC, GOTS, GRS and RCS, in addition to the distribution of other viscose fibres, such as Ecovero and Tencel by Lenzing. Finally, cottons adhering to the Better Cotton Initiative. Recently, we have created a new line of European Flax linens, GOTS organic cottons and Sportswear items. The Luxury Collection launched in 2023, however, includes fine fibres and exclusive workmanship for luxury items. This new collection has allowed Lariotex to further raise its quality standards and the variety of high-end silk products for clothing and accessories. In addition to the variety of items, a key role is played by logistics and speed of delivery, factors that will be further enhanced thanks to the new real estate investment mentioned above.

Lariotex, always at the forefront of the supply chain on sustainability issues, is making the most of the efforts made in recent years, characterised by constant internal training and updating activities, in order to always be aligned and compliant with the standards that the various certifications, product and process, require. The aim is to offer a specific range of fabrics with high levels of quality control and origin. The ultimate goal is to meet the demands of customers, who are particularly sensitive to the issue of product origin and compliance in a supply chain, such as the textile industry, at the forefront of ESG issues, without neglecting our adherence to the standards required by 4sustainability, our reference protocol in the ESG field.

Last year, the audit activities we are subjected continued, and we approach them with determination and awareness of the importance of the issue of accountability. We will report on them in the following pages. Always with a view to improving processes, in 2024 we launched two important projects: the first in the customs field, given our nature as importers, and the second in relation to quality, as a framework for the certifications already obtained and to give them even more value and substance.

Lariotex also collaborates with LIUC University in Castellanza, in order to bring its experience in the sector and therefore participate in the training process of future generations. Our commitment to supporting local organisations continues: we have in fact become members of the Associazione Amici del MA*GA, the Museum of Modern Art in Gallarate. With this gesture, we want to participate and give back something to a community close to us, sharing its goals and values: culture as a tool for change, inclusion and social well-being.

During the approval of the financial statements, the new Industrial Plan for the three-year period 2024-2026 will be unveiled, with the related Business Plan and, from this year, the Sustainability Plan, whose guidelines this document already outlines. An additional challenge that we are taking up, well in advance as usual compared to regulatory obligations, as proof of the attention we pay to this specific topic.

As regards the economic and financial results, the financial statements for the year ended at 31 December 2023 showed a net profit of €2,505,191.45 after having recorded taxes amounting to €1,032,255.00. The Notes to the Accounts show the information relating to the 2023 Financial Statements, including information concerning the financial position and the values relating to the financial resources

that the company needed during the financial year, as well as their uses. The Integrated Report on Operations, together with the Sustainability Report, contain information on operational performance.

Finally, I would like to thank all those who, in various ways, have made the journey that Lariotex has taken so far possible.

Pierluigi Biondi, *Sole Director*



Lariotex at a glance

		2021	2022	2023
Economic and financial performance				
Net revenue	€ MILLIONS	76.8	90.7	60.9
Difference between production revenue and costs (A-B)	€ MILLIONS	5.4	5.9	4.7
Profit for the year	€ MILLIONS	3.5	2.8	2.5
Shareholders' equity	€ MILLIONS	14.9	15.8	17.3
Net Financial Position	€ MILLIONS	10.4	28.2	19.0
Operational cash flow	€ MILLIONS	5.7	-17.6	11.6
Issuance of a Basket Bond ESG underwritten by Unicredit and Cassa Depositi e Prestiti with Cerved's sustainability rating assessment				
Quality, sustainability & supply chain				
Chemical management - 4sustainability® Lariotex audit results	%	74%	78%	95%
Process management systems		<ul style="list-style-type: none"> • Organisation, Management and Control Model pursuant to Legislative Decree No. 231/01 with the Code of Ethics • 4s TRACE - 4sustainability (signed up to 4Sustainability®'s Charter of Values) • 4s MATERIALS - 4sustainability® 		
Eco-friendly textile collections	% OF TOTAL SALES	47.6%	59.9%	69.0%
Standards and certifications products/collections		<ul style="list-style-type: none"> • GRS Global Recycle Standard – RCS Recycled Claim Standard • FSC Forest Stewardship Council • ECOVERO by Lenzing • TENCEL by Lenzing • BCI Better Cotton Initiative • STANDARD 100 by OEKO-TEX® • GOTS Global Organic Textile Standard • European Flax 		
Human resources				
Female department managers	%	66%	66%	75%
Average training hours delivered	HOURS	4.2	11.7	21.3
Health and safety - work-related injuries	CASES	-	-	-
Environment				
Energy consumption (internal)	GJOULE	1,244	1,276	934
Energy consumption intensity	GJ/M*1,000	3.05	2.92	3.14
Direct/indirect emissions (GHG Scope 1 -2 location-based)	TCO ₂ E	86	90	67
Emission intensity	TCO ₂ E/M*1,000,000	2.11	2.06	2.24

Lariotex

Profile and identity

Sustainability report

GRI Standards 2-1; 2-6

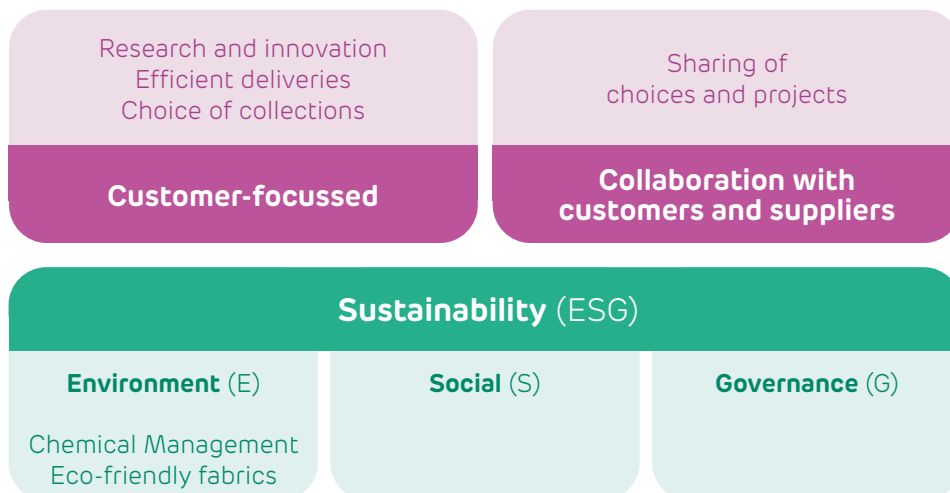
Founded in 2013, Lariotex is based in Vertemate con Minoprio (CO), in a region, that of the textile district of Como, historically devoted to the processing and trade of silk. Lariotex S.p.A. (Lariotex) operates in the wholesale trade of textile products sector and is a leading partner of Italian and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

At 31 December 2023, the share capital of Lariotex amounted to €6,000,000, corresponding to 6,000,000 million shares with voting rights. The controlling shareholder is Lariotrade S.r.l.. In the financial year 2023, Lariotex's revenue was €60.9 million. At 31 December 2023, the company had 22 employees.

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

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

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



Economic and financial performance

Performance over the period

Over the past financial year, the national and international economy has reflected the issues related to the military conflicts between the Russian Federation and Ukraine, as well as the one that flared up in Palestine in the latter months of the year. These conflicts have resulted in consequent problems for our company, primarily linked to transportation issues, with an increase in costs and extended delivery times for imported goods.

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

Assets and financial position

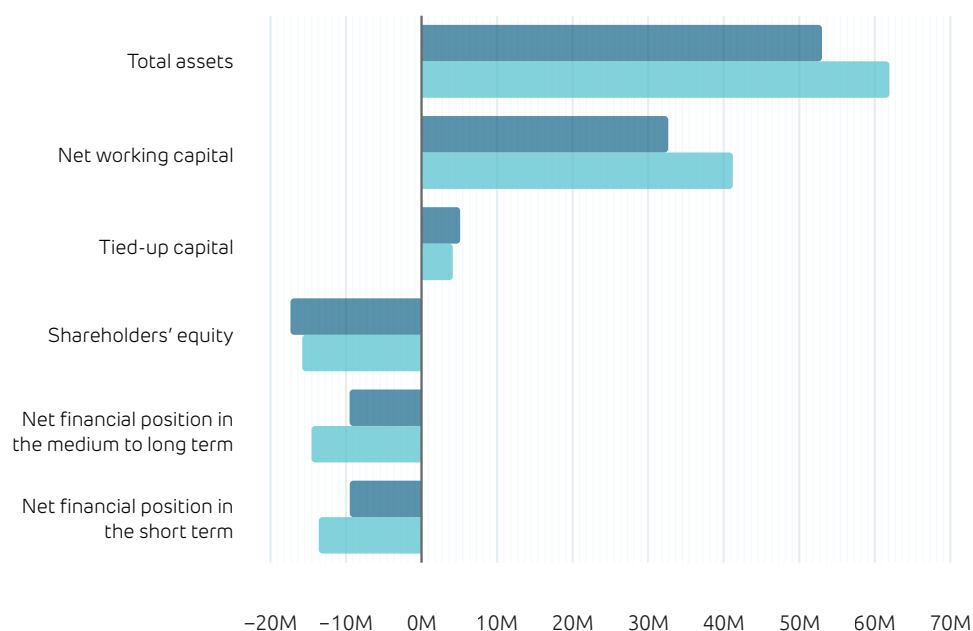
As regards the company's financial and balance sheet position, the reclassified balance sheet is shown below, with details of deviations in absolute and percentage terms from the previous year.

↓ RECLASSIFIED BALANCE SHEET	31/12/2023	31/12/2022	Change	% Change
Net intangible fixed assets	4,789,518	3,841,377	948,141	24.68%
Net tangible fixed assets	227,788	195,830	31,958	16.32%
Investments and other financial assets	101,389	101,389	0	0.00%
Tied-up capital	5,118,695	4,138,596	980,099	23.68%
Warehouse stock	23,077,441	25,809,331	-2,731,890	-10.58%
Trade Receivables	19,951,913	22,595,365	-2,643,452	-11.70%
Other receivables	1,336,678	1,629,562	-292,884	-17.97%
Pre-paid expenses and accrued income	225,192	354,218	-129,026	-36.43%
Short-term operating assets	44,591,224	50,388,476	-5,797,252	-11.51%
Trade payables	11,422,797	8,622,291	2,800,506	32.48%
Payments on account	57,822	0	57,822	0.00%
Taxes and social security contributions payable	179,198	297,955	-118,757	-39.86%
Other payables	134,331	118,558	15,773	13.30%
Accrued liabilities and deferred income	136,150	132,161	3,989	3.02%
Short-term operating liabilities	11,930,298	9,170,965	2,759,333	30.09%
Net working capital	32,660,926	41,217,511	-8,556,585	-20.76%
Net invested capital	37,779,621	45,356,107	-7,576,486	-16.70%

	31/12/2023	31/12/2022	Change	% Change
Employee severance pay	113,748	112,111	1,637	1.46%
Tax and social security liabilities (due after the next financial year)	0	0	0	0.00%
Other medium and long-term liabilities	1,281,014	1,290,427	-9,413	-0.73%
Medium to long-term liabilities	1,394,762	1,402,538	-7,776	-0.55%
Shareholders' equity	-17,351,302	-15,798,374	-1,552,928	9.83%
Net medium/long-term financial position	-9,531,209	-14,562,834	5,031,625	-34.55%
Net short-term financial position	-9,502,348	-13,592,361	4,090,013	-30.09%
Equity and net financial debt	-36,384,859	-43,953,569	7,568,710	-17.22%
Total sources	-37,779,621	-45,356,107	7,576,486	-16.70%
Total assets	53,016,597	61,939,507	-8,922,910	-14.41%

↓ MAIN ASSETS AND LIABILITIES IN THE BALANCE SHEET

● 31/12/2022 ● 31/12/2023



A better description of the company's financial situation is provided in the table below in which some indices of the financial statements are shown in the financing methods of medium/long term loans and the composition of funding sources, compared to the same indices relating to the financial statements of previous years.

	31/12/2023	31/12/2022	31/12/2021
Equity less non-current assets = [A. EQUITY] - [B. FIXED ASSETS]	12,232,606	11,659,780	11,811,585
Equity divided by non-current assets = [A. EQUITY]/[B. FIXED ASSETS]	3.39	3.82	4.86
Equity plus non-current liabilities minus non-current assets = [A. EQUITY + B. PROVISIONS FOR RISKS AND CHARGES + C. EMPL. SEV. PAY + D.I.2. PAYABLES FOR LIABILITIES DUE AFTER THE FINANCIAL YEAR + D.IV.2. PAYABLES TO BANKS DUE AFTER THE NEXT FINANCIAL YEAR] - [B. FIXED ASSETS]	23,158,578	27,625,152	27,222,909
Equity plus non-current liabilities to equity ratio = [A. EQUITY + B. PROVISIONS FOR RISKS AND CHARGES + C. EMPL. SEV. PAY + D.I.2. PAYABLES FOR LIABILITIES DUE AFTER THE FINANCIAL YEAR + D.IV.2. PAYABLES TO BANKS DUE AFTER THE NEXT FINANCIAL YEAR]/[B. FIXED ASSETS]	5.52	7.68	7.89

The following balance sheet ratios (turnover ratios) complete the information regarding asset efficiency.

		31/12/2023	31/12/2022	31/12/2021
Inventory rotation = [C.I. INVENTORIES/(B.6. FOR RAW MATERIALS, SUPPLIES AND CONSUMABLES + B.11. CHANGE IN INVENTORIES)] X365	DAYS	174	130	135
Inventory rotation on turnover = [C.I. INVENTORIES/A. PRODUCTION REVENUE] X365	DAYS	138	104	110
Rotation of receivables = [C.II.1 TRADE RECEIVABLES/A. 1. REVENUE FROM SALES AND SERVICES] X365	DAYS	120	91	105
Rotation of payables = [D.7. TRADE PAYABLES/(B.6. FOR RAW MATERIALS, SUPPLIES AND CONSUMABLES + B.7. FOR SERVICES + B.8. FOR USE OF THIRD-PARTY GOODS)] X365	DAYS	81	37	123

The accounting net financial position as of 31/12/2023, compared with the previous year, is as follows:

↓ NET FINANCIAL POSITION				
	31/12/2023	31/12/2022	Change	% Change
Bank deposits	2,287,871	6,470,907	-4,183,036	-64.64%
Cash and other securities in hand	213	357	-144	-40.34%
Cash and cash equivalents	2,288,084	6,471,264	-4,183,180	-64.64%
Financial assets that do not constitute fixed assets	1,018,593	941,171	77,422	8.23%
Bonds and convertible bonds (within the next financial year)	1,454,544	363,636	1,090,908	300.00%
Payables to shareholders for financing (within the next financial year)	0	0	0	0.00%
Payables to banks (within the next financial year)	6,474,672	12,194,073	-13,604,258	-46.90%
Payables to other lenders (within the next financial year)	280,017	562,230	-282,213	-50.20%
Advances for foreign payments	0	1,377,470		-100.00%
Amount of short-term funding	4,599,792	6,507,387	4,599,792	-29.31%
Short-term financial payables	12,809,025	21,004,796	-8,195,771	-39.02%
Net short-term financial position	-9,502,348	-13,592,361	4,090,013	-30.09%

	31/12/2023	31/12/2022	Change	% Change
Bonds and convertible bonds (after the next financial year)	6,181,820	7,636,364	-1,454,544	-19.05%
Payables to shareholders for financing (after the next financial year)	0	0	0	0.00%
Payables to banks (after the next financial year)	0	0	0	0.00%
Payables to other lenders (after the next financial year)	0	0	0	0.00%
Advances for foreign payments	0	0	0	0.00%
Amount of long-term funding	3,349,389	6,926,470	-3,577,081	-51.64%
Financial receivables	0	0	0	0.00%
Net medium and long-term financial position	-9,531,209	-14,562,834	5,031,625	-34.55%
Net financial position	-19,033,557	-28,155,195	9,121,638	-32.40%

A better description of the company's financial situation is shown in the table below with some balance sheet ratios, compared to the same ratios relating to the financial statements of previous years.

	31/12/2023	31/12/2022	31/12/2021
Primary liquidity = [C.II. RECEIVABLES (WITHIN THE NEXT YEAR) + C.III. FINANCIAL ASSETS THAT ARE NOT FIXED ASSETS + C.IV. CASH AND CASH EQUIVALENTS + D ACCRUALS AND DEFERRALS (WITHIN THE NEXT FINANCIAL YEAR)] / [D. PAYABLES (WITHIN THE NEXT FINANCIAL YEAR) + E. ACCRUALS AND DEFERRALS (WITHIN THE NEXT FINANCIAL YEAR)]	1.000	1.056	0.94
Secondary liquidity = [C.I. INVENTORIES + C.II. RECEIVABLES (WITHIN THE NEXT YEAR) + C.III. FINANCIAL ASSETS THAT ARE NOT FIXED ASSETS + C.IV. CASH AND CASH EQUIVALENTS + D ACCRUALS AND DEFERRALS (WITHIN THE NEXT FINANCIAL YEAR)] / [D. PAYABLES (WITHIN THE NEXT FINANCIAL YEAR) + E. ACCRUALS AND DEFERRALS (WITHIN THE NEXT FINANCIAL YEAR)]	1.944	1.915	1.58
Indebtedness = [C. EMPL. SEV. PAY + D. PAYABLES] / [A. EQUITY]	1.974	2.831	3.02
Coverage rate of fixed assets = [A. EQUITY + C. EMPL. SEV. PAY + D. PAYABLES (AFTER THE NEXT FINANCIAL YEAR)] / [B. FIXED ASSETS]	5.274	7.363	8.02

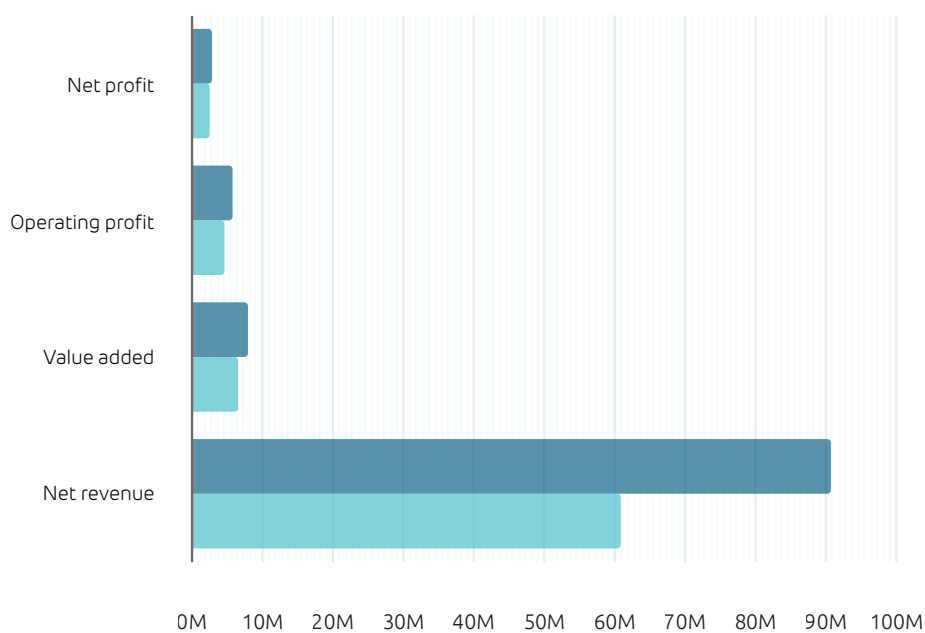
Main economic data

Regarding the income situation, we present the reclassified income statement compared with the previous financial year, highlighting deviations in both absolute and percentage terms.

↓ RECLASSIFIED INCOME STATEMENT FOR MARGINS						
	31/12/2023		31/12/2022		Change	% Change
Net revenue	60,873,220	99.88%	90,709,186	99.88%	-29,835,966	-32.89%
External costs	54,320,154	89.13%	82,768,904	91.14%	-28,448,750	-34.37%
Value added	6,553,066	10.75%	7,940,282	8.74%	-1,387,216	-17.47%
Work cost	1,162,522	1.91%	1,221,357	1.34%	-58,835	-4.82%
Gross operating margin	5,390,544	8.84%	6,718,925	7.40%	-1,328,381	-19.77%
Amortisation, write-downs and other provisions	792,836	1.30%	965,253	1.06%	-172,417	-17.86%
Operating Profit	4,597,708	7.54%	5,753,672	6.34%	-1,155,964	-20.09%
Uncharacteristic revenue	72,308	0.12%	109,646	0.12%	-37,338	-34.05%
Financial income and charges	-1,055,006	-1.73%	-1,830,850	-2.02%	775,844	-42.38%
Ordinary Profit	3,615,010	5.93%	4,032,468	4.44%	-417,458	-10.35%
Revaluations/write-downs	-77,564	-0.13%	-59,832	-0.07%	-17,732	29.64%
Pre-tax profit	3,537,446	5.80%	3,972,636	4.37%	-435,190	-10.95%
Income tax	1,032,255	1.69%	1,136,804	1.25%	-104,549	-9.20%
Net profit	2,505,191	4.11%	2,835,832	3.12%	-330,641	-11.66%

↓ MAIN INCOME STATEMENT ITEMS

● 31/12/2022 ● 31/12/2023



A better description of the company's income situation is shown in the table below with some profitability ratios compared with the same ratios relating to the financial statements of previous years.

	31/12/2023	31/12/2022	31/12/2021
ROE = [A.IX PROFIT FOR THE YEAR] / [A. EQUITY]	14.44%	17.95%	23.58%
Gross ROE (including financial components + equity net of profit) = (A. PRODUCTION REVENUE - B. PRODUCTION COSTS + C. FINANCIAL INCOME AND CHARGES + D. VALUE ADJUSTMENTS OF FINANCIAL ASSETS AND LIABILITIES)/[A. EQUITY]	20.39%	25.15%	32.41%
ROI = (A. PRODUCTION REVENUE - B. PRODUCTION COSTS)/[BALANCE SHEET ASSETS]	8.81%	9.47%	8.89%
ROS = (A. PRODUCTION REVENUE - B. PRODUCTION COSTS)/[A.1. REVENUE FROM SALES AND SERVICES]	7.67%	6.46%	7.03%
ROA = (A. PRODUCTION REVENUE - B. PRODUCTION COSTS)/[(BALANCE SHEET ASSETS N + BALANCE SHEET ASSETS N-1)/2]	8.12%	9.56%	10.76%
GOM on Revenue	8.86%	7.41%	8.14%

Lariotex's target markets are mainly Italy-based customers, from whom 74.8% of revenue came from in 2023. The share of sales revenue in the European Union is 23.2%.

↓ REVENUE BY GEOGRAPHICAL AREA

		2021		2022		2023	
Italy	€ THOUSANDS	58,468	76.1%	69,135	76.2%	45,553	74.8%
European Union	€ THOUSANDS	14,599	19%	18,441	20.4%	14,120	23.2%
Other countries	€ THOUSANDS	3,728	4.9%	3,133	3.4%	1,200	2.0%
Total	€ THOUSANDS	76,795	100.0%	90,709	100.0%	60,873	100.0%

Value generated and distributed

Sustainability report

GRI Standards 3-3; 201-1

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

The economic value retained relates to the difference between the economic value generated and distributed, and includes depreciation of tangible and intangible assets, provisions, prepaid and deferred taxes. To assess Lariotex's business model, the overwhelming majority of the value distributed is to suppliers. In 2023, dividends totalling €1,050,000 were distributed.

↓ ECONOMIC VALUE GENERATED AND DISTRIBUTED

	2021	2022	2023
Economic value generated	76,661,051	90,636,783*	60,977,228
Suppliers - Operating expenses	(70,082,950)	(84,090,924)	(54,126,127)
Human resources - Staff costs	(785,152)	(1,221,357)	(1,162,521)
Banks and other lenders - Financial charges	(316,129)	(558,014)	(1,471,570)
Public administration - Taxes	(1,469,595)	(1,252,020)	(1,114,637)
Shareholders - Dividends distributed	(1,700,000)	(1,800,000)	(1,050,000)
Economic value distributed	(74,353,826)	(88,922,315)	(58,924,855)
Economic value retained	2,307,225	1,714,468	2,052,373

* THE DATA RELATING TO THE ECONOMIC VALUE GENERATED AND RETAINED PUBLISHED FOR THE YEAR 2022 DIFFER INSIGNIFICANTLY FROM WHAT WAS REPORTED IN THE PREVIOUS INTEGRATED REPORT, FOLLOWING A RECLASSIFICATION THAT AFFECTED SOME ITEMS.

↓ DISTRIBUTED VALUE 2023 - INCIDENCE



The percentage composition of the distributed value is determined by Lariotex's business model, particularly with regard to human resources versus the share distributed to suppliers.

Green financing - Lariotex's sustainable debt

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

In this respect, the issue by Lariotex (December 2022) of an **ESG Basket Bond (the first on the Italian market)**, underwritten by Unicredit and Cassa Depositi e Prestiti using the guarantee instruments of the European Investment Bank (EIB), is relevant. The subscription took place through a Special purpose vehicle (SPV), which in turn issued securities subscribed, in equal shares, by UniCredit and CDP as institutional investors. The ESG Basket Bond is also guaranteed by the European Guarantee Fund (EGF) managed by the European Investment Bank Group (EIB), covering 90% of the losses recorded on individual bonds and up to a maximum capacity of 35% of the total portfolio.

The security issued has a maturity of 6 years, with 9 months of pre-amortisation, maturity in December 2028, ordinary amortisation, a 75% variable rate and a quarterly instalment. For the issue of the security, a sustainability rating assessment was carried out by Cerved Rating Agency, with the definition of improvement objectives. The amount collected is intended to **finance development measures linked to the completion of the warehouse acquired in 2022, the launch of a Luxury collection and the formation of a "Foreign State" warehouse**, i.e., goods physically present on Italian soil but not yet cleared through customs, and an internationalisation project.

Sustainability report

Methodological note

GRI Standards 2-1; 2-2; 2-3; 2-4; 2-5; 2-14; 3-1

The Sustainability Report is drawn up by Lariotex annually in accordance with the methodologies and principles set out in the **GRI Sustainability Reporting Standards** ("In accordance" option), published by the Global Reporting Initiative ("GRI Standards").

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

It should be noted that the GRI standards published in 2021 were applied for the 2023 financial year reporting, which updated the drafting process, the general information and the process for identifying and evaluating material topics: GRI 1 Fundamental principles; GRI 2 General report; GRI 3 Material topics. The GRI 1 Foundation 2021 defines in particular the general principles of sustainability reporting; accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness and verifiability.

The GRI standards and their reported performance indicators are those representative of the relevant sustainability topics (material topics) analysed, consistent with Lariotex's activity and its impacts. The process of analysing, identifying, assessing and prioritising material topics, as described in *Chapter 03 Sustainability Report paragraph 3.4 Impacts and material topics*, was conducted in accordance with the requirements of the GRI Standards.

The reporting scope for data and qualitative and quantitative information is Lariotex's performance for the entire reporting period (for the period from 1 January 2023 to 31 December 2023).

In order to allow a comparison of data over time and the assessment of the performance of Lariotex's activities, comparative data from the two previous financial years have been provided.

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

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

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

This document was approved by the shareholders' meeting on 29 April 2024. The Sustainability report has been subject to a limited audit by Audirevi S.p.A. on the basis of the principles and indications contained in ISAE3000 (International Standard on Assurance Engagement 3000 - Revised) of the International Auditing and Assurance Standard Board (IAASB). Audirevi S.p.A. is also the company responsible for auditing Lariotex's annual financial statements.

This document is published on the Lariotex institutional website at [Comunicazioni Istituzionali](#). To request more information on this subject, go to the following address: sustainability@lariotex.com.

Lariotex notifies GRI (Global Reporting Initiative) of the use of GRI Standards and its Statement of use.

EU Directive 2022/2464 CSRD Corporate Sustainability Reporting Standards and ESRS criteria

The EU 2022/2464 CSRD Corporate Sustainability Reporting Directive, approved by the European Parliament in November 2022 and currently being transposed into Italian law, provides for the publication of the Sustainability Statement for Lariotex from the 2025 annual corporate reporting, as an integral part of the annual consolidated financial report, and the adoption of ESRS European Sustainability Reporting Standards as criteria for the drafting and reporting of sustainability/ESG topics.

The first set of ESRS European Sustainability Reporting Standards was adopted by the European Commission on 31 July 2023, with the publication of the related delegated EU Regulation 2023/2772 in the Official Journal of the European Union on 22 December 2023. The Commission's Delegated Regulation of 31 July 2023 complements EU Directive 2013/34 of the European Parliament and of the Council with regard to European Sustainability Reporting Standards (ESRS).

For the purposes of reporting under the CSRD Directive and ESRS, Lariotex, based on the analysis of the content of the upcoming standards and implementation Guidance published by EFRAG, has provided for a verification and transition plan, which is necessary to comply with the new legislation.

Business model

Lariotex

GRI Standards 2-6

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

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



The market, customers

GRI Standards 2-6

The market is characterised by the presence of a small number of specialist importers located in Europe. While there has been a significant recovery from the effects of the pandemic, the same cannot be said for the changed economic outlook, which is conditioned not only by the conflict in Ukraine but also by the numerous uncertainties surrounding the economic and cyclical environment, with clear repercussions on the population's propensity to consume. The rise in inflation and the resulting decline in purchasing power mean that the business model needs to be rethought and revisited.

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

- **Fast Fashion** - Market with low-medium level products. Characterised by very high turnover of garments present in store that is reflected in a purchasing policy in which the times between choosing the garment and marketing it are very short. The main players are the Inditex Group (brands Zara, Bershka, Stradivarius, etc.), H&M, Mango, Calzedonia, etc.
- **Luxury Fashion** - In the world of high fashion it takes longer to produce the various Articles (clothing and accessories). Some of the most known brands are those belonging to the LVMH Group (Louis Vuitton, Christian Dior, Bulgari, Fendi, Kenzo, Loro Piana), the Kering Group (Gucci, Yves Saint Laurent, Balenciaga, Bottega Veneta), Dolce & Gabbana, Armani and Valentino, etc.
- **Planned Fashion** - This is a medium-high end market, with operators such as Patrizia Pepe, Liu Jo, Pinko, Elisabetta Franchi, whose outputs are not as frequent as in fast fashion and which differ by the greater care and stylistic research that goes into the garments.
- **Ready-to-Wear Fashion** - In this case, the market is particularly identified with the companies of the Prato district, with almost total production of, low cost and level Chinese origin.

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

During the first few months of 2024, a survey was sent to Lariotex's main customers to assess the sharing with respect to the level of significance of the material topics identified by the company. The results of the survey showed a strong alignment with the assessment of the sustainability topics between Lariotex and its customers.

Research and Development

GRI Standards 2-6; 3-3

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

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

Stakeholders

GRI Standards 2-29

The role of stakeholders

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

Stakeholder identification and management is important to the business because it helps to better understand the needs, expectations and concerns of stakeholders and to develop relationships based on trust and mutual understanding. This can help the company improve its reputation, reduce reputational risk and create shared value for all stakeholders involved.

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

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

Stakeholder engagement and relations

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

Stakeholders	Engagement activities: Projects – Initiatives – Reports
Shareholder	Shareholders' Meeting
Banks/Lenders	Meetings - Exchange of information, in particular on sustainability commitments - Regular reports on request
Employees	Dialogue with Management and continuing education activities (chemical management, sustainability, etc.) - company welfare initiatives (open pension fund, meal vouchers, supplementary accident insurance) - company intranet – Corporate intranet – informal meetings and regular corporate events
Suppliers (goods and services)	Reporting supply chain environmental impacts – Sharing of chemical management practices – Business meetings and visits to the company and to suppliers' sites - Events and national and international industry trade fairs - Partnerships with suppliers to develop new Articles and for optimal management of analyses of textiles of Chinese origin – Questionnaires to assess the material topics
Customers	Business meetings and company visits - Self-assessment questionnaires - end customers/ supply chain audits - Product research partnerships – Sharing information on sustainability and textile chemicals presence – Questionnaire to assess the material topics
Public authorities	National and local public bodies/National/local authorities – Supervisory and regulatory bodies: meetings/sending and exchanging communications to meet requirements or specific requests
Media	Institutional website – Publication of financial statements and sustainability commitment report on website – Social Media – Newsletters

Strategy and sustainability

Reference scenario

GRI Standards 2-6

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

In particular, the choice to use preferred materials (that is, materials with a reduced environmental impact and with protection of social rights) is a consolidated and growing trend. Certifications ensuring the management of aspects such as using materials that have been recycled and recovered, the limitation on dispersing pollutants throughout the supply chain, reducing emissions and water withdrawals, in addition to the guarantee of fair working conditions and respect for rights characterises the sector, especially because a significant proportion of consumers are willing to make their purchasing choices according to sustainability criteria.

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

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

In 2023, the European Commission proposed the Green Claims Directive, aimed at establishing criteria to ensure that the information disclosed by companies is reliable and verifiable, thus countering misleading claims about the environmental merits of products and services. Towards the end of the year, moreover, an agreement was reached between the Commission, the Council, and the Parliament on the Ecodesign Regulation (Espr). Among the main points addressed by the Espr is the adoption of a digital passport for each product, aimed at tracking components and the supply chain, which will be available to end consumers. In this context, producers will have responsibility for their products along the value chain, even when these products become waste (EPD - Extended Producer Responsibility).

The foundations for a sustainable global transition can be summarised as follows (“[Just Fashion Transition](#)”, The European House Ambrosetti, 2023):

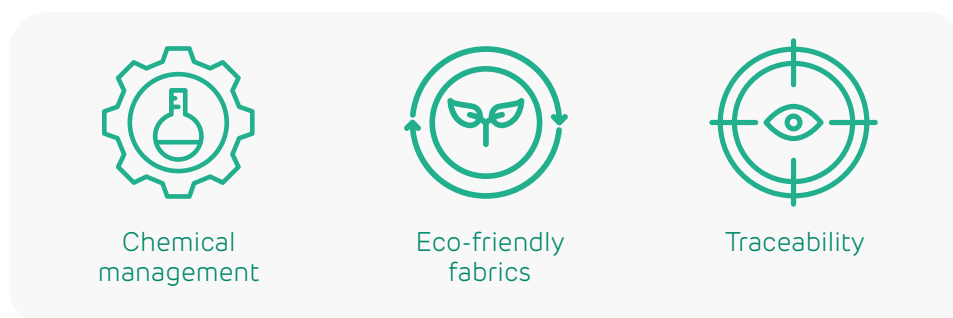
Anticipate the market transition	To guide and channel company actions towards adopting voluntary and mandatory tools that the EU is developing as a global leader in sustainability, also with the aim of providing feedback and recommendations for improvement
Establish multi-stakeholder task forces led by governments	To act as facilitators of the transition, consult flexibly with key industrial actors, NGOs, sector experts, finance professionals and academics, and define a roadmap that supports ESG transformation and work towards objectives consistent with national specificities
Catalyse change through alliances	To promote alliances among all actors upstream and downstream in the fashion supply chain, together with the financial sector and other value chain actors, and thus spread good practices, also enabling legislators to make the best choices in the short term
Measure the impact of policies through a minimum set of data for all	To evaluate the effectiveness of policies and regulatory actions, creating an updated database based on a limited number of significant KPIs consistent with upcoming European and global compliance requirements (ESRS - European Sustainability Reporting Standards and IFRS - International Financial Reporting Standards)
Promote positive cultural change	Exploit the communication potential of positive messages and experiences to engage consumers in cultural change and influence consumption habits by breaking down the barrier between sustainable purchasing intent and action
Create a sustainability vanguard driven by Italian and French luxury value chains	Create, within the Quirinal Pact, a table that welcomes Italian and French industry leaders to make luxury not only a symbol of quality but also a forerunner that points to the direction of the fair transition of fashion, playing a key role with European and international institutions
Make sustainability business choices more profitable	Unlocking and fully exploiting the potential for change of EU companies by promoting the development, dissemination and large-scale adoption of green technologies throughout the fashion value chain
Promote an integrated approach between recycling and reuse	Create virtuous synergies between recycling and reuse operators to effectively address the challenge of overproduction, by promoting an appropriate improvement in the physical and intangible durability of eco-designed fabrics while reducing multi-material clothing

In order to achieve these results, the choice of production materials is essential. This is the point in the supply chain where Lariotex operates and where its contribution is significant: ensuring the selection of the best materials in terms of sustainable processes and the absence of substances harmful to humans and the environment.

Lariotex: sustainability by choice

GRI Standards 2-6

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



Policies on the use of chemical components show a choice for the health of end-users and users of textile products, but also a willingness and commitment to minimise the environmental impacts associated with the processes of spinning, weaving and dyeing of raw materials and textile fibres. The commitment to tracing all impacts along the supply chain is an element of responsibility for managing all significant aspects related to Lariotex's business.

Governance and responsible conduct of the business

Governance of Lariotex

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

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

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

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

As a result of the adoption of the Organisation, Management and Control Model under the terms of Legislative Decree No. 231/2001 ("Model 231") a Supervisory Body was also appointed in 2021, which ensures correct operation of "Model 231" and ensures it is updated. Lariotex's Governance Model, reinforced by the adoption of Model 231, includes the verification of potential conflicts of interest of management, appropriate conduct principles for dealing with any related parties and the pursuit of shared values set out in the Code of Ethics.

Sole Director	
Pierluigi Biondi	Sole Director
Board of Statutory Auditors	
Francesco Gianluca Pecere	Chairman
Gianmario Ferrari	Auditor
Giuseppe Erba	Auditor

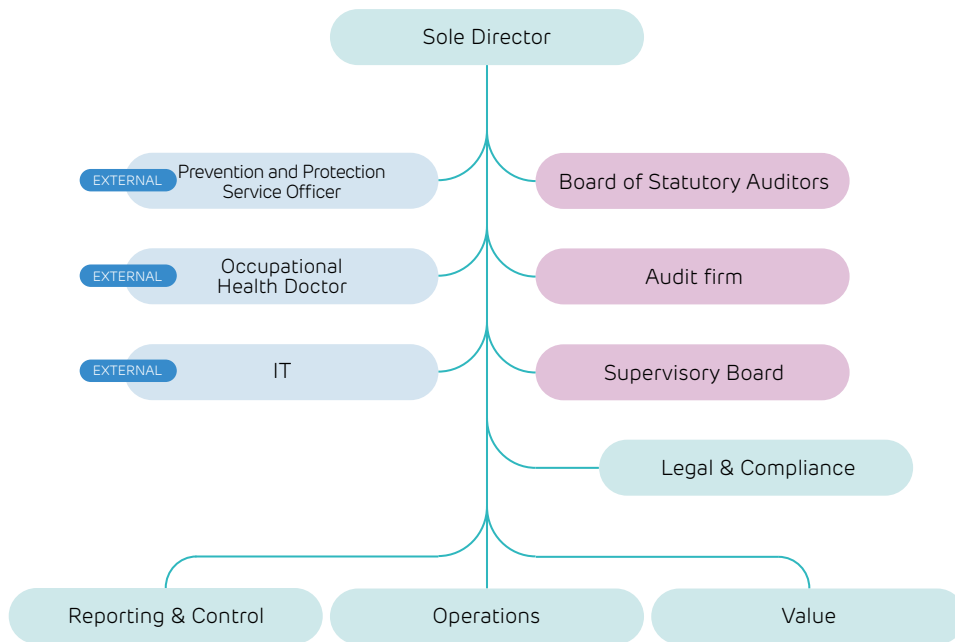
Sustainability governance

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

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

Delegation processes and organisational structure

GRI Standards 2-9; 2-13; 2-16



Three of the four department heads who report directly to the Sole Director (Management) are female.

The areas covered by the department heads are:

- Reporting & Control:** the administrative-accounting department is responsible for the accounting records of management events, the determination of economic and financial results, and the preparation of final and forecast reports for various stakeholders. This department manages the entire billing cycle, from customer records to collection and payment management, as well as periodic processing in compliance with tax regulations and the preparation of the financial statements.
- Operations:** the Company’s operational department, within which the processes for the purchase and sale of marketed items are managed. Specifically, it oversees training and development on goods, handles their receipt and dispatch, as well as their storage. It manages goods in transit, i.e., those owned by Lariotex but not yet physically present in the available warehouses as they are en route to them. Finally, it manages relationships with Customs authorities involved in import procedures.
- Value:** the department that manages product and process certifications, handles the control of supply chains for purchased products, supports external audits, monitors and manages company risks, and provides the registration of marketed items after approving their respective technical data sheets. The Value department also prepares the Sustainability Report, collecting the necessary data and overseeing its processing and communication to Stakeholders. Furthermore, it collaborates with the Sample Department to verify product com-

pliance and manages supplier disputes. It manages the company image and social media communication. It monitors the coverage of company risks, excluding credit risk.

- **Legal & Compliance:** this department is tasked with aligning the business with various current regulations, including privacy, anti-money laundering, administrative liability for corporate offences, and safety. The area is also responsible for Staff management and Receivables Monitoring and related risks.

Communication processes

Within the scope of their responsibilities, department heads report to the Sole Director on any issues and concerns that have arisen in the performance of their activities or that have come to their attention, so that the Sole Director can take appropriate action. No complaints were received during 2023.

Associations

GRI Standards 2-28

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

Associations - Since 2023 Lariotex has joined the Friends of the MA*GA Museum Association, a network of citizens, institutions and businesses supporting the artistic and cultural activities carried out by the Museum. During the year, the company also decided to support the LIUC – Carlo Cattaneo University through the provision of three merit awards and a donation in support of Future Founders campaign. Lariotex joined Confindustria in 2021.

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

GRI Standards 2-23; 2-24; 2-25; 2-26

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

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

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

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

Model 231 adopted by Lariotex consists of:

1. a **General Part**, with the related appendices, which contains an analysis of Legislative Decree No. 231/2001, a description of the business conducted by the company and a definition of the structure necessary for effective and efficient implementation of Model 231.
2. **Code of Ethics and Conduct**, which contains all the rights, duties and responsibilities of the company in respect of "stakeholders" (employees, suppliers, customers, Public Authorities, shareholders, financial markets, etc.). This code has the function of *"recommending, promoting or banning certain behaviours, regardless of that expected at regulatory level, providing sanctions proportionate to the severity of the infringements committed"*.
3. a **Special Part**, with the related appendices, whose purpose is to:
 - a. Identify the sensitive activities of committing offences and the related preventive measures.
 - b. Specify the rules that the exponents and company departments are required to observe for correct application of Model 231.
 - c. Equip the Supervisory Board and the other control functions with the tools to carry out monitoring, control and audit tasks.

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

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

On 10 March 2023, the Council of Ministers definitively approved the legislative decree that implements Directive (EU) 2019/1937 of the European Parliament

and of the Council, known as the Whistleblowing Directive. The decree came into force on 15 July 2023, and Lariotex complied with the new whistleblowing obligations according to the timelines specified by the legislation.

Within the framework of regulatory provisions, Lariotex has established a channel to allow whistleblowers to report relevant unlawful conduct under Legislative Decree 231/2001, as well as offences that fall within the scope of application of European Union or national acts relating to Legislative Decree 24/2023 or violations of company procedures. The Company has therefore set up a dedicated platform, available to internal and external stakeholders, for sending such reports (whistleblowersoftware.com), which is suitable for ensuring the whistleblower's confidentiality.

Reports are managed by the Supervisory Body, in compliance with current regulations.

Lariotex is committed to promoting and developing appropriate training and awareness programmes related to the procedure for reporting breaches, with the aim of strengthening its compliance culture and increasing understanding and awareness of the importance of Whistleblowing systems.

No significant reports were received by the Supervisory Body in 2023.

Code of Ethics and Conduct - General standards

GRI Standards 2-23; 2-24; 2-25; 2-26

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



The "Code" and Model 231 are available using this link [Comunicazioni Istituzionali](#).

Sustainability policy

GRI Standards 2-22

Lariotex does not believe ethics and profit conflict, since there can be no economic development that is separate from social and environmental matters. Since

2018, the company has consequently adopted a Sustainability policy, which envisages objectives related to environmental and social aspects. The aim is to contribute to generating positive change at global level, assuming a clear environmental and social responsibility.

Environmental responsibility

Lariotex tackles the aim of reducing the environmental impact its business, by adopting an approach to monitoring and continuous improvement of performance, starting from compliance with the regulations in force with a constant focus on innovation, research and development. See in this respect what has already been reported in the chapter *Quality, Sustainability and the role of the supply chain – Chemical management* of this Report.

In detail:

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

Reduced environmental impact

- Implement a chemical risk management system, aimed at reducing the environmental impact caused by using harmful chemical substances for humans and for the environment in the production processes along the production chain, according to the state of progress of technical knowledge in the field, by means of implementing the MRSL, ZDHC (Manufacturing Restricted Substances List).
- Ensure the constant monitoring and improvement of the quality of the wastewater directly and indirectly connected to Lariotex production.
- Inform and train employees on the company's activities in the context of sustainability to stimulate research and innovation.
- Seek legislative compliance by constantly seeking partners and suppliers who share the same values and strategic objectives.
- Use cutting-edge technical and managerial tools to improve performance in the context of sustainability.
- Periodically share the results achieved and the new improvement objectives defined with stakeholders.
- Correctly and responsibly manage waste resulting from the production process.
- Favour, where possible, raw materials with a lower environmental and social impact, such as raw materials that are recycled or reconditioned, traced and traceable, organic and/or related to sustainable initiatives.
- Seek and favour solutions aimed at reducing waste production and/or increase reuse and recycling practices.
- Limit the impact on forests caused by using components derived from plant

raw material, originating from them and linked to situations of: i) illegal logging or trade in wood or illegal cellulose; ii) breach of human rights in forestry activities; iii) destruction of areas of particular botanical interest; iv) significant conversion of forests into plantations; v) the introduction of GMOs into forestry activities; vi) breach of the ILO Convention on the rights of workers involved in the related supply chain.

Social responsibility

In a social-ethical context, Lariotex undertakes to respect workers' rights according to the Universal Declaration of Human Rights and respect the main conventions of the International Labour Organisation (ILO), national legislation and the conditions laid down by national collective bargaining on the matter of:

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

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

The dissemination of policies

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

Following the rules - Compliance

GRI Standards 2-27

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

Following the environmental rules

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

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

On the date of this document, there are no existing cases of breaches of the laws and/or regulations relating to provisions of a social, economic and tax nature. No sanctions of this type were received in 2023 and no important proceedings in this respect are indicated.

Impacts and material topics

Impacts and material topics according to GRI standards

GRI Standards 3-1

According to GRI standards, impacts refer to the economic, environmental and social effects, including human rights impacts, that a company has or might have as a result of its activities or business and commercial relationships. Impacts may be actual or potential, negative or positive, short- or long-term, intentional or unintentional, reversible or irreversible, and represent an organisation's positive or negative contribution to sustainable development. Impacts, depending on their different nature (economic, environmental and social) are interrelated and indicate the company's contribution, negative or positive, to sustainable development. The most significant impacts, as identified by the company using the approach described in the following paragraphs, are material topics.

The materiality analysis process always takes into account a dynamic reference context, typical of business management, which is called upon to address topics and associated impacts that change over time, both in nature and in relevance of impact, influencing strategy, business model, relationship system and decisions.

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

European Union - EU Directive 2022/2464 and double materiality

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

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

The process of identifying - assessing and prioritising topics

GRI Standards 3-1

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

Understanding the context of the organisation

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

Identifying actual and potential impacts

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

External sources

Regulatory framework - EU Strategy for Sustainable and Circular Textiles

World Economic Forum - Strategic Intelligence/Global Risk Report

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

SASB – Sustainability Accounting Standards - Materiality Finder

ESRS – European Sustainability Reporting Standards

IFRS-S

Industry studies and research - megatrend

Reports from local - national - international government agencies

Reports/insights from industry associations and organisations

Lariotex's main peer benchmarking and strategic partners: a) Material topics; b) Policies; c) Risk management

Internal sources

Organisational and Management Model Mod.231

Lariotex Code of Ethics

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

Assessment of relevance and prioritising impacts

GRI Standards 3-1

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

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

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

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

Material topics

GRI Standards 3-2

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

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

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

S Social					
3	Management, training and human resources development	Attract talent, career support and development [POSITIVE]	Actual: training plans aimed at developing skills	401 Employment	
			Direct: related to direct activities only		
			Short- to medium- to long-term (structural to the business model)	404 Training and education	
			Expected as connected to the business		
4	Occupational health and safety	Provide working conditions that protect and monitor the health and safety of all employees [NEGATIVE]	Potential: monitoring of accidents and workplace health and safety policies	403 Occupational health and safety	
			Direct: related to direct activities only		
			Short- to medium- to long-term (structural to the business model)		
			Expected as connected to the business		
5	Human resources: Diversity Equality Inclusion	Creating a work environment that respects and values diversity, without discrimination, is inclusive and that ensures equal opportunities and fair treatment [POSITIVE]	Actual: protection through the company's Code of Ethics	405 Diversity and equal opportunities	
			Direct: related to direct activities only		
			Short- to medium- to long-term (structural to the business model)	406 Non-discrimination	
			Expected as connected to the business		
6	Sustainable management of the supply chain	Selection, qualification, management and monitoring of the supply chain according to sustainability criteria and parameters (governance, social and environmental indicators) [NEGATIVE]	Actual: ESG supply chain management and monitoring	308 Supplier environmental assessment	
			Through business relationships (structural to the business model)		
			Short- to medium- to long-term (structural to the business model)	414 Supplier social assessment	
			Expected as connected to current processes		
7	Product quality and responsible customer relationships	Ability to supply a quality product, and build customer relationships based on the transparency of product characteristics and marketing [POSITIVE]	Actual: monitoring product quality through certifications	417 Marketing and labelling	
			Direct and through business relationships		
			Short- to medium- to long-term (structural to the business model)		
			Expected as connected to current production processes		
8	Product safety and chemical management	Ability to implement and offer innovative services and solutions, consistent with the expectations and needs of consumers/communities and the protection of their health, in compliance with the relevant legislation [NEGATIVE]	Actual: following PRSL 4sustainability and MRSL ZDHC protocols	416 Customer health and safety	
			Direct and through business relationships		
			Short- to medium- to long-term (structural to the business model)		
			Expected as connected to current production processes		

G Governance					
9	Integrity and ethical conduct of the business	Ethical business management through policies and procedures that ensure regulatory compliance and tax transparency [POSITIVE]	Actual: MOG Legislative Decree No. 231/2001 and the Code of Ethics	205 Policy	
			Direct and through business relationships (structural to the business model)	206 Anti-competitive behaviour	
			Short- to medium- to long-term (structural to the business model)	418 Customer privacy	
			Expected as connected to the business		
10	Generation and distribution of value	Ability to generate economic and financial value to ensure business continuity over time and distribution of value to stakeholders [POSITIVE]	Actual: creation of economic value generated and distributed	201 Economic performance	
			Direct and through business relationships (structural to the business model)		
			Short- to medium- to long-term (structural to the business model)		
			Expected as connected to the business		
11	Innovation, research and development	Investment in research, development and innovation with the aim of reducing the environmental impacts of the entire supply chain and thus generating positive environmental and social impacts [POSITIVE]	Actual: development of eco-friendly collections	Reporting topic with general information (GRI 2)	
			Direct and through business relationships (structural to the business model)		
			Short- to medium- to long-term (structural to the business model)		
			Expected as connected to current production processes		

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

Material topics - LARIOTEX

- Sustainable raw materials
- Product safety and chemical management
- Sustainable management of the supply chain

- Product quality and responsible customer relationships
- Energy consumption, emissions and climate change

- Generation and distribution of value
- Management, training and human resources development
- Human resources: Diversity Equality Inclusion

- Integrity and ethical conduct of the business
- Occupational health and safety
- Innovation, research and development





Changes since the previous reporting period



No changes have been made to the material topics identified during the previous reporting period.





Material topics - Goals and actions

GRI Standards 3-3

Material topic	Sustainability plan objectives				SDGs Sustainable Development Goals	
	DESCRIPTION	ACTIONS	INDICATORS	TIMELINE	SDG	TARGET
Environmental						
Energy consumption, emissions and climate change	Reduction of greenhouse gas (GHG) emissions from activities in Lariotex plants and along its value chain	Use of 100% of electricity from renewable sources in Lariotex plants	RENEWABLE ENERGY USED FOR INTERNAL CONSUMPTION/ INTERNAL CONSUMPTION OF ELECTRICITY	2024-2025	 	13.2: Integrate climate change measures into national policies, strategies and planning. 7.2: By 2030, significantly increase the share of renewable energy in the global energy mix
		Replacement of the consumption of natural gas and LPG for heating in favour of electricity from renewable sources	CONSUMPTION OF NATURAL GAS AND LPG/ INTERNAL CONSUMPTION	2024-2025		
		Mapping of indirect emissions along the value chain - GHG Scope 3 - and calculation of societal significant categories		2024-2025		
Sustainable raw materials	Favour raw materials with a lower environmental and social impact, such as raw materials that are recycled or reconditioned, traced and traceable, organic and/or related to sustainable initiatives	Monitor the composition of fabrics purchased and select products with a percentage of recycled material of no less than 50%	FABRICS PURCHASED AT LEAST 50% MADE FROM RECYCLED MATERIAL	2024-2025		12.2 By 2030, achieve sustainable management and efficient use of natural resources
		Keep at least 50% of the fabrics sold the ECO line	FABRICS SOLD BELONGING TO THE ECO LINE/TOTAL FABRICS SOLD	Business continuity		
		Direct purchase of recycled plastic only	RECYCLED PLASTIC PURCHASED/TOTAL PLASTIC USED	2025		
		Use only FSC certified paper for packaging	FSC CERTIFIED PAPER/ PAPER USED FOR PACKAGING	2025		

Social						
Management, training and human resources development	Educate and train employees to foster internal growth and stimulate research and innovation	Define employee development plans	% EMPLOYEES WITH DEFINED DEVELOPMENT PLANS	2025-2026		4.4 Significantly increase by 2030 the number of young people and adults with specific skills – including technical and professional skills – for employment, decent jobs and entrepreneurship
		Prepare an annual climate analysis to understand the needs and difficulties of employees	CONSUMPTION OF NATURAL GAS AND LPG/ INTERNAL CONSUMPTION	2025		
		Share economic results and ESG with employees for greater involvement in business development		2024		
Occupational health and safety	Ensure health and promote a safe and protected working environment for all workers	Provide ongoing training for all employees on health and safety issues	% EMPLOYEES TRAINED IN HEALTH AND SAFETY	Business continuity		8.8 Protect the right to work and promote a healthy and safe working environment for all workers
		Keep employee injury rates at zero	NO. ACCIDENTS	Business continuity		
Human resources: Diversity Equality Inclusion	Protect human rights by adopting policies and creating programmes aimed at spreading an inclusive culture of respect and equal treatment in the protection of all differences, not just gender differences	Update of the Code of Ethics and Mod. 231/2001, assessing the integration of additional policies not covered to date		2024		5.5 Ensure women’s full and effective participation and equal opportunities for leadership.
						10.2 By 2030, enhance and promote the social, economic and political inclusion of all, regardless of age, sex, disability, race, ethnicity, origin, religion, economic status or otherwise

Sustainable management of the supply chain	Ensure monitoring of the environmental and social impacts of the production process, and limit the impact on ecosystems caused by the supply of raw materials	Draft a supplier code of conduct and cover 75% of purchased volumes		2024-2025	 6.3: By 2030, improve water quality to reduce pollution by minimising the release of chemicals and hazardous materials, halve the percentage of untreated wastewater, and substantially increase recycling and safe reuse globally
		Implement a platform to monitor and map suppliers' environmental and social risks		2024-2025	
		Arrange periodic supplier audits to verify compliance with required quality, environmental and social standards		2025	
		Define an internal supply policy for selecting suppliers using environmental and social criteria		2025	
Product quality and responsible customer relationships	Provide a quality product that will last and meet customer expectations	Improve the traceability of products sold to ensure their quality and safety, such as the evaluation of the implementation of the digital passport for textiles		Business continuity	 8.2: Achieve higher levels of economic productivity through diversification, technological updating and innovation, including by aiming for high added value in labour-intensive sectors
		Implementation of the ISO 9001:2015 management system		2024	

<p>Product safety and chemical management</p>	<p>Implement a chemical risk management system to reduce the environmental impact of using chemicals that are harmful to humans and the environment in production processes throughout the production chain</p>	<p>Continued adherence to the PRSL 4sustainability and MRSL ZDHC protocols to control and eliminate toxic and harmful substances in the textile sector</p>		<p>Business continuity</p>	<p> 3.9 Reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination</p> <p> 12.4: by 2020, achieve the environmentally sound management of chemicals and all waste throughout their life cycle, in accordance with agreed international frameworks and significantly reduce their release into the air, water and soil in order to minimise their negative impacts on human health and the environment</p>
<p>Governance</p>					
<p>Integrity and ethical conduct of the business</p>	<p>Ethical business management through policies and procedures that ensure regulatory compliance and tax transparency</p>	<p>Obtain Authorised Economic Operator (AEO) authorisation</p>		<p>2024</p>	<p> 16.5: Substantially reduce corruption and bribery in all its forms</p>
		<p>Define sustainability performance KPIs applicable to the remuneration of Lariotex top management figures</p>		<p>2025</p>	<p>16.7: Ensure reactive inclusive, participatory and representative decision-making at all levels</p>
<p>Generation and distribution of value</p>	<p>Create sustainable value for all stakeholders by protecting and developing Lariotex's reputation</p>	<p>Adopt investment and economic development policies to create sustainable value for stakeholders</p>		<p>Business continuity</p>	<p> 8.1 Sustain per capita economic growth in accordance with national circumstances.</p>

<p>Innovation, research and development</p>	<p>Use cutting-edge technical and managerial tools to improve performance in the context of sustainability</p>	<p>Optimise management systems for certification renewal and extension</p>		<p>Business continuity</p>	 <p>9.4: By 2030, the upgrading of infrastructure industries and to make it sustainable, with greater resource efficiency to be used and greater adoption of clean and environmentally friendly technologies and industrial processes, in accordance with the respective capacities of countries</p>
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Risk management

GRI Standards 3-3

Risks and uncertainties the company is exposed to

In previous years, Lariotex carried out a preliminary analysis to identify the risk areas of concern to the Company and to define the relevant mitigation measures. The risk assessment is divided into three steps: a) Assessment of the inherent risk; b) Assessment of the effectiveness of controls; c) Assessment of the residual risk.

The risk model, which is the set of risk categories to which Lariotex could be exposed, is summarised in the following table: together with **some specific risks identified**. It also includes an indication of the **material topics related to the risk areas**.

The project, which began in 2023 and is currently being implemented, aims to deepen and complete the process of identifying risks (along with opportunities) and related profiles, evaluating the necessary actions to strengthen Lariotex's ability to manage and mitigate these risks. This process simultaneously requires the integration of ESG risks and opportunities in the Enterprise Risk Management (ERM) system.

The current procedures for managing risk areas are outlined in the various sections of this document, in the analysis and reporting of material topics, as well as in the objectives defined for the various material topics, which reference certain aspects concerning policies and procedures aimed at more effective management of risks related to sustainability topics.

Risk category	Risk area	Specific risks identified	Related material topics
Strategic risks	Strategies definition and implementation		<ul style="list-style-type: none"> • 2 Sustainable raw materials • 10 Generation and distribution of value
	Reputation		<ul style="list-style-type: none"> • 2 Sustainable raw materials • 6 Sustainable management of the supply chain. • 7 Product quality and responsible customer relationships • 9 Integrity and ethical conduct of the business
	Governance		<ul style="list-style-type: none"> • 9 Integrity and ethical conduct of the business
Operational risks	Health and safety		<ul style="list-style-type: none"> • 4 Occupational health and safety
	Environment		<ul style="list-style-type: none"> • 1 Energy consumption, emissions and climate change • 2 Sustainable raw materials
	Suppliers	<p>Fabric delivery delays/non-delivery due to transportation.</p> <p>Partial/temporary blocking or suspension of critical supplies due to supplier-related dynamics.</p>	<ul style="list-style-type: none"> • 2 Sustainable raw materials • 6 Sustainable management of the supply chain • 9 Integrity and ethical conduct of the business
	IT systems	<p>Compromise of confidentiality/integrity/availability of personal data (employees, suppliers, customers) related to information systems.</p> <p>IT systems/data networks unavailable/malfunctioning due to a logic attack.</p>	
	Business Continuity		<ul style="list-style-type: none"> • 2 Sustainable raw materials • 6 Sustainable management of the supply chain • 7 Product quality and responsible customer relationships • 9 Integrity and ethical conduct of the business
	Product	<p>Non-compliance of the finished product (e.g. concealed defects on the fabric, non-compliance with sustainability principles).</p>	<ul style="list-style-type: none"> • 2 Sustainable raw materials • 7 Product quality and responsible customer relationships
	Human resources	<p>Loss of key skills/knowledge.</p> <p>Qualitative sizing of staff not consistent with the organisation's needs in terms of outdated skills.</p>	<ul style="list-style-type: none"> • 3 Management, training and human resources development • 5 Human resources: Diversity Equality Inclusion

	Processes and procedures		<ul style="list-style-type: none"> • 3 Management, training and human resources development • 6 Sustainable management of the supply chain • 7 Product quality and responsible customer relationships • 9 Integrity and ethical conduct of the business
Operational risks	Natural events/climate change		<ul style="list-style-type: none"> • 1 Energy consumption, emissions and climate change
	Macroeconomic and geopolitical context	Reduced availability of textiles compared to business needs, as a result of macro-economic and geopolitical events, with specific reference to the Chinese market.	<ul style="list-style-type: none"> • 6 Sustainable management of the supply chain
	Customers		<ul style="list-style-type: none"> • 2 Sustainable raw materials
	Changes to the regulatory framework		<ul style="list-style-type: none"> • 2 Sustainable raw materials
	External illegal acts	Misappropriation of funds by external parties.	<ul style="list-style-type: none"> • 9 Integrity and ethical conduct of the business
Operational risks	Compliance with external regulations	Compromise of confidentiality/integrity/availability of personal data resulting from inadequacy of the privacy model	
	Compliance with internal regulations		
	Legal		<ul style="list-style-type: none"> • 6 Sustainable management of the supply chain • 9 Integrity and ethical conduct of the business
Financial risks	Liquidity	Generating insufficient cash flows to ensure payment deadlines and/or targets are met.	<ul style="list-style-type: none"> • 10 Generation and distribution of value
	Credit	Reduction in margin caused by unfavourable exchange rate changes.	
	Capital structure Market	Reduction in margin caused by unfavourable fluctuations in sea and air freight prices.	

Sustainability performance

Ethics and integrity

GRI Standards 3-3; 205-1; 205-2; 205-3; 206-1; 418-1

Anti-corruption

All members of the governance body and company employees are informed of the Model 231 adopted by the organisation and are trained on the subject at the end of the reporting period, excluding those hired in 2023, for whom a dedicated course has been organised and will be delivered in 2024. Please refer to *Section Governance and responsible business conduct* regarding the policies adopted.

During the financial year 2023, as well as in previous financial years subject to reporting, no episodes of asset or liability corruption were established involving directors or employees of Lariotex.

Procedures for respecting competition

In 2023, as in previous reporting periods, there have been no episodes and/or the opening of proceedings or legal action in respect of Lariotex relating to a breach of free competition, monopolistic practices or antitrust.

Security of data and information and Privacy Notice

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

Quality, sustainability and the role of the supply chain

The service offered by Lariotex allows customers not only to purchase a diverse choice of fabrics, in terms of type and characteristics. It is precisely the quality of its offer that makes Lariotex stand out in the market, placing a strong focus on the issues of environmental impacts and the safety of the materials that it acquires and sells.

Product safety and chemical management

GRI Standards 3-3; 416-1; 416-2; 417-1; 417-2

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

[The 4sustainability® commitment and ZDCH](#)

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



Lariotex has taken initiatives to comply with the strict requirements of the framework and, in particular, the **4sustainability® protocol**, in accordance with the main international standards and guidelines. The release and maintenance of the **4sustainability®** brand is subject to the implementation of one or more consistent initiatives, as well as to strict requirements that are constantly monitored. Adherence to the 4sustainability® roadmap involves:

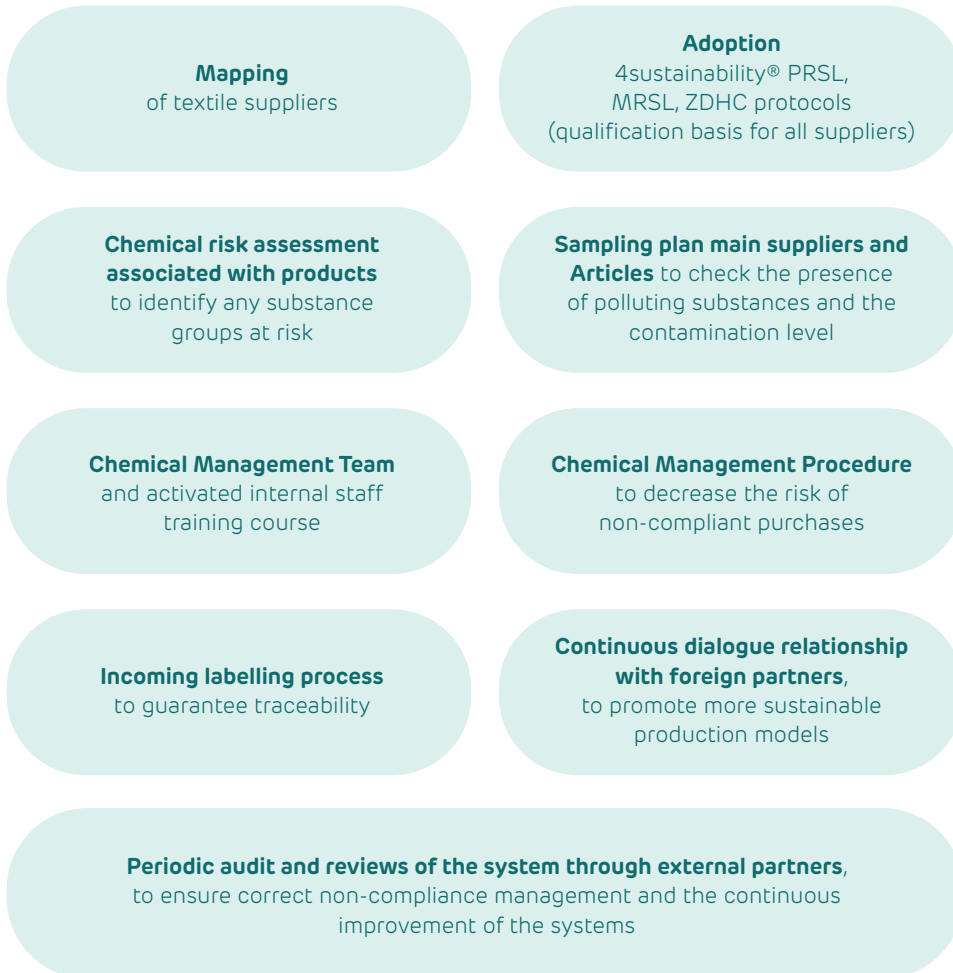
- Conversion to the use of lower impact materials for sustainable production;
- Elimination of toxic and harmful chemicals from production cycles;
- Traceability of processes and monitoring of the supply chain;
- Development of reuse and recycling practices.

The adoption of **PRSL 4sustainability®** (Product Restricted Substances List) has also allowed Lariotex to adhere to the Chemical Management Protocol for the elimination of **toxic and harmful substances in ZDHC** (Zero Discharge of Hazardous Chemicals) production/[Roadmap to Zero](#), the aim of which is to eliminate toxic and harmful substances from the textile sector.

Ø ZDHC

[The Lariotex policy](#)

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



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

[Lariotex's chemical management results](#)

Signing up to Process Factory's 4sustainability protocol allows us to implement structured initiatives that are verified and measured annually. The audit conducted in early 2024 (4s Assurance Report Chemical Management) assigned Lariotex a significant overall rating of 95%, a notable improvement on our 2023 performance (78%).

In particular, and with respect to the different areas of analysis:

- Management System 100%
- Materials Risk Management 100%
- Supply Chain Assessment 87.5%
- Process Management 100%

Health and safety of customers - Compliance and labelling of products

In 2023, as in the previous reporting period (2021-2023) there were no episodes and/or opening of proceedings or legal actions in respect of Lariotex relating to the consequences on the health and safety of customers resulting from the use of Lariotex products or product and/or labelling non-compliance. There are not proceedings in progress in this regard.

Sustainability of raw materials

GRI Standards 3-3; 301-1; 301-2

Fabrics: collection volumes – Eco-friendly collection

The fabrics marketed come mainly from China (79.8% of the total metres purchased). In addition to China, the countries where textiles are mainly purchased are South Korea (6.2%), Germany (3.8%) and Belgium (3.8%).

Looking at the data on imports of silk fabrics from China, the 2023 data compared to 2022 (Estimates by the Italian Silk Office based on ISTAT data) recorded a worldwide decrease of 25.34% (only China -29.80%) for quantities and 24.47% (only China -34.58%) for values. Lariotex, in turn, recorded the following trends:

- Decline in the luxury sector from August 2023, continuing into 2024
- Significant growth in linen and others, new products to diversify the offering

The data presented below show the proportion of different fabrics within Lariotex's sales for the three-year period 2021-2023.

		↓ QUANTITIES SOLD PER FIBRE TYPE METRES					
		2021		2022		2023	
		Non-renewables	Renewables	Non-renewables	Renewables	Non-renewables	Renewables
Polyester	METRES	20,848,546	-	25,968,824	-	16,645,794	-
Viscose	METRES	-	11,136,991	-	11,170,802	-	7,131,845
Silk	METRES	-	2,243,254	-	2,231,233	-	1,463,614
Cotton	METRES	-	5,629,181	-	3,876,555	-	3,691,860
Other fibres	METRES	-	928,912	-	371,336	71,019	711,819
Total	METRES	20,848,546	19,938,338	25,968,824	17,649,926	16,716,813	12,999,138
			40,786,884		43,618,750		29,715,951

A breakdown of fibres other than polyester, viscose, silk and cotton is provided for 2023.

		2023	
		Non-renewables	Renewables
↓ OTHER FIBRES			
Flax	METRES		332,191
Lyocell	METRES		1,171
Wool	METRES		36,281
Modal	METRES		12,968
Cashmere	METRES		3,932
Ramie	METRES		325,276
Nylon	METRES	71,019	
Total other fibres	METRES	71,019	711,819

[The Lariotex Eco collection](#)

The catalogue of Lariotex’s offer includes a sustainable product line, which meets the needs of customers and the needs of the market. The trademark **LARIOTEX ECO** identifies **certified products** in the catalogue.

In the period 2020-2023, the marketing of products in the Eco collection took on an increasing weight, rising from 28.5% of total sales in 2020 to 69.0% in 2023.

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

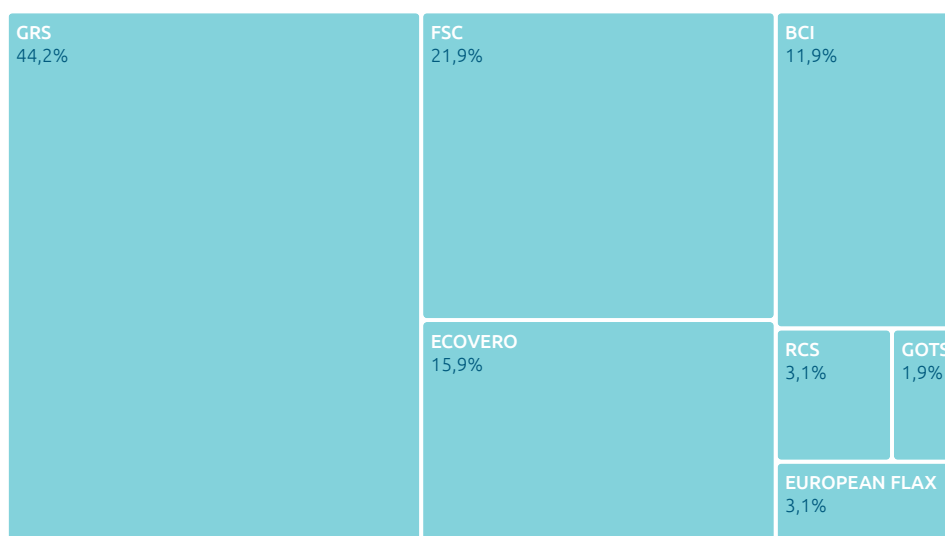
	2021		2022		2023	
	METRES	%	METRES	%	METRES	%
Echo	19,430,506	47.6%	26,145,166	59.9%	20,509,287	69.0%
Luxury	2,257,012	5.5%	2,042,321	4.7%	1,454,308	4.9%
Total Eco and Luxury	21,687,518	53.1%	28,187,487	64.6%	21,963,595	73.9%
Basic	14,022,380	34.4%	12,423,888	28.5%	6,253,735	21.0%
Fashion	4,970,885	12.2%	2,955,422	6.8%	1,426,317	4.8%
Home	106,101	0.3%	51,953	0.1%	72,304	0.2%
Total	40,786,884	100%	43,618,750	100%	29,715,951	100%

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

↓ ECO-FRIENDLY COLLECTION - MAIN FIBRE

	2021		2022		2023		Material origin/certifications
	METRES	%	METRES	%	METRES	%	
Polyester	8,004,022	41.2%	13,278,676	50.8%	10,661,773	52.0%	<ul style="list-style-type: none"> From recycling - GRS Global Recycle Standard
Viscose	7,876,600	40.5%	9,463,565	36.2%	6,247,838	30.5%	<ul style="list-style-type: none"> FSC Forest Stewardship Council ECOVERO by Lenzing ECOTANG from Sanyou
Silk	219,576	1.1%	297,377	1.1%	199,553	1.0%	<ul style="list-style-type: none"> GOTS - Organic
Cotton	3,299,473	17.0%	2,897,748	11.1%	3,097,628	15.1%	<ul style="list-style-type: none"> GOTS – Organic BCI
Flax	30,835	0.2%	207,800	0.8%	260,006	1.3%	<ul style="list-style-type: none"> European Flax
Lyocell	-	-	-	-	1,171	0.0%	<ul style="list-style-type: none"> Lyocell by Lenzing
Nylon	-	-	-	-	41,318	0.2%	<ul style="list-style-type: none"> From recycling - GRS Global Recycle Standard RCS Recycled Claim Standard
Total	19,430,506	100%	26,145,166	100%	20,509,287	100%	

↓ SHARE OF CERTIFICATIONS ON METRES SOLD



	2021	2022	2023
	% METRES SOLD	% METRES SOLD	% METRES SOLD
GRS	33.1%	43.0%	44.2%
FSC	21.4%	22.8%	21.9%
ECOVERO	19.5%	14.7%	15.9%
BCI	12.0%	9.3%	11.9%
RCS	11.3%	8.5%	3.1%
GOTS	2.6%	1.0%	1.9%
EUROPEAN FLAX	0.1%	0.7%	3.1%

Fabrics	Characteristics and certifications
Polyester	<ul style="list-style-type: none"> • GRS Global Recycle Standard - Mark that certifies products obtained from material to be recycled in the manufacturing activity and enhances the environmental and social criteria of the supply chain
Nylon	<ul style="list-style-type: none"> • GRS Global Recycle Standard • RCS Recycled Claim Standard
Viscose	<ul style="list-style-type: none"> • RCS Recycled Claim Standard • FSC Forest Stewardship Council - International organisation recognised as a certifying body of correct forestry management and traceability of the sustainable product • ECOZERO™ by Lenzing - A brand registered by the Lenzing group to identify revolutionary and innovative fibres. Derived from certified sources of renewable wood that use an eco-responsible production process that meet high environmental standards
Cotton	<ul style="list-style-type: none"> • BCI Better Cotton Initiative - The Better Cotton Initiative (BCI) is a global not-for-profit organisation and the largest cotton sustainability programme in the world. BCI exists to improve the global production of cotton for the people who produce it and to reduce its environmental impact • GOTS Global Organic Textile Standard - It is the most important international standard for the certification of the textile products made with natural fibres from organic farming
Flax	<ul style="list-style-type: none"> • EUROPEAN FLAX - A standard that guarantees the traceability of flax fibre grown in Europe, without artificial irrigation and without GMOs
Polyester, viscose, silk, cotton and linen	<ul style="list-style-type: none"> • STANDARD 100 by OEKO-TEX®.OEKO-TEX Standard 100 - Single standard of certification and control in the field of textile raw materials, at all stages of processing that identifies products that do not present any risk to the consumer's health
Silk	<ul style="list-style-type: none"> • GOTS Global Organic Textile Standard - It is the most important international standard for the certification of the textile products made with natural fibres from organic farming
Lyocell	<ul style="list-style-type: none"> • TENCEL™ by Lenzing - A trademark registered by the Lenzing Group to identify sustainable fibres. TENCEL™ certified fabrics are sourced from certified renewable wood sources and the manufacturing process minimises scrap and waste

Sustainable management of the supply chain

GRI Standards 3-3; 308-1; 414-1

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

Collaboration Converters and suppliers

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

Supply chain check - Green compliance

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

Logistics and sustainable mobility

- **Logistical proximity** to customers, fast delivery
- **Efficient logistics** (central warehouse + external DHL hub) for a sustainable logistics and transport/mobility system

The role and monitoring of the supply chain - Chemicals

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

This update allows Lariotex to obtain a rating for its suppliers with regard to chemical analysis of raw materials used in fabric making. For 2023, the analysis carried out in the field of Chemical Management, compared to the chemical analysis carried out on the raw materials used for the production of fabrics, showed 6% of mapped suppliers had a high rating and 94% had an average rating.

4s Materials – 4s Trace

In 2023, Lariotex also continued with the **4s Materials** and **4s Trace** initiatives (also developed within the 4s software).

4s Materials enables the improvement of the sustainability profile of the products sold, favouring the use of environmentally sustainable materials. A commitment already implemented by Lariotex with the ECO line and by adhering to 4s Materials makes it possible to strengthen, with actions such as improving the management system, preparing an ad hoc report and identifying specific KPIs. The audit carried out in early 2024 confirmed Lariotex's commitment and awarded the Company Excellence level.

The 4s Trace initiative was introduced in Lariotex in 2021, with a first assessment of the traceability of materials used and process water analyses of its suppliers. 4s Trace aims to define a system of traceability of the materials and conditions (environmental and social) in which they have been produced throughout the supply chain. In support of this pillar, in 2022 Lariotex signed the **4Sustainability Charter of Values**, a document that outlines the principles for ethical business conduct, which the Company adopts and **asks its suppliers to share**. In detail:

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

The Charter of Values calls for the commitment to guarantee rights at work, active action to avoid discrimination, compliance with regulations for responsible business conduct, respect for the environment, care over the choice of materials and chemical management. The Charter of Values was signed by suppliers representing 94% of purchase volume. This initiative represents a further step (which will be followed by further implementation) for Lariotex in the direction of controlling and directing its supply chain in a sustainable way.

[Purchases of other materials - packaging](#)

In 2022, three initiatives were taken with regard to packaging and continued in 2023:

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

Moreover, throughout 2023, Lariotex purchased reusable pallets (83% of total purchases), continuing and implementing the commitment it set itself to use mainly pallets from recovery activities (the remaining share of purchases is characterised as reusable).

[Logistics and environmental impact](#)

The efficiency of the logistics is decisive in ensuring the punctuality of the deliveries. Due to the peculiarities of the sector, it is also one of the elements of the Lariotex value chain that has the most environmental impact. The logistics sector (transport/mobility) is, moreover, one of the sectors most responsible for releasing CO₂ into the atmosphere.

In 2023 Lariotex used more logistics companies than in previous years. In particular, DSV Solutions S.r.l. and DHL Global Forwarding S.p.A. were entrusted with the largest number of transports, corresponding respectively to 34.3% and 33.3% of fabric metres purchased.

In 2023, Lariotex maintained its adherence to the GLS's 'Climate Protect' initiative, which aims to achieve carbon neutrality by offsetting and reducing emissions.

In 2024, the company will also sign up to "DHL GoGreen", a programme to offset emissions through the implementation of environmental and social projects.

[Lariotex's commitment – Social aspects](#)

Lariotex is engaged in defining a path to gradually improve its "procurement policy" (processes involving the qualification, selection and evaluation of suppliers) which also includes social criteria, in a structured and explicit way, in addition to the environmental criteria, now adopted systematically for the chemical management part. In particular, the issue of human rights can potentially affect processes related to the supply chain. See in this regard that specified in the Sustainability policy and in the paragraph dedicated to managing relations with suppliers.

Human resources

People management

GRI Standards 3-3; 406-1

Human resources management is guided by the *Sustainability policy*, referred to in the previous chapter. The values to which Lariotex's staff policy is based are also mentioned in the Code of Ethics.

Lariotex undertakes to respect workers' rights according to the Universal Declaration of Human Rights and respect the main conventions of the International Labour Organisation (ILO), national legislation and the conditions laid down by national collective bargaining regarding: Freedom of association and the right to collective bargaining - Child labour and underage work - Forced labour - Health and safety - Prevention of all forms of discrimination and abuse - Regularity and transparency in employment contracts, recording of working hours, payment of due wages. For 2023, there were no critical incidents in respect of these aspects.

In 2023, in addition to confirming the meal vouchers distributed to all employees of the company, including temporary workers, fuel cards and shopping vouchers were also issued to employees.

It should be noted that, regarding that set in policy GRI 2-7, Lariotex has not yet formalised an internal communication procedure for employees who do not identify as male or female. To date, no communications have been received from employees stating that they do not identify with these genders or expressing a desire not to disclose the gender with which they identify, regardless of their personal information and biological sex.

Employees, employment and turnover

GRI Standards 2-7; 2-8; 2-30; 3-3; 401-1; 401-2; 401-3

At 31 December 2023, Lariotex had 22 employees. The following data representing the workforce are calculated with reference to employees at the end of each reference period (HC/Head Count). 91% of employees are employed on permanent contracts, and female employees as at 31 December 2023 account for 41% of the total. There is only one employee on a part-time contract. Lariotex applies the national collective labour agreement for the trade sector (CCNL).

↓ EMPLOYEES AT THE END OF THE PERIOD/BY GENDER

	2021			2022			2023		
	women	men	total	women	men	total	women	men	total
Employees at the end of the period	8	9	17	9	10	19	9	13	22

↓ EMPLOYEES BY TYPE OF CONTRACT/BY GENDER

	2021			2022			2023		
	women	men	total	women	men	total	women	men	total
Permanent	7	9	16	9	10	19	9	11	20
Temporary	1	-	1	-	-	-	-	2	2
Total	8	9	17	9	10	19	9	13	22

Lariotex may also use non-employees to perform its business. Specifically, the Company used the services of six temporary workers in 2023.

Turnover

Lariotex’s staff turnover during the three-year period 2021-2023 saw a total of 14 new hires and 5 people left.

↓ EMPLOYEE TURNOVER RATES BY GENDER

	2021			2022			2023		
	women	men	total	women	men	total	women	men	total
New hires	60.0%	12.5%	30.8%	25.0%	33.3%	29.4%	11.1%	40.0%	26.3%
Leavers	-	-	-	12.5%	22.2%	17.6%	11.1%	10.0%	10.5%
Total	60.0%	12.5%	30.8%	12.5%	11.1%	11.8%	0.0%	30.0%	15.8%

Diversity

GRI Standards 3-3; 405-1; 405-2

↓ EMPLOYEES PER TYPE OF JOB/BY GENDER

	2021			2022			2023		
	women	men	total	women	men	total	women	men	total
Full-time	5	9	14	7	10	17	8	13	21
Part-time	3	-	3	2	-	2	1	-	1
Total	8	9	17	9	10	19	9	13	22

For 2023, the presence of two people covering the role of Manager is confirmed.

↓ DIVERSITY OF EMPLOYEES - CATEGORY/GENDER

		2021			2022			2023		
		women	men	total	women	men	total	women	men	total
Managers	UNITS	2	-	2	1	1	2	1	1	2
	%	11.8%	-	11.8%	5.3%	5.3%	10.5%	4.5%	4.5%	9.1%
Clerical staff	UNITS	5	3	8	7	3	10	7	3	10
	%	29.4%	17.6%	47.1%	36.8%	15.8%	52.6%	31.8%	13.6%	45.5%
Manual workers	UNITS	1	6	7	1	6	7	1	9	10
	%	5.9%	35.3%	41.2%	5.3%	31.6%	36.8%	4.5%	40.9%	45.5%
Total	UNITS	8	9	17	9	10	19	9	13	22
	%	47.1%	52.9%	100%	47.4%	52.6%	100%	40.9%	59.1%	100%

↓ DIVERSITY OF EMPLOYEES – AGE/GENDER

		2021			2022			2023		
		women	men	total	women	men	total	women	men	total
<29 years old	UNITS	2	1	3	1	1	2	1	4	5
	%	11.8%	5.9%	17.6%	5.3%	5.3%	10.5%	4.5%	18.2%	22.7%
30 to 50 years old	UNITS	1	4	5	4	4	8	4	4	8
	%	5.9%	23.5%	29.4%	21.1%	21.1%	42.1%	18.2%	18.2%	36.4%
>50 years old	UNITS	5	4	9	4	5	9	4	5	9
	%	29.4%	23.5%	52.9%	21.1%	26.3%	47.4%	18.2%	22.7%	40.9%
Total	UNITS	8	9	17	9	10	19	9	13	22
	%	47.1%	52.9%	100%	47.4%	52.6%	100%	40.9%	59.1%	100%

↓ DIVERSITY OF EMPLOYEES - CATEGORY/AGE GROUP

		2021				2022				2023			
		<29	30÷50	>50	total	<29	30÷50	>50	total	<29	30÷50	>50	total
Managers	UNITS	-	1	1	2	-	1	1	2	-	-	2	2
	%	-	5.9%	5.9%	11.8%	-	5.3%	5.3%	10.5%	-	-	9.1%	9.1%
Clerical staff	UNITS	2	2	4	8	1	5	4	10	1	6	3	10
	%	11.8%	11.8%	23.5%	47.1%	5.3%	26.3%	21.1%	52.6%	4.5%	27.3%	13.6%	45.5%
Manual workers	UNITS	1	2	4	7	1	2	4	7	4	2	4	10
	%	5.9%	11.8%	23.5%	41.2%	5.3%	10.5%	21.1%	36.8%	18.2%	9.1%	18.2%	45.5%
Total	UNITS	3	5	9	17	2	8	9	19	5	8	9	22
	%	17.6%	29.4%	52.9%	100%	10.5%	42.1%	47.4%	100%	22.7%	36.4%	40.9%	100%

Comparing basic wages and wages by gender shows equal pay across different qualifications, which increased over the reported reporting period.

↓ BASIC SALARY

		2021*			2022*			2023		
		women	men	total	women	men	total	women	men	total
Managers	€	43,250	-	-	52,365	50,000	104.7%	53,094	50,729	104.7%
Clerical staff	€	28,454	31,049	91.6%	30,836	33,815	108.1%	36,759	31,606	116.3%
Manual workers	€	24,217	28,979	83.6%	24,217	29,108	83.2%	24,654	27,225	90.6%

* ANNUAL DATA FOR THE YEARS 2021 AND 2022 ARE REPORTED FOR A BETTER COMPARISON WITH AVERAGE WAGE VALUES

↓ AVERAGE SALARY

		2021			2022			2023		
		women	men	total	women	men	total	women	men	total
Managers	€	44,023	-	-	64,280	50,000	128.6%	65,914	52,495	125.6%
Clerical staff	€	32,008	44,665	71.7%	34,316	47,440	65.4%	39,924	44,506	77.5%
Manual workers	€	25,182	32,139	78.4%	24,870	32,122	77.4%	25,986	28,591	90.9%

Maternity leave

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

Training

GRI Standards 3-3; 404-1; 404-3

Lariotex encourages the continuous improvement of the professionalism of its employees through training initiatives. In the three-year reporting period, the average training hours per employee increased significantly from 4.2 hours per employee to 21.3 hours per employee.

↓ AVERAGE TRAINING PER CAPITA

		2021			2022			2023		
		women	men	total	women	men	total	women	men	total
Directors	HOURS	-	-	-	-	-	-	-	-	-
Managers	HOURS	7.0	-	7.0	10.0	10.5	10.3	34.0	41.0	37.5
Clerical staff	HOURS	2.8	-	1.8	13.5	5.8	11.2	29.3	30.3	29.6
Manual workers	HOURS	-	7.3	6.3	2.5	14.6	12.9	6.0	10.2	9.8
Average	HOURS	3.5	4.9	4.2	11.9	11.6	11.7	27.2	17.2	21.3

In 2023, Lariotex pursued the development of its employees by extending the training courses aimed at meeting their professional needs and skills. In particular, during the reporting period, a number of courses were provided to all employ-

ees of the company, aimed at strengthening digital, linguistic and technical and textile skills.

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

Occupational health and safety

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

Occupational health and safety policy

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

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

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

Lariotex Spa's health and safety management system

Lariotex is committed to implementing a health and safety management system in line with the requirements of international standard ISO 45001. In line with this approach, the periodic safety meeting (Art. 35 of Legislative Decree 81/2008) is regularly held, with the participation of the RLS (Workers' Safety Representative), RSSP (Service Manager for Prevention and Protection against Risks), and the Competent Doctor.

- **Compliance with applicable regulations.** Lariotex acts, as a minimum requirement, in full compliance with the applicable regulations on the subject of health and safety, with a view to continuous improvement.
- **Health and safety first.** Lariotex does not compromise in its effort to ensure safe workplaces and conditions. Compliance with the rigorous health and safety standards is indeed a pre-requisite for implementing any decision of a strategic and operational nature.
- **Shared responsibility and involvement of people.** In accordance with their respective tasks and responsibilities, everyone is called on to make their own ac-

tive contribution to promoting a safe working environment. The contribution of each and every single person is, in fact, decisive: every individual must be an example and a promoter of culture of prevention. Everyone is required to adopt all the necessary preventive measures to not put their safety or that of others at risk and to be proactive, indicating any dangerous behaviour or working conditions. In addition, every employee is aware of the importance of leaving the workplace in the event of a risk situation. Lariotex undertakes to consult and inform its own people, also via their representatives, who ensure their participation. The latter shall be assigned the task of reporting the presence of any situations that are critical to the safety of workers. Their role makes it unnecessary to set up a joint management-workers committee.

- **Preventive approach.** In any work activities, Lariotex endeavours to avoid the occurrence of work-related accidents and illnesses, by adopting a proactive approach that provides suitable protective devices with regard to indications for ergonomic workstations, work procedures, regular health monitoring and a scrupulous audit and risk assessment activity with the consequent implementation of improvement plans. With this in mind, the regular maintenance of workplaces, equipment, systems and safety and protective devices play an important role for protection and prevention. In addition, Lariotex works to prepare all fire protection activities in accordance with current legislation.
- **Continuous improvement.** Lariotex's health and safety management system is subject to continuous review and is constantly changing in line with the dynamics of business development and with the identification of areas of improvement.
- **Health beyond safety.** Lariotex is mindful of health in all its meanings, and it undertakes to assess and prevent work-related stress and to promote training initiatives on issues of well-being, diet and cancer prevention. By means of regular health monitoring, Lariotex promotes maintaining the highest degree of physical, mental and social well-being of workers in all occupations, preventing any damage caused to health by conditions linked to work. The employment and retention of workers in occupations well suited to their physiological and psychological aptitudes falls under the Occupational Medicine goals.

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

- **Respect for people.** Lariotex promotes a work environment that respects people and most categorically does not tolerate any form of aggression, be it physical or verbal.
- **Communication and training.** Training is a fundamental tool for spreading the culture of health and safety, to create an awareness of the risks and promote safe conduct. Lariotex prepares educational programmes every year on matters involving the health and safety of workplaces. Lariotex supports the development of the skills necessary for the purpose of carrying out work activities, delivering training programmes and training useful to correctly identify and manage risks.

- **Product safety.** Lariotex undertakes to develop and create products that meet the strictest standards applicable in matters involving health and safety.
- **Health and safety along the supply chain.** Lariotex requires its suppliers to define and adopt behaviours and health and safety standards aligned with its policy, with a view to minimising the risks to all workers involved in its operations and business relations.

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

Accidents

Lariotex monitors occupational health and safety risk situations annually at the regular safety meeting. In the three-year period 2021-2023, there were no accidents at work.

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

The environment

Environmental policy and commitment

The contents of the environmental policy are included in the Sustainability policy recalled in more detail in the chapter *Governance and responsible business conduct* of this document, which should be referred to. The most relevant aspects affect management of the supply chain and chemical management.

Energy, emissions and other impacts

GRI Standards 3-3; 302-1; 302-3; 305-1; 305-2; 305-3; 305-4

Direct energy consumption

The data presented relate to **internal energy consumption in the three-year period 2021-2023**. The data are summarised in GJoule. At the moment, energy consumption does not include energy from renewable sources. 2023 consumption is lower than in previous years, contributing to a reduction in the consumption of LPG and natural gas used for heating. Diesel consumption for company vehicles also decreased, both because of a decrease in sales and because deliveries are more reliant on external carriers.

↓ ENERGY CONSUMED		2021	2022	2023
Electricity	GJoule	355	350	336
Diesel for motor vehicles	GJoule	741	821	569
LPG for heating	GJoule	86	56	-
Natural gas for heating	GJoule	62	49	29
Total energy consumption	GJoule	1,244	1,276	934

SOURCES

- ELECTRICITY – ENEA NATIONAL AGENCY FOR NEW TECHNOLOGIES, ENERGY AND SUSTAINABLE ECONOMIC DEVELOPMENT
- FUELS – DEFRA UK - GREENHOUSE GAS REPORTING: CONVERSION FACTORS 2023 - GOV.UK (WWW.GOV.UK)
- NATURAL GAS MINISTRY OF ENVIRONMENT ITALY – EU ETS NATIONAL PARAMETERS - ITALY: NEWS (MINAMBIENTE.IT)

Energy consumption intensity

↓ ENERGY INTENSITY		2021	2022	2023
Total energy consumption	GJ.	1,244	1,276	934
Metres sold	m	40,786,884	43,618,750	29,715,951
Intensity Index	GJ/m*1,000	3.05	2.92	3.14

For the calculation of the energy intensity indices the figure of metre sold was taken as a reference, which was considered to be significant due to the concentration of Lariotex’s energy consumption in the heading related to transportation. Despite the decrease in energy consumption, there is a slight increase in the intensity index compared to the products sold as a result of a market downturn.

Emissions

The emissions data is reported in tonnes of carbon dioxide equivalent (tCO₂e). The tables show the data relating to direct emissions (Scope 1 GHG - Greenhouse Gases), combined with indirect emissions associated with the consumption of electricity purchased from the grid (GHG Scope 2). The quantitative data presented, determined based on the estimates are derived from converting the amount of the different energy sources consumed.

As with energy consumption, there is a positive trend for Scope 1 and Scope 2 emissions, due to a decrease in natural gas, LPG and diesel consumption.

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

GHG Scope 1 emissions	tCO ₂ e	2021	2022	2023
Diesel for motor vehicles		52	58	40
LPG for heating		6	4	-
Natural gas for heating		3	3	2
Total GHG Scope 1 emissions		61	65	42
GHG Scope 2 emissions	tCO ₂ e - LOCATION-BASED METHOD			
Electricity		25	25	25
Total GHG Scope 2 emissions – Location-based		25	25	25
Total GHG Scope 1/Scope 2 emissions - tCO₂e		86	90	67

SOURCES

- NATURAL GAS MINISTRY OF ENVIRONMENT ITALY – EU ETS NATIONAL PARAMETERS - ITALY: NEWS (MINAMBIENTE.IT)
- FUELS – DEFRA UK - GREENHOUSE GAS REPORTING: CONVERSION FACTORS 2023 - GOV.UK (WWW.GOV.UK)
- LOCATION-BASED METHOD: ISPRA EFFICIENCY & DECARBONIZATION INDICATORS ITA EUROPE 386-2023 (ISPRA - MINISTRY OF ENVIRONMENT)

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

GHG Scope 2 emissions	tCO ₂ e – MARKET-BASED METHOD	2021	2022	2023
Electricity		45	44	43
Total GHG Scope 2 emissions – Market-based		45	44	43

SOURCES (RESIDUAL MIX)

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

Emission intensity

Emission intensity		2021	2022	2023
Total GHG Scope 1/Scope 2 emissions Location-based	tCO ₂ e	86	90	67
Metres sold	m	40,786,884	43,618,750	29,715,951
Emission intensity index	tCO ₂ e/m*1,000,000	2.11	2.06	2.25

The trend in emission intensities reflects that of energy consumption, with a slight increase in the index.

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

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

In particular, the data of the logistics service companies used by Lariotex are presented: The figures reported refer to 86.6% of the fabrics purchased by the company for the year 2023. Lariotex has implemented a more precise system for mapping the transportation related to its purchases. Where data collected directly from suppliers was not available, emissions were estimated based on comparing the weight of goods transported against the specific data received from other operators.

Emission data are expressed in terms of:

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

In 2023, indirect GHG Scope 3 emissions decreased; despite expanding the scope of logistics service companies included in the calculation, there was a reduction in the amount of fabrics transported compared to the previous year.

↓ OTHER INDIRECT EMISSIONS (GHG SCOPE 3) - TRANSPORT ACTIVITY

		2021		2022		2023	
		TtW	WtW	TtW	WtW	TtW	WtW
Total emissions	tCO ₂ e	928.2	1,086.6	1,082.8	1,228.8	971.0	1,127.2

Water and waste

The water resource is sampled by the local aqueduct network and exclusively for sanitary uses. In relation to waste, it is highlighted how Lariotex management does not generate significant amounts of waste. Any scraps or unused fabrics, which are very small quantities due to the nature of the business, are sold and therefore do not contribute to waste generation.

GRI Content Index

Statement of use	The Sustainability Report for the financial year 2023 [01 January – 31 December 2023] was prepared under the reporting option <i>in accordance with the GRI standards</i> .
GRI 1 adopted	GRI 1 Foundation 2021
GRI Sector Standards applicable	Not available

↓ GRI STANDARDS – GENERAL INFORMATION

Privacy statement		Location	Omission		
No.	Description		Rqmts omitted	Reason	Explanation

GRI 2 - General Information - version 2021

The organisation and its reporting practices					
2-1	Organisational details	<ul style="list-style-type: none"> 03 Sustainability Report/Methodological Note 01 Lariotex/Profile and Identity 			
2-2	Entities included in the organisation's sustainability reporting	<ul style="list-style-type: none"> 03 Sustainability Report/Methodological Note 			
2-3	Reporting period, frequency and point of contact	<ul style="list-style-type: none"> 03 Sustainability Report/Methodological Note 			
2-4	Restatements of information	<ul style="list-style-type: none"> 03 Sustainability Report/Methodological Note 			
2-5	External assurance	<ul style="list-style-type: none"> 03 Sustainability Report/Methodological Note Audit firm reports/Audit firm Report Sustainability Report 			
Activities and workers					
2-6	Activity, value chain, and other business relationships	<ul style="list-style-type: none"> 01 Lariotex/Profile and Identity 03 Sustainability Report/Business model/Lariotex 03 Sustainability Report/Business model/The market, customers 03 Sustainability Report/Business model/Research and development 03 Sustainability Report/Strategy and sustainability/Reference scenario 03 Sustainability Report/Strategy and sustainability/Lariotex: Sustainability by choice 			

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2-8	Non-employees	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover 			
Governance					
2-9	Structure and composition of governance	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 03 Sustainability Report/Governance and responsible business conduct/Delegation processes and organisational structure 			
2-10	Appointment and selection of the highest governing body	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-11	Chairman of the highest governing body	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-12	Role of the highest governing body in overseeing impact management	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-13	Delegation of responsibility for impact management	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Delegation processes and organisational structure 			
2-14	Role of the highest governing body in sustainability reporting	<ul style="list-style-type: none"> 03 Sustainability Report/Methodological Note 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-15	Conflicts of interest	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-16	Communication of critical issues	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Delegation processes and organisational structure 			
2-17	Collective knowledge of the highest governing body	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-18	Assessment of the performance of the highest governing body	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-19	Remuneration rules	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-20	Salary setting procedure	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Lariotex governance 			
2-21	Annual total pay ratio		2-21	Confidentiality constraints	Including information for Integrated Report 2023 not considered

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Strategy, policies and practices					
2-22	Sustainable development strategy statement	<ul style="list-style-type: none"> Letter to stakeholders 03 Sustainability Report/Governance and responsible business conduct/Sustainability policy 			
2-23	Policy commitment	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Organisation, Management and Control Model Legislative Decree No. 231/2001 03 Sustainability Report/Governance and responsible business conduct/Code of Ethics and Conduct - General principles 			
2-24	Integration of policy commitments	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Organisation, Management and Control Model Legislative Decree No. 231/2001 03 Sustainability Report/Governance and responsible business conduct/Code of Ethics and Conduct - General principles 			
2-25	Processes for remedying negative impacts	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Organisation, Management and Control Model Legislative Decree No. 231/2001 03 Sustainability Report/Governance and responsible business conduct/Code of Ethics and Conduct - General principles 			
2-26	Mechanisms to request clarification and raise concerns	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Organisation, Management and Control Model Legislative Decree No. 231/2001 03 Sustainability Report/Governance and responsible business conduct/Code of Ethics and Conduct - General principles 			
2-27	Compliance with laws and regulations	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Following regulations - compliance 			
2-28	Association memberships	<ul style="list-style-type: none"> 03 Sustainability Report/Governance and responsible business conduct/Associations 			
Stakeholder engagement					
2-29	Stakeholder engagement approach	<ul style="list-style-type: none"> 03 Sustainability Report/Business model/ Stakeholders 			
2-30	Collective agreements	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover 			

GRI Standards – Information on Material topics/Specific indicators

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

- The standards in the table are those for reporting identified material topics.
- Where not otherwise specified, the GRI Standards published in 2016 have been used. For the occupational health and safety disclosure, standard GRI 403, Occupational health and safety, published in 2018, has been used.
- Industry standards not available.

↓ GRI STANDARDS – INFORMATION ON MATERIAL TOPICS/SPECIFIC INDICATORS					
Privacy statement		Location	Omission		
No.	Description		Rqmts omitted	Reason	Explanation
GRI 3 - Material topics - version 2021					
3-1	Material topic determination process	<ul style="list-style-type: none"> • 03 Sustainability Report/Methodological Note • 03 Sustainability Report/Impacts and material topics/Impacts and material topics according to GRI standards • 03 Sustainability Report/Impacts and material topics/The identification process - assessing and prioritising topics • 03 Sustainability Report/Impacts and material topics/Assessing relevance and prioritising impacts 			
3-2	List of material topics	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics 			
Material topic - Energy consumption, emissions and climate change					
3-3	Material topics management	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions • 03 Sustainability Report/Impacts and material topics/Risk management • 03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts 			
Specific GRI Standards					
302-1	Energy consumption within the organisation	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts 			
302-2	Energy consumption outside of the organisation		302-2	Information not available/incomplete	Data not currently available - See GRI 305-3 for other emissions reporting/Scope 3

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302-3	Energy intensity	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts 			
302-4	Reduce energy consumption		302-4	Not relevant	Indicator not relevant to business model and business impacts
302-5	Reduce product and service energy needs		302-5	Not relevant	Indicator not relevant to business model and business impacts
305-1	Direct (Scope 1) GHG emissions	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts 			
305-2	Energy indirect (Scope 2) GHG emissions	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts 			
305-3	Other indirect (Scope 3) GHG emissions	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts 	305-3	Information not available/incomplete	Reporting limited to suppliers/logistics activities
305-4	Intensity of GHG emissions	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Environment/Energy, emissions and other impacts 			
305-5	Reduction of GHG emissions		305-5	Information not available/incomplete	Data not quantifiable on improvement objectives/actions taken
305-6	Emissions of ozone-depleting substances (ODS)		305-6	Not relevant	Indicator not relevant to business model and business impacts
305-7	Nitrogen oxides (NOX), sulphur oxides (SOX) and other significant emissions		305-7	Not relevant	Indicator not relevant to business model and business impacts
Material topic - Sustainable raw materials					
3-3	Material topics management	<ul style="list-style-type: none"> 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Impacts and material topics/Risk management 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Raw materials sustainability 			
Specific GRI Standards					
301-1	Materials used by weight or volume	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Raw materials sustainability 			

301-2	Recycled material inputs used	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Raw materials sustainability 			
301-3	Recovered or reclaimed products and related packaging materials		301-3	Not relevant	Indicator not relevant to business model and business impacts
Material topics - Management, training and human resources development					
3-3	Material topics management	<ul style="list-style-type: none"> 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Impacts and material topics/Risk management 03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover 03 Sustainability Report/Sustainability performance/Human resources/Training 			
Specific GRI Standards					
401-1	New employee hires and employee turnover	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover 			
401-2	Benefits provided for full-time employees, but not for part-time or fixed-term employees	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover 			
401-3	Parental leave	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Employees, employment and turnover 			
404-1	Average hours of annual training per employee	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Training 			
404-2	Employee skills upgrade programmes and transition support programmes		404-2	Not relevant	Indicator not relevant to business model
404-3	Percentage of employees who regularly receive performance and career development reviews	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Training 			
Material topic - Occupational health and safety					
3-3	Material topics management	<ul style="list-style-type: none"> 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions 03 Sustainability Report/Impacts and material topics/Risk management 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			

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Specific GRI Standards					
403-1	Occupational health and safety management system	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-2	Hazard identification, risk assessment, and accident investigations	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-3	Occupational health services	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-4	Worker participation, consultation, and communication on occupational health and safety	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-5	Worker training on occupational health and safety	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-6	Promotion of worker health	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-8	Workers covered by an occupational health and safety management system	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-9	Work-related injuries	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			
403-10	Occupational diseases	<ul style="list-style-type: none"> 03 Sustainability Report/Sustainability performance/Human resources/Occupational health and safety 			

Material topic - Human resources: Diversity Equality Inclusion					
3-3	Material topics management	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions • 03 Sustainability Report/Impacts and material topics/Risk management • 03 Sustainability Report/Sustainability performance/Human resources/People management • 03 Sustainability Report/Sustainability performance/Human resources/Diversity 			
Specific GRI Standards					
405-1	Diversity of governance bodies and employees	• 03 Sustainability Report/Sustainability performance/Human resources/Diversity			
405-2	Ratio of the basic salary and pay of women to men	• 03 Sustainability Report/Sustainability performance/Human resources/Diversity			
406-1	Incidents of discrimination and corrective measures taken	• 03 Sustainability Report/Sustainability performance/Human resources/People management			
Material topic - Sustainable supply chain management					
3-3	Material topics management	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions • 03 Sustainability Report/Impacts and material topics/Risk management • 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Sustainable management of the supply chain 			
Specific GRI Standards					
308-1	New suppliers that were screened using environmental criteria	• 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Sustainable management of the supply chain			
308-2	Negative environmental impacts in the supply chain and actions taken		308-2	Information not available/incomplete	Information is not available for Lariotex
414-1	New suppliers that were screened using social criteria	• 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Sustainable management of the supply chain			
414-2	Negative social impacts in the supply chain and actions taken		414-2	Information not available/incomplete	Information is not available for Lariotex

Material topic - Product quality and responsible customer relationships					
3-3	Material topics management	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions • 03 Sustainability Report/Impacts and material topics/Risk management • 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product Safety and Chemical Management 			
Specific GRI Standards					
417-1	Information and labelling requirements for products and services	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product Safety and Chemical Management 			
417-2	Incidents of non-compliance concerning product and service information and labelling	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product Safety and Chemical Management 			
417-3	Cases of non-compliance involving marketing communications		417-3	Not relevant	Indicator not relevant to business model and business impacts
Material topic- Product safety and chemical management					
3-3	Material topics management	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions • 03 Sustainability Report/Impacts and material topics/Risk management • 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product Safety and Chemical Management 			
Specific GRI Standards					
416-1	Assessment of health and safety impacts by product categories and services.	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product Safety and Chemical Management 			
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Quality, sustainability and the role of the supply chain/Product Safety and Chemical Management 			

Material topic - Integrity and ethical conduct of the business					
3-3	Material topics management	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions • 03 Sustainability Report/Impacts and material topics/Risk management • 03 Sustainability Report/Sustainability performance/Ethics and integrity 			
Specific GRI Standards					
205-1	Operations assessed for risks linked to corruption	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Ethics and integrity 			
205-2	Communication and training on anti-corruption policies and procedures	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Ethics and integrity 			
205-3	Confirmed incidents of corruption and actions taken	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Ethics and integrity 			
206-1	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Ethics and integrity 			
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<ul style="list-style-type: none"> • 03 Sustainability Report/Sustainability performance/Ethics and integrity 			
Material topic - Value generation and distribution					
3-3	Material topics management	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions • 03 Sustainability Report/Impacts and material topics/Risk management • 02 Economic and financial performance/ Value generated and distributed 			
Specific GRI Standards					
201-1	Direct economic value generated and distributed	<ul style="list-style-type: none"> • 02 Economic and financial performance/ Value generated and distributed 			
201-2	Financial implications and other risks and opportunities due to climate change		201-2	Information not available/ incomplete	Lariotex has not developed an analysis model for determining the financial impact of climate change
201-3	Defined benefit pension plans and other retirement plans		201-3	Not relevant	Pension benefits provided as required by the relevant legislation

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201-4	Financial assistance received from the government		201-4	Not relevant	Indicator not relevant to business model and business impacts
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Material topic - Innovation, research and development

3-3	Material topics management	<ul style="list-style-type: none"> • 03 Sustainability Report/Impacts and material topics/Material topics – Objectives and actions • 03 Sustainability Report/Impacts and material topics/Risk management • 03 Sustainability Report/Business model/ Research and development 			
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Other information

In accordance with the provisions of Art. 2428 of the Civil Code, in addition to the above, the following is highlighted:

1. In relation to relations with subsidiaries and associates, reference is made to the Notes to the Accounts in relation to relations with the parent company Lariotrade Srl and the company C.T.C.. Srl;
2. No own shares are held;
3. No own shares were acquired or sold during the financial year.

Business outlook

The provisional data as at 31/03/2024 remain satisfactory, with turnover up by 3.26% compared to the same period last year, despite an increase in sales volume of over 13%. This figure is justified by the decrease in the average selling price, which has reduced by 8.72% as a direct consequence of the sharp decline in prices for polyesters and viscose.

The Multiannual Business Plan is being reviewed and updated in the light of the dynamics that have emerged in this first part of 2024.

Vertemate con Minoprio, 24 April 2024

Financial statements



Lariotex SpA - Financial statements as at 31/12/2023

↓ ORGANISATION DATA	
Name	LARIOTEX SPA
Headquarters	STRADA PROVINCIALE PER BULGORELLO 5 22070 VERTEMATE CON MINOPRIO (CO)
Share capital	6,000,000
Share capital fully paid in	yes
CCIAA code	CO
VAT No.	03476340132
Tax code	03476340132
REA [Economic and Administrative Index] no.	316934
Legal form	Public Limited Company
Main sector of activity (ATECO)	Wholesale of unwrought and semi-wrought textile fibres (46.76.10)
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

↓ BALANCE SHEET	31/12/2023	31/12/2022
Balance sheet		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
3) industrial patents and intellectual property rights	131,836	92,521
4) concessions, licences, trademarks and similar rights	2,112,871	2,400,000
6) assets under construction and payments on account	1,675,067	381,200
7) other	869,744	967,656
Total intangible fixed assets	4,789,518	3,841,377
II - Tangible fixed assets		
2) plant and machinery	100,381	115,130
3) industrial and commercial equipment	11,503	7,099
4) other assets	90,904	73,601
5) assets under construction and payments on account	25,000	
Total tangible fixed assets	227,788	195,830
III - Financial fixed assets		
3) other securities	101,389	101,389
Total financial fixed assets	101,389	101,389
Total fixed assets (B)	5,118,695	4,138,596
C) Current assets		
I - Inventory		
4) finished products and goods	23,077,441	25,809,331
Total inventories	23,077,441	25,809,331
II - Receivables		
1) trade receivables		
payable within next financial year	19,951,913	22,595,365
Total trade receivables	19,951,913	22,595,365
5-bis) tax receivables		
payable within next financial year	338,239	1,020,000
Total tax receivables	338,239	1,020,000
5-ter) deferred taxes	576,462	494,080
5-quater) from others		
payable within next financial year	421,977	115,482
Total receivables from others	421,977	115,482
Total receivables	21,288,591	24,224,927
III - Financial assets that do not constitute fixed assets		
5) financial derivative instrument assets	83,682	205,693
6) other securities	934,911	735,478

Financial statements

Total financial assets that do not constitute assets	1,018,593	941,171
IV - Cash and cash equivalents		
1) bank and postal deposits	2,287,871	6,470,907
3) cash and securities in hand	213	357
Total cash and cash equivalents	2,288,084	6,471,264
Total current assets (C)	47,672,709	57,446,693
D) Accruals and deferrals	225,192	354,218
Total assets	53,016,596	61,939,507
Liabilities		
A) Equity		
I - Share capital	6,000,000	6,000,000
IV - Legal reserve	1,200,000	600,000
VI - Other reserves, separately indicated		
Extraordinary reserve	7,347,528	6,392,617
Profits on unrealised exchange rates reserve	230,921	
Various other reserves	1	(2)
Total other reserves	7,578,450	6,392,615
VII - Reserve for expected cash flow hedges	67,661	(30,073)
IX - Profit (loss) for the year	2,505,191	2,835,832
Total equity	17,351,302	15,798,374
B) Provisions for risks and charges		
1) Provision for pensions and similar obligations	133,750	104,660
3) financial derivative instrument liabilities	147,264	235,767
4) other	1,000,000	950,000
Total provisions for risks and charges	1,281,014	1,290,427
C) Employee severance indemnity	113,748	112,111
D) Payables		
1) bonds		
payable within next financial year	1,454,544	363,636
payable after next financial year	6,181,820	7,636,364
Total bonds	7,636,364	8,000,000
4) payables to banks		
payable within next financial year	11,074,464	20,078,930
payable after next financial year	3,349,389	6,926,470
Total payables to banks	14,423,853	27,005,400
5) payables to other lenders		
payable within next financial year	280,017	562,230
Total payables to other lenders	280,017	562,230
6) advance payments		
payable within next financial year	57,822	
Total advances	57,822	
7) Trade payables		
payable within next financial year	11,422,797	8,622,291

Financial statements

Total Trade payables	11,422,797	8,622,291
12) tax payables		
payable within next financial year	120,000	249,872
Total tax payables	120,000	249,872
13) payables to employee benefit and social security institutions		
payable within next financial year	59,198	48,083
Total payables to employee benefit and social security institutions	59,198	48,083
14) other payables		
payable within next financial year	134,331	118,558
Total other payables	134,331	118,558
Total payables	34,134,382	44,606,434
E) Accruals and deferrals	136,150	132,161
Total liabilities	53,016,596	61,939,507

Income Statement

↓ INCOME STATEMENT	31/12/2023	31/12/2022
Income Statement		
A) Production revenue		
1) revenue from sales and services	60,873,220	90,709,186
5) other revenue and income		
operating grants	1,268	
other	71,040	109,646
Total other revenue and income	72,308	109,646
Total value of production	60,945,528	90,818,832
B) Cost of production		
6) raw and subsidiary materials, consumables and goods	45,641,080	74,926,623
7) for services	5,692,346	10,198,640
8) leased assets	177,874	132,275
9) for staff		
a) salaries and wages	883,445	956,729
b) social security charges	225,948	205,734
c) severance pay	53,129	58,894
Total staff costs	1,162,522	1,221,357
10) depreciation and write-downs		
a) depreciation of intangible fixed assets	443,236	426,045
b) depreciation of tangible fixed assets	48,611	49,116
d) write-downs of receivables included in current assets and cash available	190,836	230,068
Total amortisation and write-downs	682,683	705,229
11) changes to stocks of raw materials, consumables, supplies and goods	2,731,891	(2,538,047)
12) provisions for risks	110,153	260,024
14) various operating costs	76,963	49,413
Total cost of production	56,275,512	84,955,514
Difference between production revenue and costs (A-B)	4,670,016	5,863,318
C) Financial income and charges		
15) income from shareholdings		
other	560	400
Total income from holdings	560	400
16) other financial income		
c) from securities entered in current assets that do not constitute holdings	34,999	33,255
d) income other than the previous income		
other	186,978	14,364
Total income other than the previous income	186,978	14,364
Total other financial income	221,977	47,619
17) interest and other financial charges		

other	1,471,570	558,014
Total interest and other financial charges	1,471,570	558,014
17-bis) profit and loss on exchange rates	194,027	(1,320,855)
Total financial income and charges (15 + 16 - 17 + - 17-bis)	(1,055,006)	(1,830,850)
D) Adjustments of value of financial assets and liabilities		
18) revaluations		
d) from derivative financial instruments	266,200	
Total revaluations	266,200	
19) write-downs		
c) of securities entered in current assets that do not constitute holdings	833	59,832
d) from derivative financial instruments	342,931	
Total write-downs	343,764	59,832
Total adjustments of value of financial assets and liabilities (18 - 19)	(77,564)	(59,832)
Pre-tax profit (A - B + - C + - D)	3,537,446	3,972,636
20) Income tax for the year, current, deferred and prepaid		
current taxes	1,114,637	1,252,020
advance and deferred taxes	(82,382)	(115,216)
Total income tax for the year, current, deferred and pre-paid	1,032,255	1,136,804
21) Profit (loss) for the year	2,505,191	2,835,832

Indirect Cash Flow Statement

↓ INDIRECT CASH FLOW STATEMENT	31/12/2023	31/12/2022
Indirect Cash Flow Statement		
A) Cash flows from operating activities (indirect method)		
Profit (loss) for the year	2,505,191	2,835,832
Income tax	1,032,255	1,136,804
Interest expense/(income)	1,249,593	510,395
(Dividends)	(560)	(400)
(Capital gains)/Losses on the sale of assets	(4,783)	(262)
1) Profit for the year before income tax, interest, dividends and gains/losses on the sale of assets	4,781,696	4,482,369
Adjustments for non-monetary items with offsetting entries under net current assets		
Allocations to provisions	139,243	170,995
Fixed asset depreciation	491,847	475,161
Write-downs for impairment losses	833	59,831
Value adjustments to financial assets and financial liabilities of derivative financial instruments that do not involve monetary movements	131,245	
Other increases/(decreases) for non-monetary items	22,358	26,141
Total adjustments for non-monetary items that have not had a counterpart in net working capital	785,526	732,128
2) Cash flow before net working capital changes	5,567,222	5,214,497
Changes in net working capital		
Decrease/(increase) in inventories	2,731,890	(2,538,046)
Decrease/(increase) in trade receivables	2,643,452	(576,625)
Increase/(decrease) in trade payables	2,590,666	(16,721,270)
Decrease/(increase) in prepayments and accrued income	(36,377)	(240,069)
Increase/(decrease) in accrued liabilities and deferred income	(114,555)	27,121
Other decreases/(Other increases) in net working capital	244,684	2,061,962
Total changes to net working capital	8,059,760	(17,986,927)
3) Cash flow after net working capital changes	13,626,982	(12,772,430)
Other adjustments		
Interest received/(paid)	(825,264)	(510,395)
(Income tax paid)	(1,317,313)	(1,136,804)
Dividends received	560	400
(Use of funds)	(60,153)	
Other receipts/(payments)	(20,721)	(13,281)
Total other adjustments	(2,222,891)	(1,660,080)
Cash flow from operating activity (A)	11,404,091	(14,432,510)
B) Cash flows arising from investing activities		

Tangible fixed assets		
(Investments)	(80,881)	(30,302)
Divestments	5,095	
Intangible fixed assets		
(Investments)	(1,188,377)	(1,519,739)
Divestments		
Financial fixed assets		
(Investments)		
Divestments		
Short-term financial assets		
(Investments)	(200,266)	(240,000)
Divestments		15,947
(Acquisition of branches of the company net of cash and cash equivalents)		
Disposal of branches of the company net of cash and cash equivalents		
Cash flow of investment activities (B)	(1,464,429)	(1,774,094)
C) Cash flows from financing activities		
Third-party financing		
Increase/(decrease) in short-term payables to banks	(10,338,677)	10,489,896
Loans taken out	2,500,000	8,000,000
(Loans repaid)	(5,234,165)	(1,428,262)
Own funds		
Capital increase with payment		
(Repayment of capital)		
Sale (purchase) of own shares		
(Dividends and advances on dividends paid)	(1,050,000)	(1,800,000)
Cash flow from financing activities (C)	(14,122,842)	15,261,634
Increase/(decrease) in cash and cash equivalents (A ± B ± C)	(4,183,180)	(944,970)
Exchange rate effect on cash and cash equivalents		
Opening cash and cash equivalents		
Bank and postal deposits	6,470,907	7,416,102
Allowances		
Cash and securities in hand	357	132
Total cash and cash equivalents at the start of the year	6,471,264	7,416,234
Of which not freely usable		
Cash and cash equivalents at the year-end		
Bank and postal deposits	2,287,871	6,470,907
Allowances		
Cash and securities in hand	213	357
Total cash and cash equivalents at the end of the year	2,288,084	6,471,264
Of which not freely usable		

Notes to the accounts for the financial year ended 31/12/2023

Notes to the accounts, initial section

Dear Shareholders,

These financial statements, submitted for your consideration and approval, show an operating profit for the year of €2,505,191.

Presentation criteria

The criteria used in the formation and assessment of the financial statements as at 31/12/2023 shall take account of the changes made to national law by Legislative Decree No. 139/2015, enacted in implementation of Directive 2013/34/EU.

The financial statements under discussion comply with the provisions of Articles 2423 and subsequent Articles of the Civil Code: they clearly and truthfully represent the company's assets, financial position and economic result for the financial year, and are composed as follows:

- The balance sheet in accordance with Articles 2424 and 2424-bis of the Civil Code;
- The income statement drawn up in accordance with Articles 2425 and 2425-bis of the Civil Code;
- The cash flow statement, drawn up in accordance with Art. 2425-ter of the Civil Code and presented in accordance with the provisions of OIC 10.
- These notes to the accounts, drawn up in accordance with Article 2427 of the Civil Code, constitute, for the purposes of Article 2423 of the Civil Code, an integral part of the financial statements for the year.

If the information required by specific legal provisions is not sufficient to give a truthful and correct representation of the company situation, pursuant to Art. 2423, paragraph 3 of the Civil Code, the additional information deemed necessary for this purpose is provided.

The financial statement values are represented in euro units by rounding off the amounts involved. Any differences in rounding have been indicated under the item "Euro rounding reserve" within the items of equity according to the sixth paragraph of Article 2423 of the Civil Code, the notes to the accounts have been drawn up in thousands of euros/(in euro units).

The notes to the accounts present the information of the items of the balance sheet and income statement according to the order in which items are indicated in the respective financial statements.

In cases where offsetting is permitted by law (offset tax credits and debits, public grants recorded as a reduction in the value of fixed assets, foreign exchange gains and losses reported under item 17-bis of the Income Statement, deferred and pre-

paid taxes included in item 20 of the Income Statement), the gross amounts subject to offsetting are disclosed in the notes to the accounts, as required by Article 2423-ter, sixth paragraph of the Civil Code.

Basis of preparation

The valuation of the items in the financial statements has been carried out in accordance with the general principles of prudence and accrual accounting, on a going concern basis, as set out in Articles 2423 and 2423-bis of the Civil Code.

The application of the prudence principle has resulted in the individual valuation of the elements comprising each item or entry of assets and liabilities, to avoid offsetting losses that should be recognised against profits that should not be recognised as they have not been realised.

Pursuant to the accrual principle, the effect of the transactions and other events was recorded in the accounts and attributed to the year these transactions and events refer to, not to the year where cash flows are realised (collections and payments).

The recognition and presentation of items in the financial statements have been made taking into account the substance of the transaction or contract.

In application of the materiality principle, obligations regarding recognition, measurement, presentation and disclosure have been waived when their observance would have had immaterial effects in giving a true and fair view.

The continuous application of valuation criteria over time is the basic element for the purposes of comparison of companies' financial statements over the various years.

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

There were no exceptional cases that made it necessary to resort to the exceptions in Article 2423, paragraph 5, of the Civil Code.

Valuation criteria used

The valuation criteria applied to financial statement items and value adjustments comply with the Civil Code and the standards promulgated by the Italian Accounting Standard Setter (OIC).

Pursuant to Art. 2427, paragraph 1, No. 1 of the Civil Code illustrates the most significant evaluation criteria adopted in compliance with the provisions contained in Art. 2426 of the Civil Code are described below, focusing, in particular, on those captions to which different valuation and adjustment criteria may be applied or for which no specific criteria exist.

Fixed assets

The company has decided not to avail itself of the option to suspend the depreciation charges for the 2023 financial year as provided for in Article 60, paragraphs 7-bis to 7-quinquies of Decree-Law 104/2020 (converted by Law 126/2020), as

amended by Law 14/2023, which converted Decree-Law No. 198 of 29 December 2022, further extending this option to the financial year ending 31 December 2023.

Intangible

Intangible fixed assets, where the conditions set out in accounting standards are met, are recorded in the assets section of the balance sheet at their historical acquisition and/or production cost and are amortised on a straight-line basis according to their future usefulness.

The value of fixed assets is stated net of amortisations and write-downs.

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

Intangible fixed asset items	Period
Software	5 years on a straight-line basis
Trademarks	10 years on a straight-line basis
Other multi-year expenses	5 years on a straight-line basis
Other intangible assets	12 years on a straight-line basis

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

The costs incurred to increase the value of the trademarks item have been amortised over the remaining useful life of the reference asset, a period of 8 years on a straight-line basis.

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

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

In 2020, pursuant to Art. 110 paragraph 1 Decree-Law 104/2020 converted into Law 126/2020, the company decided to revalue the trademark in accordance with the criteria set out in OIC No. 24 and in compliance with the legal requirements for derogation from Article 2426 of the Civil Code.

The revaluation value of the Trademark is €2,997,439, a value within the range identified in the valuation report of the company M.B.C.- Merchant Banking Consulting, which is responsible for assessing the valuation of this intangible asset subject to the revaluation, which has adopted the method of royalty rates in this case.

The Company has jointly checked that:

Financial statements

- 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 the increase of the historic cost (as set out in Ministerial Decree 162/2001).

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

Other intangible assets

The item Other intangible assets includes the right of superficies (a so-called right in rem to own or acquire buildings, works or plants in, on or over another person's immovable property) acquired through a deed by Notary Dr. Marco Ferrari, ref. 6883 Vol. 3479 of 30/03/2022, relating to a real estate compendium located in Vertemate con Minoprio (CO).

They are recorded at purchase cost, including any incidental charges, and amortised within the contractual limit stipulated by them.

Fixed assets under construction and payments on account

Advances to suppliers for the purchase of intangible assets, recorded under item B.I.6., are initially recognised on the date when the obligation to pay such amounts arises; consequently, they are not subject to amortisation.

The increase in this item is linked to the renovation and modernisation works carried out on the property complex, amongst other intangible assets.

Tangible

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 accumulated amortisation and depreciation.

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

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

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

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

The depreciation criteria applied are unchanged from the previous year.

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

Tangible fixed assets have not undergone write-downs for permanent impairment, as the recoverable value, as defined by accounting standard OIC 9, is not lower than the value recorded in the accounts.

Fixed assets under construction and payments on account

Advances to suppliers for the purchase of tangible assets, recorded under item B.II.5., are initially recognised on the date when the obligation to pay such amounts arises; consequently, they are not subject to amortisation.

Financial

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, No. 3 of the Civil Code. Indeed, in accordance with OIC 9, no potential impairment indicators were identified.

Receivables

Receivables generated from revenue for the sale of goods or provision of services are recorded in current assets according to the accrual principle, when the conditions for recognising the related revenue are met.

They are stated at their estimated realisable value, as the company does not consider the effects of applying the amortised cost method and/or discounting to be significant in order to give a true and fair view of its financial and economic position.

Financial statements

The adjustment of the nominal value of receivables to their estimated realisable value is achieved through a specific provision for doubtful debts.

The receivables are removed from the financial statements when the contractual rights to the cash flows arising from the receivable are extinguished or when all risks relating to the receivable subject to disposal are transferred.

Payables

Payables arising from the acquisition of goods are recorded in the liabilities when significant risks, charges and benefits connected with ownership have been substantially transferred; payables related to services are recognised when the services have been rendered, or the performance has been completed. Financial payables, against financing operations or reasons other than the acquisition of goods and services, are recognised when the company's obligation towards the counterparty matures, as determined by legal and contractual regulations.

Payables are stated at their nominal value; the amortised cost method and/or discounting have not been applied as their effects are insignificant in providing a true and fair view of the company's financial and economic position.

Accruals and deferrals

Accruals and deferrals have been determined according to the principle of actual time-based accrual during the financial year and the economic correlation of costs and revenues.

For accruals and deferrals with a multi-year duration the conditions under which the original entry had been determined and, where necessary, the appropriate changes have been verified.

Warehouse stock

Inventories of assets are valued according to the weighted average cost method.

The purchase cost includes any additional direct charge costs.

Financial assets that do not constitute fixed assets

Financial derivatives

Financial derivative instrument assets relate to hedging instruments of cash flows or the fair value of a short-term asset. They were initially recognised when the Company acquired the related rights and obligations, and their valuation, pursuant to Article 2426, paragraph 1, No. 11-bis of the Civil Code, was made at fair value, both at the date of initial recognition and at each balance sheet date. Changes in fair value compared to the previous financial year are recognised respectively in the appropriate income statement items "D.18.d. - Revaluations of derivative financial instruments" and "D.19.d. - Write-downs of derivative financial instruments", with the exception of changes in cash flow hedging derivatives, for which recognition is provided in the equity item "VII - Reserve for expected cash flow hedge operations.

[Financial statements](#)

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 have been valued using the following methods:

- Money, at par value;
- Bank deposits and cheques in hand, at the presumed realisable value. In the specific case, the realisable value matches the par value.

[Shareholders' equity](#)

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

[Provisions for risks and charges](#)

These are set aside to cover liabilities whose existence is certain or likely, however, the amount of which and/or date of occurrence cannot be determined at the year-end.

In evaluating such provisions, general criteria of prudence and accruals were adhered to, and no provisions for generic risks that lack economic justification was made, while complying with the requirements of OIC 31.

Contingent liabilities have been recognised in the financial statements according to the criterion of classifying costs by nature and entered in provisions as deemed likely and the amount of the related charge can be reasonably estimated.

[Severance pay fund](#)

It represents the actual payable due to employees in accordance with the law and the labour contracts in force, considering every form of remuneration has a continuous nature.

The fund is equal to the total of the individual allowances accrued for employees on the financial statements closure date, net of advances paid, and is equal to that which it would have been required to pay employees in the case of termination of employment on this date.

The fund does not include accrued severance pay allocated to supplementary pension schemes pursuant to Legislative Decree No. 252 of 5 December 2005.

Financial statements

Income tax

Taxes are set aside according to the accrual principle, therefore they represent:

- The provisions for taxes paid or to be paid during the year, calculated according to the current rates and legislation;
- The amount of deferred taxes or taxes paid in advance in relation to temporary differences that arose or were cancelled over the year.

Revenue recognition

Revenue from the sale of products and goods or the provision of services related to core business operations is recognised net of returns, discounts, allowances and bonuses, as well as taxes directly connected with the sale of products and the provision of services, as stipulated by Art. 2425-bis, paragraph 1 of the Civil Code.

Revenue from the sales of products is recognised at the time of the transfer of the risks and benefits, which is normally identified with the delivery or shipment of the goods.

Financial income and revenue derived from the provision of services are recognised on an accrual basis, as services are performed or as the corresponding fees are earned.

Revenue and income, costs and charges related to foreign currency transactions are calculated at the rate ruling on the date the related transaction took place.

Accounting for costs and expenses

The purchase costs are entered on an accruals basis.

Costs for raw materials, ancillary materials, consumables and goods include incidental purchase costs if included by the supplier in their purchase price; otherwise, they are recorded separately under costs for services based on their nature.

Criteria for converting values expressed in foreign currency

Receivables and payables originally denominated in foreign currency, entered on the basis of the exchange rates in force on the date in which they arose, are aligned to the current exchange rates at the close of the financial statements, in compliance with the principles of OIC 26, based on those indicated by the Banca d'Italia.

In particular, assets and liabilities that constitute monetary balance sheet items in foreign currency {*receivables, payables, cash and cash equivalents, accrued income and expenses, debt securities*} are recorded at the spot exchange rate on the closing date of the financial year, and the related foreign exchange gains and losses are credited and debited respectively to the Income Statement under item 17 bis Foreign exchange gains and losses.

Any net profit resulting from the adjustment to exchange rate changes at the year-end contributes to the formation of operating profit and, for the purpose of approving the financial statements and the consequent allocation of profit to the legal reserve, the part not realised and the part absorbed by any operating loss is entered in a non-distributable reserve until its subsequent realisation.

Financial statements

As regards non-monetary assets and liabilities in foreign currency [*intangible and tangible fixed assets, equity investments and other securities that confer the right to participate in the issuer's risk capital, inventories, advances for the purchase and sale of goods and services, prepaid expenses and deferred income*] they are recorded at the exchange rate at the time of their acquisition.

Commitments, guarantees and contingent liabilities

The company has no commitments, guarantees, or contingent liabilities to report that are not shown in the balance sheet.

Information on financial derivatives

Pursuant to Art. 2427-bis of the Civil Code, the table below provides appropriate information regarding derivative financial instrument contracts: type of contract, issuing institution, and fair value as at 31/12/2023 (as calculated by the issuing institution).

Nature	Issuer		MtM
Interest rate swap	Intesa SanPaolo	EUR	+ 37,081.00
Interest rate swap	Intesa SanPaolo	EUR	+ 31,624.00
Rate option	Intesa SanPaolo	EUR	+ 9,269.00
Forward purchase	Intesa SanPaolo	EUR	- 11,775.00
Currency option	Intesa SanPaolo	EUR	- 81,929.00
Currency option	Intesa SanPaolo	EUR	- 45,643.00
Interest rate swap	Banco BPM	EUR	- 1,044.21
Interest rate collar	Unicredit	EUR	+ 3,435.11
Flexible forward	Unicredit	EUR	+ 2,273.34
Flexible forward	Unicredit	EUR	- 2,127.36
Flexible forward	Unicredit	EUR	- 1,283.94
Flexible forward	Unicredit	EUR	- 2,154.25
Flexible forward	Unicredit	EUR	- 1,307.27
TOTAL		EUR	-63,581.58

Changes in the fair value of financial instruments have been charged to the income statement when the underlying contracts did not meet the requirements set out in OIC 32.

Other information

Forward contracts

The company, pursuant to Art. 2427, No. 6-ter of the Civil Code, certifies that it did not enter into any forward contracts during the year.

Financial statements

Other information

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

Notes to the accounts - Assets

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

Fixed assets

INTANGIBLE FIXED ASSETS

Changes in intangible fixed assets

After recording the amortisation charges for the year in the income statement, amounting to €443,236, the intangible fixed assets total €4,789,518.

The table shows the movements in the fixed assets in question, in accordance with the provisions of Art. 2427, paragraph 1, No. 2 of the Civil Code.

	Industrial patent and use of creative work rights	Concessions, licences, trademarks and similar rights	Intangible fixed assets under construction and payments on account	Other intangible fixed assets	Total intangible fixed assets
Value at the start of the year					
Cost	92,521	2,400,000	381,200	967,656	3,841,377
Carrying amount	92,521	2,400,000	381,200	967,656	3,841,377
Changes over the year					
Increases for acquisitions	82,800	14,710	1,293,867		1,391,377
Depreciation in the year	43,485	301,839		97,912	443,236
Total changes	39,315	(287,129)	1,293,867	(97,912)	948,141
Value at the year end					
Cost	131,836	2,112,871	1,675,067	869,744	4,789,518
Carrying amount	131,836	2,112,871	1,675,067	869,744	4,789,518

TANGIBLE FIXED ASSETS

Tangible asset movements

The tangible fixed assets, before deducting the related accumulated depreciation, amount to €531,322; the accumulated depreciation totals €303,534.

The following table shows the movements in the fixed assets in question, in accordance with the provisions of Art. 2427, paragraph 1, No. 2 of the Civil Code.

	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Tangible fixed assets under construction and payments on account	Total Tangible fixed assets
Value at the start of the year					
Cost	199,203	62,549	194,120		455,872
Depreciation (Accumulated depreciation)	84,073	55,450	120,519		260,042
Carrying amount	115,130	7,099	73,601		195,830
Changes over the year					
Increases for acquisitions		7,929	47,952	25,000	80,881
Decreases for sales and disposals (of the book value)			312		312
Depreciation in the year	14,749	3,525	30,337		48,611
Total changes	(14,749)	4,404	17,303	25,000	31,958
Value at the year end					
Cost	199,203	70,478	236,641	25,000	531,322
Depreciation (Accumulated depreciation)	98,822	58,975	145,737		303,534
Carrying amount	100,381	11,503	90,904	25,000	227,788

Financial leasing transactions

The company has no ongoing financial leases at the end of the financial year.

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	101,389
Carrying amount	101,389
Changes over the year	
Value at the year end	
Cost	101,389
Carrying amount	101,389

Financial statements

Carrying amount of financial fixed assets

The financial fixed assets represent a long-term investment by the Company; they are recorded at purchase cost including directly attributable incidental charges and have not been written down for permanent impairment; they are not recorded at a value higher than their "fair value".

No fixed asset security has undergone a change in purpose.

CURRENT ASSETS

Inventories

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

The valuation criteria adopted are unchanged compared to the previous year and explained in the first part of these notes to the accounts.

	Value at the start of the year	Change in the year	Value at the year end
Finished products and goods	25,809,331	(2,731,890)	23,077,441
Total inventories	25,809,331	(2,731,890)	23,077,441

It should be noted that the obsolescence fund in stock at 31/12/2023 amounting to €700,000, did not change during the year.

Receivables entered in current assets

In the financial statements as at 31/12/2023, the current assets receivables item includes the following entries:

- 1) trade receivables
- 5-bis) tax receivables
- 5-ter) receivables for advanced taxes
- 5-quater) from others.

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	22,595,365	(2,643,452)	19,951,913	19,951,913
Tax receivables entered in current assets	1,020,000	(681,761)	338,239	338,239
Prepaid tax assets entered in current assets	494,080	82,382	576,462	
Receivables from others entered in current assets	115,482	306,495	421,977	421,977
Total receivables entered in current assets	24,224,927	(2,936,336)	21,288,591	20,712,129

The company has opted not to use the amortised cost criterion and/or not to discount current asset receivables, as they are characterised by a maturity of less than 12 months; moreover, estimates of transaction costs, commissions and any other difference between initial value and maturity value were judged to be of little significance.

Receivables are valued at their estimated realisable value.

Receivables from customers are stated by adjusting the nominal value with a specific provision for doubtful debts amounting to €1,000,000; part of which is taxed for fiscal purposes as it results from provisions exceeding the quota prescribed by Art. 106 of the TUIR (Italian Income Tax Code).

The allocation to the provision for doubtful debts was made taking into account insurance coverage, situations of uncollectibility that have already manifested, but also possible future uncollectibility identified through specific analyses of the age of receivables, customers' credit scores, and assessment of the specific conditions of the customers' business sectors.

In compliance with the provisions of Article 2423-ter, paragraph 6 of the Civil Code, the gross amounts of tax receivables and payables that were offset against each other during the financial year, in application of current tax regulations, are shown below:

Description	Amount
VAT Credit 2022	850,000
Tax payables	704,576
Payables to social security institutions	145,424

As at 31/12/2023, the amount of €421,977 is broken down as follows:

Description	Amount
Surety receivables	1,299
Receivables from factoring companies - non-recourse assignment	420,215
Receivables from Inail	463
TOTAL	421,977

Deferred tax assets amounting to €576,462 relate to deductible temporary differences, a description of which can be found in the relevant paragraph in the final part of these notes to the accounts.

Breakdown of receivables entered in current assets by geographical area

The allocation of receivables as at 31/12/2023 according to geographical area is shown in the following table (Article 2427, paragraph 1, No. 6 of the Civil Code).

Geographical area	Trade receivables entered in current assets
Italy	13,004,390
EU	6,488,646
Non-EU	458,877
Total	19,951,913

Geographical area	Tax receivables entered in current assets	Prepaid tax assets entered in current assets	Receivables from others entered in current assets	Total receivables entered in current assets
Italy	338,239	576,462	421,977	14,341,068
EU				6,488,646
Non-EU				458,877
Total	338,239	576,462	421,977	21,288,591

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	205,693	(122,011)	83,682
Other securities that are not short-term	735,478	199,433	934,911
Total financial assets that do not constitute assets	941,171	77,422	1,018,593

Securities are recorded at the lower of their initial recognition cost and the realisable value inferred from market trends; derivative financial instruments are recorded at Mark to Market as calculated by the issuing institution.

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	6,470,907	(4,183,036)	2,287,871
Cash and other securities in hand	357	(144)	213
Total cash and cash equivalents	6,471,264	(4,183,180)	2,288,084

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The balance represents cash and cash equivalents and the existence of cash and securities on the year-end date.

Pre-paid expenses and accrued income

Accruals and deferrals measure income and expenses whose accrual is earlier or later than the cash and/or documentary occurrence; they are independent of the date of payment or receipt of the related income and expenses, common to two or more financial years and can be allocated over time.

Also for such items, the criteria used for valuation and conversion of the values expressed in foreign currency are indicated in the first part of these notes to the accounts.

The following table provides the information related to changes to accruals and deferrals.

	Accrued income	Pre-paid expenses	Total pre-paid expenses and accrued income
Value at the start of the year	11,238	342,980	354,218
Change in the year	14,560	(143,586)	(129,026)
Value at the year end	25,798	199,394	225,192

The composition of the item is detailed as follows (Article 2427, paragraph 1, No. 7 of the Civil Code).

Description	Amount
Financial costs of issuance Basket Bond	92,818
Other financial expenses	37,743
Insurance	1,116
Bank charges	1,875
Rentals	834
Software licenses	3,084
Utilities and subscriptions	317
Support and maintenance	14,489
Sustainability costs	2,047
Upfront costs	16,950
Commercial expenses	15,375
Other staff costs	5,392
Interest income on securities	17,359
Asset value of interest rate hedging instruments	5,751
Other costs for services	10,042
Others of insignificant amount	
Total	225,192

The following table shows the portions due beyond the next financial year.

Description	Amount after the financial year	Amount over 5 years
Software license	109	
Other financial expenses	11,278	1,071
Financial costs of issuance Basket Bond	74,112	
Insurance	272	
Support and maintenance	3,989	
Other costs for services	201	
Total	89,961	1,071

Capitalised financial charges

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

*Notes to the accounts - Liabilities and equity*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 allocations	Other changes		Operating profit	Value at the year end
			Increases	Decreases		
Capital	6,000,000					6,000,000
Legal reserve	600,000	600,000				1,200,000
Extraordinary reserve	6,392,617	2,004,911		1,050,000		7,347,528
Profits on unrealised exchange rates reserve		230,921				230,921
Various other reserves	(2)		1	(2)		1
Total other reserves	6,392,615	2,835,832	1	1,049,998		7,578,450
Reserve for expected cash flow hedges	(30,073)		98,778	1,044		67,661
Profit (loss) for the year	2,835,832	(2,835,832)			2,505,191	2,505,191
Total equity	15,798,374		98,779	1,051,042	2,505,191	17,351,302

In accordance with Art. 2430 of the Civil Code, the company has promptly restored the legal reserve to an amount corresponding to one-fifth of the share capital, which was increased without charge in 2022.

Pursuant to Art. 2426, paragraph 1, No. 8-bis of the Civil Code, the net unrealised foreign exchange gain for the 2022 financial year has been allocated to a specific reserve, as shown above.

Availability and use of equity

The equity items are distinguished according to the origin, residual life, the ability to allocate them and the use made of them in the past three years (Article 2427, first paragraph, No. 7-bis of the Civil Code)

	Amount	Origin/nature	Possibility of use	Amount available	Summary of uses during previous three financial years	
					for loss coverage	for other reasons
Capital	6,000,000	Capital				
Legal reserve	1,200,000	Profit	B			
Other reserves						
Extraordinary reserve	7,347,528	Profit	A, B, C	7,347,528		5,176,029
Profits on unrealised exchange rates reserve	230,921	Profit		230,921		
Various other reserves	1					
Total other reserves	7,578,450			7,578,449		5,176,029
Reserve for expected cash flow hedges	67,661					
Total	14,846,111			7,578,449		5,176,029
Residual distributable share				7,347,528		
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 expected cash flow hedges

The movements in the reserve for expected cash flow hedge operations are shown below, in accordance with Article 2427-bis, paragraph 1, No. 1 b) quater of the Civil Code.

Reserve for expected cash flow hedges	
Value at the start of the year	(30,073)
Changes over the year	
Increase due to fair value changes	98,778
Decrease due to fair value changes	1,044
Value at the year end	67,661

Provisions for risks and charges

The following table shows the information relating to changes in provisions for risks and charges, as required by Article 2427, paragraph 1, No. 4 of the Civil Code.

	Fund for pensions and similar obligations	Financial derivative liabilities	Other provisions	Total provisions for risks and charges
Value at the start of the year	104,660	235,767	950,000	1,290,427
Changes over the year				
Provisions for the year	29,090		110,153	139,243
Profit over the year		235,767	60,153	295,920
Other changes		147,264		147,264
Total changes	29,090	(88,503)	50,000	(9,413)
Value at the year end	133,750	147,264	1,000,000	1,281,014

The item "Other provisions", as of 31/12/2023, amounting to €1,000,000, is composed as follows, pursuant to Article 2427, paragraph one, No. 7 of the Civil Code:

Description	Amount
Warehouse obsolescence risk provision	700,000
Other provisions for deferred risks and charges	300,000
Total	1,000,000

Employee severance pay

In accordance with the provisions of Article 2427, paragraph 1, No. 4 of the Civil Code, information is provided concerning the changes in the employee severance pay.

	Employee severance pay
Value at the start of the year	112,111
Changes over the year	
Provisions for the year	22,358
Profit over the year	20,721
Total changes	1,637
Value at the year end	113,748

The provision represents the company's debt at 31/12/2023 to staff employed on that date, net of advances paid.

Payables

Changes to payables and due dates thereof

In accordance with the provisions of Article 2427, paragraph 1, nos. 4 and 6 of the Civil Code, information is provided concerning the changes and the breakdown by maturity of payables.

	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
Bonds	8,000,000	(363,636)	7,636,364	1,454,544	6,181,820
Payables to banks	27,005,400	(12,581,547)	14,423,853	11,074,464	3,349,389
Payables to other lenders	562,230	(282,213)	280,017	280,017	
Payments on account		57,822	57,822	57,822	
Trade payables	8,622,291	2,800,506	11,422,797	11,422,797	
Tax payables	249,872	(129,872)	120,000	120,000	
Payables to employee benefit and social security institutions	48,083	11,115	59,198	59,198	
Other payables	118,558	15,773	134,331	134,331	
Total payables	44,606,434	(10,472,052)	34,134,382	24,603,173	9,531,209

The bond payable corresponds to the total amount of the residual debt in principal as at 31/12/2023, according to the repayment plan, of the ESG Basket Bond issued by the company in 2022, the first of its kind in Italy, in collaboration with the Unicredit group and Cassa Depositi e Prestiti.

The balance of the payable to banks as at 31/12/2023, amounting to €14,423,853, is broken down as follows:

Item	Payables for current account	Payables for short-term receivables	Payables for medium-term receivables	Payables for long-term receivables	Total
D.4	6,474,672	4,599,792	3,215,946	133,443	14,423,853

During the first few months of 2024, the debt for the Pool financing subscribed in 2019 for a total of €9,000,000 will be paid off.

With reference to the terms of the financing of Intesa Banca No. 00/766885697 originally for €900,000.00, granted on 17/02/2022, the company considers that it has fulfilled the covenants provided for in the contract. As highlighted in the Integrated Report (Integrated Report on Operations):

- it has introduced and strengthened a procurement policy that incorporates environmental considerations and assessments for the purchase of fabrics and ancillary materials, transport services and energy supplies. This is particularly true for all (100%) raw fabric suppliers, who account for 94.75% in value terms of total purchases.
- it involved 100% of its raw fabric suppliers (PRLS & Product Restricted Substances List chemical assessment processes) and more than 69.78% of its customers (as purchasers of items from the ECO collections) in sustainability initiatives.

Payables to other lenders represent the portion of receivables transferred with recourse.

The item Advances includes advances received from customers concerning supplies of goods not yet delivered.

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Payables to suppliers are recorded at nominal value; the company has opted not to use the amortised cost criterion and/or not to discount payables as transaction costs, commissions and any other difference between initial value and maturity value were judged to be insignificant.

The item Tax payables only includes certain and determined tax liabilities.

For the presentation of the gross amounts of payables and receivables offset under current legal provisions, please refer to the paragraph relating to tax receivables, where these have been analytically presented.

There are no significant changes in the consistency of the heading "Tax payables".

The following table shows the breakdown of the item Other payables:

Description	Amount
Payables to directors	15,748
Payables to employees	40,875
Employees account/outstanding holiday	47,040
Payables for FIRR (Employment Termination Compensation Fund)	9,036
Payables to Pension Funds	12,404
Payables stamp duty on electronic invoices	1,050
Various payables	7,906
Payables for assignment 1/5 salary	272
Total	134,331

Breakdown of payables by geographical area

The allocation of payables as at 31/12/2023 according to geographical area is shown in the following table (Article 2427, paragraph 1, No. 6 of the Civil Code).

Geographical area	Bonds	Payables to banks	Payables to other lenders	Payments on account	Trade payables
Italy	7,636,364	14,423,853	280,017	45,950	3,058,988
EU				9,371	1,271,357
Non-EU				2,501	7,092,452
Total	7,636,364	14,423,853	280,017	57,822	11,422,797

Geographical area	Tax payables	Payables to employee benefit and social security institutions	Other payables	Payables
Italy	120,000	59,198	134,331	25,758,701
EU				1,280,728
Non-EU				7,094,953
Total	120,000	59,198	134,331	34,134,382

Financial statements

Payables secured by collateral on company assets

Pursuant to and for the effects of Art. 2427, paragraph 1, No. 6 of the Civil Code, it is noted that there are no social security charges payable secured by collateral.

Shareholder loans

The company has not received loans from shareholders.

Accrued liabilities and deferred income

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

	Accrued liabilities	Total accrued liabilities and deferred income
Value at the start of the year	132,161	132,161
Change in the year	3,989	3,989
Value at the year end	136,150	136,150

The composition of the item is detailed as follows (Article 2427, paragraph 1, No. 7 of the Civil Code).

Description	Amount
Non-compulsory insurance	10,318
Interest expense on mortgages	3,219
Interest expense bonds	96,871
Printer rental	66
Customs costs and freight charges	10,661
Credit insurance	12,031
Commission to brokers	1,860
Mobile phone costs	181
Sustainability costs	362
Enasarco contribution	226
Other deductible services	355
Others of insignificant amount	
Total	136,150

For such items, the criteria used for valuing and converting the values expressed in foreign currency are indicated in the first part of these notes to the accounts.

At 31/12/2023 there are no accruals and deferrals lasting more than five years.

Notes to the accounts - Income Statement

The income statement highlights the economic performance for the year.

It provides a representation of management operations by means of a summary of the positive and negative components of income that contributed to economic performance.

The positive and negative components of income, entered in the balance sheet as provided for in Art. 2425-bis of the Civil Code, are distinguished according to the membership of the various management: characteristic, accessory and financial.

The characteristic activity includes 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 revenue

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

Revenue from the sale of goods is recorded when the substantial and not merely formal transfer of ownership has occurred, using the transfer of risks and benefits as the reference parameter for substantial transfer.

Revenue from the provision of services are recorded when the service is rendered, that is, when the performance has been completed or, in the case of ongoing services, when the portion pertaining to the financial year has accrued.

Description	31/12/2023	31/12/2022	Changes
Revenue from sales and services	60,873,220	90,709,186	(29,835,966)
Other revenues and income	72,308	109,646	(37,338)
Total	60,945,528	90,818,832	(29,873,304)

The change is closely related to what is stated in the Report on Operations.

Other revenue and income are detailed below.

Description	Amount
Operating grant	1,268
Active rents	5,670
Capital gains and contingent assets	11,378
Insurance and legal compensation	19,491
Transport bonus income	33,559
Discounts and rebates	92
Other revenues and income	850
Total	72,308

The operating grant corresponds to a tax credit accrued for the charitable donation made to the Silvio Zanella Foundation of Modern and Contemporary Art Gallery, to support the activities of the MA*GA Museum in Gallarate (VA).

Breakdown of revenue from sales and services by category of activity

In relation to the requirements of Article 2427, first paragraph, No. 10, of the Civil Code, it should be noted that the company is primarily engaged in the trade of textile fibres as purchased, occasionally after outsourced processing by specialist companies.

Breakdown of revenue from sales and services by geographical area

The following table shows the breakdown of revenue by geographical area, as provided for by Art. 2427, first paragraph, No. 10 of the Civil Code.

Geographical area	Current year value
Italy	45,553,123
EU	14,119,665
Non-EU	1,200,432
Total	60,873,220

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.

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Description	31/12/2023	31/12/2022	Changes
Raw materials, supplies and goods	45,641,080	74,926,623	(29,285,543)
Services	5,692,346	10,198,640	(4,506,294)
Use of third-party goods	177,874	132,275	45,599
Salaries and wages	883,445	956,729	(73,284)
Social security charges	225,948	205,734	20,214
Employee severance pay	53,129	58,894	(5,765)
Depreciation of intangible fixed assets	443,236	426,045	17,191
Depreciation of tangible fixed assets	48,611	49,116	(505)
Write-downs of current asset receivables	190,836	230,068	(39,232)
Changes to inventories of raw materials	2,731,891	(2,538,047)	5,269,938
Provision for risks	110,153	260,024	(149,871)
Sundry operating costs	76,963	49,413	27,550
Total	56,275,512	84,955,514	(28,680,002)

Financial income and 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 are no income from equity investments other than dividends 2427, first paragraph, No. 11 of the Civil Code.

Breakdown of interest and other financial charges by type of payables

The below table provides details of the interest and other financial charges pursuant to Art. 2425, No. 17 of the Civil Code, with a specific breakdown of those relating to debenture loans and bank and other payables in accordance with the provision of Art. 2427, first paragraph, No. 12 of the Civil Code.

	Interest and other financial charges
Bonds loans	522,449
Payables to banks	747,040
Other	202,080
Total	1,471,570

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

Description	Recorded amount	Unrealised	Realised
Profit and loss on exchange rates	194,027		
Exchange rate gains		201,927	588,583
Exchange rate losses		9,698	586,785
Total		192,229	1,798

Value adjustments to financial assets and liabilities

Value adjustments of financial assets and liabilities show the changes in fair value of non-fixed securities and derivative financial instruments (forward purchases of currency in various forms and options).

They break down follows:

- Revaluations of derivative financial instruments amounting to Euro 266,200;
- Write-downs of current assets securities amounting to Euro 833;
- Write-downs of derivative financial instruments amounting to Euro 342,931.

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

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

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

Income tax for the year, current, deferred and advance

The Company recognised the taxes for the year on the basis of the applicable regulations. Current taxes refer to taxes pertaining to the financial year as shown in the tax returns; deferred taxes relate to positive or negative income components that are subject to taxation or deduction in fiscal years different from those of statutory accounting recognition.

Description	Balance at 31/12/2023	Balance at 31/12/2022	Changes
Current taxes:	1,114,637	1,252,020	(137,383)
IRES (corporation tax)	893,250	975,364	(82,114)
IRAP (regional income tax)	221,387	276,656	(55,269)
Taxes relating to previous years			
Deferred taxes (advance)	(82,382)	(115,216)	32,834
IRES (corporation tax)	77,182	110,016	32,834
IRAP (regional income tax)	5,200	5,200	0
Total	1,032,255	1,136,804	(104,549)

Deferred/pre-paid taxes

Pursuant to Article 2427, paragraph 1, No. 14 of the Civil Code the information requested on prepaid and deferred taxation is shown.

There are no deferred taxes.

Pre-paid taxes have been reported since there is a reasonable certainty of existence, in the periods in which the deductible temporary differences are reversed, in respect of which the pre-paid taxes of taxable income not less than the amount of the differences that are going to be cancelled have been entered.

The main temporary differences that have led to the recognition of pre-paid taxes are indicated in the table below along with their effects.

Description	Amount of IRES temporary differences as at 31/12/2022	IREs tax effect	Taxable amount for use in the financial year as at 31/12/2023	IREs tax effect	Amount of IRES temporary differences as at 31/12/2023	IREs tax effect	Total IRES tax effect
Provision for doubtful debts	798,667	191,680			138,259	33,182	224,862
Provision for deferred risks and charges	250,000	60,000	(60,153)	(14,437)	110,153	26,437	72,000
Amortisation of revalued trademark	266,666	64,000			133,333	32,000	96,000
Provision for inventory obsolescence	700,000	168,000					168,000
Total	2,015,333	483,680	(60,153)	(14,437)	381,745	91,619	560,862

Description	Amount of IRAP temporary differences as at 31/12/2022	IRAP tax effect	Taxable amount for use in the financial year as at 31/12/2023	IRAP tax effect	Amount of IRAP temporary differences as at 31/12/2023	IRAP tax effect	Total IRAP tax effect
Amortisation of revalued trademark	266,666	10,400			133,333	5,200	15,600
Total	266,666	10,400			133,333	5,200	15,600

Notes to the accounts - Other Information

The other information required the Art. 2427 of the Civil Code as well as other legal provisions, with reference to the financial year ended 31/12/2023 is provided below.

Workforce

We will explain below, with reference to Art. 2427 paragraph 1 No.15 of the Civil Code, the changes in the average company staff, broken down by category, compared to the previous year.

Workforce	31/12/2023	31/12/2022	Changes
Managers	2	2	
Clerical staff	11	10	1
Manual workers	8	7	1
Total	21	19	2

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

The following table shows the information required by Art. 2427, first paragraph, No. 16 of the Civil Code, which states 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	384,000	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, in compliance with the requirements of Art. 2427, first paragraph, No. 16-bis of the Civil Code.

	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

Share capital, with reference to Art. 2427, first paragraph, nos. 17 and 18 of the Civil Code, is broken down as follows:

Shares/Stocks	Nominal value in euros
Ordinary Shares	6,000,000

Financial statements

Securities issued by the company

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

Details of the financial instruments issued by the company

The company has not issued any other financial instruments pursuant to Art. 2427, first paragraph, No.19 of the Civil Code.

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

There are no commitments, guarantees or contingent liabilities not resulting from the balance sheet.

Information on assets and funding allocated to a specific transaction

Assets allocated to a specific transaction

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

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, first paragraph of the Civil Code.

Information on transactions with related parties

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

The following table specifies the information set out in Art. 2427 No. 9 of the Civil Code as there are guarantees received from the parent company Lariotrade Srl.

BANK	AMOUNT as at 31/12/2023	GUARANTEE TYPE	GUARANTOR	PARTY GUARANTEED
Banca Popolare di Sondrio Spa	825,000.00	Bank guarantee	Lariotrade Srl	Lariotex Spa
Banco BPM Spa	3,200,000.00	Bank guarantee	Lariotrade Srl	Lariotex Spa
Banco di Desio e della Brianza Spa	750,000.00	Bank guarantee	Lariotrade Srl	Lariotex Spa
Bper Banca Spa	3,025,000.00	Binding Patronage	Lariotrade Srl	Lariotex Spa
Intesa SanPaolo Spa	1,500,000.00	Bank guarantee	Lariotrade Srl	Lariotex Spa
Unicredit Spa	1,500,000.00	Bank guarantee	Lariotrade Srl	Lariotex Spa
TOTAL	10,800,000.00			

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

Financial statements

We must mention that the company has established operations of a commercial nature with the company C.T.C. S.R.L. whose registered office is in Busto Arsizio (VA), Via Orru n.1 Tax Code and VAT No. 03525780122, but that these transactions were carried out at 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 Art. 2427 paragraph 1 No. 22-quater of the Civil Code, no significant events occurred after the end of the financial year that have had a material impact on the nature and/or amount of the company's assets and liabilities, economic and financial situation

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

The information referred to in Article 2427, first paragraph, No. 22 quinquies and sexies of the 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)

Summary financial statements of the company exercising management and coordination

Pursuant to Art. 2497-bis, paragraph 4 of the 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, it is specified that any support elements that the company has benefited from during the year, and, for which the granting entity has produced a communication to the relevant authorities, are available for consultation on the [website](#).

Financial statements

Proposal for the allocation of profit or loss

Dear Shareholders, given the above, the following allocation of net profit is proposed:

	Value
Net profit as at 31/12/2023	2,505,191
Extraordinary reserve	2,505,191

These notes to the accounts have been drawn up in accordance with the provisions of the Civil Code and the accounting standards.

Notes to the accounts - final part

Dear Shareholders, we confirm that these financial statements, composed of the Balance Sheet, the Income Statement, the Cash Flow Statement and the notes to the accounts, give a true and fair view of the Company's financial position and results of operations for the financial year and are consistent with the accounting records. We therefore invite you to approve the financial statements at 31/12/2023 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, 29/04/2024

Pierluigi Biondi, *Sole Director*

Statutory Auditors' Report



↓ ORGANISATION DATA	
Name	LARIOTEX SPA
Headquarters	STRADA PROVINCIALE PER BULGORELLO 5 22070 VERTEMATE CON MINOPRIO (CO)
Share capital	6,000,000
Share capital fully paid in	yes
CCIAA code	CO
VAT No.	03476340132
Tax code	03476340132
REA [Economic and Administrative Index] no.	316934

Statutory Auditors' Report of the Board to the Shareholders' Meeting pursuant to Art. 2429, para. 2, of the Civil Code for the Financial Statements as at 31 December 2023

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 12.05.2022 until the approval of the financial statements as at 31.12.2024.

The Board of Statutory Auditors in office on the date of this report was established as a result of its appointment during the Shareholders' Meeting on 12.05.2022. We remind you that their mandate will end with the approval of the Financial Statements as at 31.12.2024.

Oversight activity pursuant to Art. 2403 et seq. of the 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 per-

formance 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.

The Board of Statutory Auditors has verified that the Company properly updated its security policies during the financial year.

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 Civil Code or revealed by a third party;
- No operations were identified with third parties, or intra-group transactions and/or with related parties that were irregular or unusual in their content, nature, size and location.

Comments on the annual financial statements

For that under our competence, we have examined the financial statements as at 31 December 2023.

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 2023 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 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 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 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 31.12.2022;
- 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 Civil Code;
- g. The compliance of the financial statements with the facts and information the Board of Statutory Auditors is aware of has been verified;
- h. The correctness of the information contained in the notes to the accounts was checked as regards the financial and monetary positions;
- i. The notes to the accounts provide the necessary information referred to in Art. 2427 of the Civil Code and supplementary provisions;
- j. The information required out in Art. 2427-bis Civil Code relating to financial derivative instruments has been provided in the notes to the accounts.
- k. In 2020, the company, pursuant to Art. 110 paragraph 1 DL 104/2020 converted into L. 126/20 has decided to revalue the trademark respecting the criteria indicated by OIC No. 24 and there are the legal requirements by way of derogation from Article 2426 of the Civil Code. The Trademark revaluation value is €3 million, a value that falls within the range identified in the valuation report by the company M.B.C. - Merchant Banking Consulting, responsible for assessing the estimate of this intangible asset being revalued, which in this specific case used the royalty rates method. The company amortises the trademark over 10 years. On today's date, the residual value amounts to €2.1 million.

Statutory Auditors' Report

With regard to the financial year 2023, the financial statements drawn up in accordance with the provisions of Art. 2423 and following of the Civil Code, closed with a net profit of €2,505,191, with typical revenue in item A1 of the Income Statement of €60,873,220 compared to €90,709,186 in the previous year.

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

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

Conclusions

Also, considering the findings of the activity carried out by the firm in charge of the statutory audit Audirevi S.p.A., contained in the audit report for the financial statements dated 26/04/2024, which is now available, the Board of Statutory Auditors proposes that the Shareholders' Meeting approves the financial statements for the year ended 31 December 2023, as drawn up by the Sole Director. Finally, we confirm the legality of the proposal for the allocation of the net profit for the year, presented by the Sole Director in the conclusions of the Notes to the Accounts to the accounts, while noting that the decision in this regard lies with the Shareholders' Meeting.

Milan, 26/04/2024

Dr Francesco Gianluca Pecere, *Chairman of the Board of Statutory Auditors*

Gianmario Ferrari, *Statutory Auditor*

Giuseppe Erba, *Statutory Auditor*

Audit Firm Reports



Sustainability report

GRI Standards 2-5



Audirevi S.p.A.
Via Paolo da Cannobio, 33
20122 Milano | Italy
T. +39.02.87070700

Relazione della società di revisione indipendente sull'Informativa di sostenibilità

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

Siamo stati incaricati di effettuare un esame limitato ("limited assurance engagement") dell'Informativa di sostenibilità compresa nella Relazione integrata sulla gestione (di seguito "Informativa di sostenibilità") al Bilancio di esercizio di Lariotex S.p.A. (di seguito "Lariotex, la "Società") chiuso al 31 dicembre 2023.

Responsabilità degli Amministratori per l'Informativa di sostenibilità

L'Amministratore Unico è responsabile per la redazione dell'Informativa di sostenibilità in conformità ai "Global Reporting Initiative Sustainability Reporting Standards" definiti dal GRI - Global Reporting Initiative ("GRI Standards"), come descritto nella Nota metodologica della Relazione integrata sulla gestione al Bilancio di esercizio chiuso al 31 dicembre 2023.

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

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

Indipendenza della società di revisione e controllo della qualità

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

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

Responsabilità della società di revisione

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

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

AUDIREVI SpA – Società di Revisione e Organizzazione Contabile
Sede Legale: Via Paolo da Cannobio, 33 – 20122 Milano
Cod. Fiscale 05953410585 - P.I. 12034710157 – www.audirevi.it mail: info@audirevi.it
Capitale Sociale Euro 500.000 - REA Milano 1523066 – Registro Dei Revisori Contabili GU 60/2000
Albo Speciale Delle Società di Revisione con Delibera CONSOB n. 10819 Del 16/07/1997
Milano – Roma – Napoli – Brescia – Bolzano – Bologna – Cagliari – Ancona – Pescara – Varese – Verona – Cosenza



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

In particolare, abbiamo svolto le seguenti procedure:

1. analisi del processo di definizione dei temi rilevanti rendicontati nell'Informativa di sostenibilità, con riferimento alle modalità di analisi e comprensione del contesto di riferimento, identificazione, valutazione e prioritizzazione degli impatti effettivi e potenziali e alla validazione interna delle risultanze del processo;
2. comparazione tra i dati e le informazioni di carattere economico-finanziario, riportati nel capitolo La performance economico-finanziaria della Relazione integrata sulla gestione e i dati e le informazioni inclusi nel Bilancio di esercizio;
3. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nell'Informativa di sostenibilità. In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione di Lariotex e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l'aggregazione, l'elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione dell'Informativa di sostenibilità.

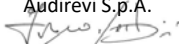
Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche della Società:

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

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che l'Informativa di sostenibilità di Lariotex relativa all'esercizio chiuso al 31 dicembre 2023 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dai GRI Standards, come descritto nel paragrafo "Nota metodologica" della Relazione integrata sulla gestione al Bilancio di esercizio della Società al 31 dicembre 2023.

Milano, 26 aprile 2024

Audirevi S.p.A.

Ivano Nerbini
Socio

Independent Audit firm's Sustainability Report

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

We have been instructed to conduct a limited assurance engagement review of the Sustainability Report included in the Integrated Report on Operations (hereinafter "Sustainability Report") to the Lariotex S.p.A. annual financial statements (hereinafter referred to as "Lariotex, the "Company") which closed on 31 December 2023.

Directors' responsibilities for the Sustainability Report

The Sole Director is responsible for preparing the Sustainability Report in accordance with the Global Reporting Initiative Sustainability Reporting Standards as defined by the GRI - Global Reporting Initiative ("GRI standards"), as described in the Methodological Notes to the Annual Integrated Report on Operations at the end of the financial statements for the year ended 31 December 2023.

The Sole Director is also responsible for that portion of internal control he deems necessary to enable the drafting of a Sustainability Report that does not contain significant errors due to fraud or unintentional behaviour or events.

The Sole Director is also responsible for defining the Company's sustainability performance goals, as well as identifying stakeholders and significant aspects to be reported.

Independence of the audit firm and quality assurance

We are independent in accordance with the principles of ethics and independence of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional conduct.

Our audit firm applies the International Standard on Quality Control 1 (ISQC Italy 1) and accordingly maintains a quality control system that includes documented directives and procedures on compliance with ethical principles, professional principles, and applicable laws and regulations.

Responsibility of the audit firm

It is our responsibility to express, based on the procedures performed, a conclusion about the Sustainability Report's conformity with the GRI Standards. Our work has been carried out according to the criteria set out in the International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information (hereinafter referred to as "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This principle requires the planning and implementation of procedures in order to acquire a limited level of confidence that the Sustainability Report does not contain significant errors.

Therefore, our review has resulted in less work than is necessary to conduct a full ISAE 3000 Revised ("reasonable assurance engagement") review, and as a result, we do not have the confidence to be aware of all significant facts and circumstances that could be identified by conducting this review.

Our Sustainability Report procedures were based on our professional opinion and included interviews, mostly with the company's staff responsible for preparing the in-

Audit Firm Reports

formation presented in the Sustainability Report, as well as review of documents, re-calculations, and other procedures to collect evidence that we deem useful.

In particular, we have carried out the following procedures:

1. Analysis of the process of defining the relevant topics reported in the Sustainability Report, with reference to how the context is analysed and understood, identification, evaluation and prioritisation of actual and potential impacts and internal validation of the results of the process;

2. A comparison of the data and information of an economic and financial nature, contained in the chapter on the economic and financial performance of the Integrated Report on Operations, with the data and information included in the annual financial statements;

3. Understanding the processes underlying the generation, collection, and management of meaningful qualitative and quantitative information included in the Sustainability Report. In particular, we conducted interviews and discussions with Lariotex management staff and conducted limited documentary audits to gather information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the department responsible for preparing the Sustainability Report.

In addition, for significant information, taking into account the company's activities and characteristics:

- With reference to the qualitative information contained in the Sustainability Report, we have conducted interviews and acquired supporting documentation to verify consistency with the available evidence;

- With regard to quantitative information, we have carried out both analytical procedures and limited checks to ascertain on a sample basis that the data are correctly aggregated.

- For the Vertemate con Minoprio (CO) site, which we selected on the basis of its activities and contribution to performance and location indicators, we carried out on-site visits and remote meetings, during which we discussed with the managers and obtained documentary feedback on a sample basis on the correct application of the procedures and calculation methods used for the indicators.

Conclusions

Based on the work carried out, no evidence has come to our attention that Lariotex's Sustainability Report for the year ended 31 December 2023 has not been prepared in all significant respects in accordance with the requirements of GRI standards, as described in the "Methodological Note" section of the Integrated Report on Operations in the company's annual financial statements as at 31 December 2023.

Milan, 26/04/2024

Audirevi S.p.A.

[Signature]

Ivano Nerbini

Partner

Financial statements



LARIOTEX S.P.A.

Bilancio d'esercizio al 31 dicembre 2023
Relazione della società di revisione indipendente
ai sensi dell'art. 14 del D.Lgs. 27 gennaio 2010, n. 39

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

All'Azionista di
Lariotex S.p.A.

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della Società Lariotex S.p.A. (la Società), costituito dallo stato patrimoniale al 31 dicembre 2023, dal conto economico, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalla nota integrativa.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2023, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità alle norme italiane che ne disciplinano i criteri di redazione.

Elementi alla base del giudizio

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

Altri aspetti

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

Con riferimento all'informativa di sostenibilità contenuta nel Fascicolo di bilancio integrato 2023, della Società Lariotex S.p.A. abbiamo emesso una specifica relazione in data odierna.

Responsabilità dell'Amministratore Unico e del Collegio Sindacale per il bilancio d'esercizio

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

L'Amministratore Unico è responsabile per la valutazione della capacità della Società di continuare ad operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. L'Amministratore Unico utilizza il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbia valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbia alternative realistiche a tali scelte.

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

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

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

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

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

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

Relazione su altre disposizioni di legge e regolamentari

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

L'Amministratore Unico di Lariotex S.p.A. è responsabile per la predisposizione della relazione sulla gestione della società Lariotex S.p.A. al 31 dicembre 2023, contenuta nel Fascicolo di bilancio al capitolo 1 "Lariotex", al capitolo 2 "La performance economico-finanziaria", al capitolo 3 "Informativa di sostenibilità", al capitolo 4 "Altre informazioni" ed al capitolo 5 "Evoluzione prevedibile della gestione" (nel seguito Relazione sulla gestione) incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n. 720B al fine di esprimere un giudizio sulla coerenza della relazione sulla gestione con il bilancio d'esercizio di Lariotex S.p.A. al 31 dicembre 2023 e sulla conformità della stessa alle norme di legge, nonché di rilasciare una dichiarazione su eventuali errori significativi.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio di Lariotex S.p.A. al 31 dicembre 2023 ed è redatta in conformità alle norme di legge.

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

Milano, 26 aprile 2024

Audirevi S.p.A.



Ivano Nerbini

Socio

Financial statements as at 31/12/2023
Independent Auditors' Report
pursuant to Art. 14 of Legislative Decree No. 39 of 27 January 2010

To the Shareholder of Lariotex S.p.A.

[Audit report of the financial statements](#)

Opinion

We have audited the financial statements of the company Lariotex S.p.A. (the Company) comprising the Balance Sheet as at 31 December 2023, the Income Statement and the Cash Flow Statement for the financial year closed on this date and the Notes to the Accounts.

In our opinion, the annual financial statements provide a true and accurate representation of the assets and liabilities and financial situation of the Company as at 31 December 2023, 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 audit report of the financial statements 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 that we have acquired sufficient and appropriate evidence on which to base our opinion.

Other aspects

The Sole Director has prepared the content of the Report on Operations in the Integrated Financial Statements.

With reference to the Sustainability Report contained in the 2023 Financial Statement, we issued a specific report today.

[Responsibility of the Sole Director and the Board of Statutory Auditors for the annual financial statements](#)

The Sole Director is responsible for preparing the financial statements which 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 an entity and, in preparing its annual financial statements, for the appropriateness of using the going concern assumption, as well as for adequate reporting. The Sole Director shall use the going concern assumption in drawing up the annual financial statements unless he has assessed that the conditions for winding up the Company or for the cessation of business are met or has no realistic alternative to such 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 auditing the annual financial statements

Our objectives are to gain reasonable assurance that the financial statements as a whole do not contain significant errors, whether due to fraud or unintentional behaviour or events, and to issue 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.

As part of the audit carried out in accordance with International Auditing standards (ISA Italy), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We 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 detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional behaviour or events, as fraud may involve collusion, falsification, intentional omission, misleading representations or forced internal control;

- We 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 assessed the suitability of the accounting standards used and the reasonableness of the accounting estimates made by the Sole Director and related disclosures;

- We concluded that the Sole Director's use of the Business continuity assumption is appropriate and, based on evidence acquired, that there may be significant uncertainty about events or circumstances that may raise significant doubts about the Company's ability to continue operating as an 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 result in the company ceasing to operate as an operating entity;

- We assessed the presentation, structure and content of the annual financial statements as a whole, including disclosures, and whether the financial statements represent the underlying transactions and events in order to provide an accurate 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 Art. 14, paragraph 2, letter e), of Legislative Decree 39/10

The Sole Director of Lariotex S.p.A. is responsible for the preparation of the Report on Operations of the company Lariotex S.p.A. as at 31 December 2023, contained in the balance sheet in Chapter 1 "Lariotex", Chapter 2 "Economic and Financial Performance", Chapter 3 "Sustainability Report", Chapter 4 "Other Information" and Chapter 5 "Foreseeable Management Evolution" (hereafter Report on Operations), including its consistency with the financial statements and its compliance with the law.

We have carried out the procedures set out in Auditing standard (SA Italy) No. 720B in order to express an opinion on the consistency of the annual report with the financial statements of Lariotex S.p.A. as at 31 December 2023 and on its compliance with the legal requirements, as well as to issue a statement on any significant errors.

In our opinion, the annual report is consistent with the annual financial statements of Lariotex S.p.A. as at 31 December 2023 and is prepared in accordance with the legal provisions.

With reference to the declaration referred to in Art. 14, paragraph 2, letter e), of Legislative Decree 39/10, which was issued on the basis of the knowledge and understanding of the company and its context acquired during the audit, we have nothing to report.

Milan, 26/04/2024

Audirevi S.p.A.
[Signature]
Ivano Nerbini
Partner



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CCIAA CO REA 316934

www.lariotex.com